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PEACE INDEPENDENCE DEMOCRATIC UNITY PROSPERITY

Ministry of Agriculture and Forestry



POVERTY REDUCTION FUND
PHASE III
ANNUAL PROGRESS REPORT
(January – December 2017)

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Abbreviations

AWPB	Annual Work Plan and Budget
CD	Community Development
CDD	Community Driven Development
CFA	Community Force Account
CLTS	Community-Lead Total Sanitation
DAFO	District Agriculture and Forestry Office
Deepen CDD	Deepen Community Driven Development
DPO	District Planning Office
DRM	Disaster Risks Management
DSEDP	District Social Economic Development Plan
FRM	Feedback and Resolution Mechanism
GESI	Gender Equity and Social Inclusion
GOL	Government of Lao
GIS	Geography information system
HH	Household(s)
HR	Human Resource
IE	Internal Evaluation
IEC	Information, Education, Communication
IGA	Income Generating Activities
KBF	Kum Ban Facilitator
KDPs	Kum Ban Development Plans
KPIs	Key Performance Indicators
LAK	Lao Kip (Lao Currency)
LN	Livelihood and Nutrition
LWU	Lao Women Union
LYU	Lao Youth Union
M&E	Monitoring and Evaluation
MIS	Management information system
MTR	Mid-Term Review
NGPES	National Growth and Poverty Eradication Strategy
NCRDPE	National Committee for Rural Development and Poverty Eradication

NGOs	None Governmental Organizations
NPL	Non Performance Loan
NRDS	National Rural Development Strategy
ODF	Open Defecation Free
PAFO	Provincial Agriculture and Forestry Office
PRF	Poverty Reduction Fund
PM	Prime Minister
PMT	Project Management Team
SDC	Swiss Agency for Development and Cooperation
SHGs	Self Help Groups
SHP	Strategic Healthcare Program
#SP	Number of sub-projects
STEP	Systematic Tracking of Exchanges in Procurement
TOT	Training of Trainers
VDP	Village Development Plan
VFRC	Village Feedback and Resolution Committee
VIT	Village Implementation Team
VMC	Village Multipurpose Center
VMC	Village Mediation Committee
WB	World Bank

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Executive Summary

Overall goal of PRF is to create stronger links between the local government and the aspirations of villagers with the Program staff at a district, provincial and national level that coordinate and build linkages. A forum was created at district level where villagers and district authorities meet regularly to discuss together the priorities, the plans and also reach a compromise that will satisfy each party.

This Annual Progress Report covers the implementation period from January – December 2017 and also provided a summary of the implementation of PRF key activities. It covers key activities of Cycle XIV implementation in 2017, preparation of the Cycle XV in 2018 and progressive implementation. The achievement of each indicator against indented targets in PRF III Results Framework as well other related project management.

For PRF III, the Village Development Plans (VDPs) in 1,820 villages (131 poorest, 1,395 poor and 294 moderately villages) and integrated in 263 Kum ban Development Plans (KDPs) had been prepared. A total of 5,335 priorities were selected by communities. For Cycle XIV, there are 348¹ sub-projects were supported by the PRF and located in 340 villages, where 41 poorest, 255 poor and 44 moderately villages, respectively.

In referring to the feedback report of donors Support Mission in October 2017, it stated that as first Cycle PRF III implementation, PRF III continues to perform well and implementation is followed the Operation Manual, some indicators are exceeded its set target in Results Framework such as beneficiary targets, including the % of female and ethnic group beneficiaries have been already achieved. Total project beneficiaries have exceeded target by 12% and there are 17% more ethnic group beneficiaries than the target. Community facilitation is proving to be very effective with 82.85% of target village households participating in village priority setting. Women and ethnic groups are participating beyond target rates. The number of Village Development Plans (VDPs) has already exceeded by 23% and the total number of SHG members has grown beyond original estimates.

With only a third of funds, several results targets have been met and the pace of implementation is largely on schedule despite some minor delays due to an intensive rainy season. However, with only 20% of counterpart funding committed and none received, some targets may need to be cut at mid-term if full counterpart financing is deemed unlikely. US\$6 million in counterpart financing has been committed by Government of Lao.

The Cycle VIX has implemented in 10 provinces, 43 districts, 263 Kum ban. 348 sub-projects have been approved and supported by the PRF. At the end of reporting period (31 December 2017), major progress has been reached 96.4%. 307 sub-projects (88.22%) out of 348 sub-

¹ During the reporting period 1 sub-project was implemented by Government using another fund (La-ant village, Sepon district, Savannakhet province)

projects were completed 100% while 41 sub-projects (11.78%) are under construction and will be complete by the end of January 2018. For approximately 175,421 people including women (50% of the total number of beneficiaries) and small ethnic groups (84% of the total number of beneficiaries). Regarding to the sub-projects implementation for indirect beneficiaries are more than 100,000 people. All the sup-projects were supported by PRF the total amount of budget US\$10.05 million in the form of direct investments for basic infrastructures construction, and more than US\$772,361 million was allocated to the sub-projects construction in the form of in-kind, community participation in the form of labor and local materials which represent 8% of the total budget of sub-projects construction.

In Cycle XIV, 41 villages out of 340 villages are affected by minor land acquisition. The total of 170 households has been affected with less than 5% of their individual household's land acquired by sub-project implementation. Only 2 HHs affected (2,625 square meters) asked for compensation. The compensation came from financial contribution from all beneficiaries in the village, and the fund was used to buy a land (625 square meters) for HH less than 5% and HH affected more than 5% compensated a land (8,000 square meter) available in that village for that affected household.

Feedbacks were regularly received via communication channels offered including feedback box, hot line, e-mail, meeting etc. Number of feedbacks received has increased gradually, thanks to better of promotion of FRM. By the end of December 2017, 2,523 feedbacks were received (50 request for information, 184 request for financial support from PRF, 1161 thanks to PRF and 194 complaints), of which 100% of complaint feedback have been solved.

On the livelihood linked nutrition activities (LN), 915 Self-Help-Groups (SHGs) were established in period of PRFII with 10,220 members in 165 villages, 7 districts of 2 provinces, from which 85% are female. With a total of seed grant US\$1,23 million, US\$1,22 million has been took loan (99% of the total SHGs budget) and has invested in various generating income activities to increase their income as well as nutrition-oriented livelihood of which 9,962 members representing 97,5% of 10,220 the total number of SHG members. By the end of this period, the PRF team completed a SHG Assessment to determine levels of SHG maturity. Use of SHG loans for livelihood investments has already exceeded its set target by 23% as the total number of SHG members have grown beyond original estimates. However, some indicators need to be improved as there has been a misunderstanding in the methodology for calculation.

Partnerships with other projects have shown good progress, regarding to the 23rd Board Meeting in December 2017. PRF should more be coordinated with concerned sectors each level such with relevant Ministries in central until local level and also public media as well as information promotion. Especially with SDC's project as the GPAR Program that has conducted activities in the same PRF's target areas. With new partnership on clean cook stoves and district planning Nam Theun 2 project, PRF team has monitored staff commitments to make sure that core activities on community sub-projects and livelihoods receive sufficient attention.

Community-Led Total Sanitation (CLTS) and RMG pilots are showing promising results and demonstrating the versatility of PRF staff in implementing different types of rural development methodologies. Positive behavioral change has been revealed by an assessment of PRF II investments in nutrition for mothers and children.

On the government contribution for Cycle XV, with total of LAK11 billion that got approved out of LAK 24 billion as PRF requested, or approximately US\$1.38 million. This contribution will be supported the implementation only 38 sub-projects out of 82 sub-projects that PRF requested for 2018. Therefore, the last year of PRFIII (2019), the government should allocate LAK 37 billion which will be fully amount as agreed in financial agreement of PRF III.

As of December 31st, 2017 disbursement reached 31.83% for the IDA credit 5827-LA and the Swiss Agency for Development Cooperation (SDC) disbursement rate reached 25.31%. Most of the budget allocation is going to direct investments, so as soon as mid-January 2018 all sub-projects of Cycle XIV will be completed, and all budgets will be disbursed.

In 2018, the Mid-Term Review (MTR) of PRFIII will be conducted in early June 2018, therefore, PRF need to prepare and present key achievements of the project, including the achievement through indicators of Project Development Objective (PDOs) and Intermediate Results Indicators (IRIs) as well as some data (outcomes) carried out by internal and external evaluation. Mostly, the MTR will review the project implementation progress and also to conduct a series of consultations on the sustainability of PRF activities and how PRF can help pursue the Government's rural development agenda beyond the project closing in June 2019. In addition, it also will discuss about the government co-financing status of PRF III. In preparation of the MTR, meetings between the World Bank and decision makers from MAF including the Vice-Minister and DG of DOPF were held during 2017 and early 2018 to seek political support for PRF and guidance on how PRF can contribute to the GoL/MAF broader program for RDPE. From these discussions, an interest in expending PRF activities on livelihood and nutrition has emerged and is being actively discussed in preparation for the MTR. There have been a series of internal discussions on future PRF activities, including a brainstorming workshop with the donors to be held in March 30, 2018.

To avoid any delay of the Cycle XV implementation, the sub-projects designs were done by the end of 2017, 341 sub-projects were approved (261 sub-projects² for IDA fund and 82 sub-projects for GoL), the procurement and implementation will be done in early February 2018 and all sub-projects will be completed by rainy season of 2018. For Cycle XVI, which is the last cycle to be financed under PRFIII, the planning review will start early in February 2018, especially, the list of sub-projects under the Government funding will be submitted to the Ministry of Planning and Investment (MPI) by June 15, 2018, and then the MPI will share to

² The actual number of sub-projects may be change depends on the actual implementation which will be detail in semi-progress report, January-June 2018.

National Assembly by mid-July 2018 for approval in integrate for annual funding of the Government.

I. Project background

PRF at a glance

The Poverty Reduction Fund (PRF) is an autonomous organization. Its role is to contribute to social and economic development towards poverty alleviation for all, especially among the ethnic minorities living in remote areas. The PRF operates based on the decree and law of the Lao People Democratic Republic and under the guidance of the chair of the PRF's Administrative Board. The PRF was established with the specific goal of improving access to key public services, by building critical social and economic infrastructure at the village level within the country's poorest districts. The PRF is based on a model of participatory community development that had proven successful in other South East Asian contexts.

Our role

We facilitate and support poorest and poor communities to identify, plan, implement, supervise, monitor and maintain sub-projects funded by the Government of Lao (GOL), the World Bank and the Swiss Agency for Development and Cooperation (SDC). We provide advice and support to communities in poor and remote areas on the planning and implementation of the priorities they have identified, and enhance the linkage between local authorities and communities in the rural development area.

Our objective

To improve the access to and the utilization of basic infrastructure and services for the project's targeted poor communities in a sustainable manner through inclusive community and local development processes.

Our staff

There are 265 staffs in total operating at the central office in Vientiane Capital, 10 provinces and 43 targeted districts. Our head office is based in Vientiane capital, and we have 42 district offices³ in 10 provinces throughout the country.

³ There are 43 districts are covered by PRFIII, but there are 42 districts offices because Beng and La districts in Oudomxay province share an office. These 43 districts are within the 48 districts identified as the poorest by the Lao Government

Our budget

The PRF III project has a total envelope of US\$54,000,000 over a 3 ½ years implementation (2017-2020). While the main implementation period will be through the end of 2019, disbursements will continue until mid- 2020, including Livelihood linked Nutrition activities.

Table 1: PRF total budgets for PRF III (2017-2020)

Source of Fund	Original Budget (US\$)
Government of Lao PDR*	6,000,000
International Development Association (IDA)	30,000,000
Switzerland: Swiss Agency for Development and Cooperation (SDC)	18,000,000
Total	54,000,000

**Note: Excluding community contributions.*

Source: Operation Manual, August 2016

The way we work

PRF uses a Community Driven Development (CDD) approach, whereby communities themselves decide on how resources are allocated, manage sub-project funds, and implement sub-projects. Extensive facilitation and training is provided through the Program to ensure that all community members, including women and different ethnic groups, participate in the decision-making process and benefit from the Program. The Program builds local capacity by providing technical support for communities, over a number of years, to help solve problems and resolve conflicts. It also aims to create stronger links between the local authorities and communities. PRF staffs at the district, provincial and national levels help to coordinate and facilitate these linkages.

The PRF also works under six core principles that provide the basis for program implementation as well as for monitoring and evaluation:

- 1) Simplicity
- 2) Community Participation and Sustainability
- 3) Transparency and Accountability
- 4) Wise Investment
- 5) Social Inclusion and Gender Equality
- 6) Siding with the poorest

The PRF III (2017-2020) is composed of the following four components: (i) Community Development Grants, (ii) Local and Community Development Capacity Building Support and Learning, and (iii) Project Management; and (iv) Nutrition Enhancing Livelihood Development pilot.

II. Achievement and Analysis

2.1. Implementation progress to date

2.1.1. PRF Poverty Targeting

The selection of PRF target locations was prepared in line with the poverty map that was developed by the Lao Statistic Bureau with the assistance of the World Bank, and based on the Census 2015 and the LECS V (2012-2013) (Operation Manual, August 2016). Additionally, the consideration was also made as to enable PRF to operate in the same geographical areas where institutional capacity has already been established and partnership developed. Criteria that have been used to select Kum ban are as follow:

1. Sub-grant budget allocation
2. Provinces and districts where the PRF is already operating
3. Poverty data
4. Kum ban/district with similar projects or with other supports from the Government or private sector
5. Kum ban not impacted by hydro power projects
6. Operating costs consideration (districts with less than 3 Kum ban considered as poor will not be covered as the operating costs versus the direct investments are not cost-effective)

Based on these criteria, the PRF III operates in 10 provinces, 43 districts and 263 Kum ban. While 216 Kum ban were already covered during the PRF II period (82%), there are 47 new Kum ban in the PRFIII that will need stronger capacity building.

In regards to the Kum ban budget allocation, estimated kum ban population size is taken into consideration as well as distance of each kum ban from the district center in the calculation.

Table 2: Kum ban Allocation of PRFIII

Kum ban population	Amount allocated for each Kum ban per cycle	Total amount allocated for each Kum ban in PRFIII (3 sub-project cycles)
<2,000 persons	\$35,000 (280,000,000 LAK)	\$105,000 (840,000,000 LAK)
2,000 to 2,500 persons	\$40,000 (320,000,000 LAK)	\$120,000 (960,000,000 LAK)
>2,500 to 4,000 persons	\$45,000 (360,000,000 LAK)	\$135,000 (1,080,000,000 LAK)
>4,000 persons	\$50,000 (400,000,000 LAK)	\$150,000 (1,200,000,000 LAK)

Source: Operation Manual, August 2016

2.1.2. Progress of sub project implementation Cycle XIV

Financial Agreement was signed on 13 July 2016 while PRF phase 3 Operation Manual was developed and officially shared in August 2016.

Cycle XIV, first PRFIII sub-project cycle, officially started in January 2017 (according to the new government fiscal year). The sub-project list was submitted for consideration, and was officially endorsed in May 2017 for implementation in 10 provinces with a budget of approximately 80.4 billion kip or around US\$ 10.05 million⁴ to support 348⁵ sub-projects reporting regarding achievements against indicators will be based on the selected 348 sub-projects for the time being.

At the end of 2017, 96.4 % of sub-projects progress implementation with 95% of the total sub-grant budget had been transferred. The main reason for delay is due to the raining season that has started earlier and created difficulty to carry the materials, and to reach the sub-projects sites. Despite these challenges, all cycle XIV sub-projects are expected to be completed by the end of January 2018.

Table 3: Disbursement as of 31 December 2017

Province	Cycle XIV				
	# SPs	Implementation Progress	Budget allocated (US\$)	Expenditures (US\$)	Expenditures (%)
Attapeu	12	85.0%	380,773	380,773.35	100.00%
Huaphanh	83	99.0%	1,833,461	1,685,671.12	91.94%
Luangnamtha	21	94.0%	427,276	427,275.77	100.00%
Luangprabang	45	99.0%	1,491,352	1,491,351.69	100.00%
Oudomxay	38	100.0%	1,288,085	1,288,085.41	100.00%
Phongsaly	22	90.0%	747,981	747,981.15	100.00%
Saravane	27	100.0%	618,940	562,876.42	90.94%
Savannakhet	56	100.0%	1,891,129	1,637,849.71	86.61%
Sekong	20	97.0%	614,126	614,125.74	100.00%
Xiengkhuang	24	100.0%	762,697	761,135.60	99.80%
Total	348	96.4%	10,055,820	9,597,125.97	95.44%

Source: Financial and Administration Division, December 2017

⁴ The budget mentioned in semi-progress report is estimate cost, in this annual report is actual budget after bidding which is a bit less, for remaining budget will be allocated the last year of PRF III.

⁵ The original plan (in semi-progress report) was 349 sub-projects but 1 sub project was dropped from the list as the government found another budget source (Improving road, La ant village, Kum ban La ant, Sepon District, Savanakhet Province.

The key achievement of 2017, which includes the size and unit of each construction (sub-project), beneficiary by sector, budget and community contribution by type and by sectors are detailed in Annex 1.

2.2. Achievements against indicators in PRF's Result Framework

2.2.1. Direct project beneficiaries

The project simply defines the beneficiaries from a perspective of village population where the sub-projects are located. Therefore, the total number of beneficiaries is based on the total population of the 340 villages where the 348 sub-projects are located. Therefore, the total number of beneficiaries reached 175,421 people for the Cycle XIV. These sub-projects supported the plan of five key areas such as Agriculture, Education, Water and sanitation, Energy, Health and Public Work and transportation. The table 4 shows the number of people who are benefiting from the Cycle XIV. In reality, and following the Government criteria, the total number is actually higher than the one reported as it does not include the neighboring villages that would likely also benefit from the improved access to basic services.

Table 4: Project beneficiaries in Cycle XIV

Province	#SP	Population	Women	Small Ethnic Group
Attapeu	12	5,894	2,707	4,840
Huaphanh	83	28,915	14,361	19,800
Luangnamtha	21	10,003	4,880	10,003
Luangprabang	45	24,287	11,777	21,593
Oudomxay	38	23,445	11,786	21,160
Phongsaly	22	8,105	3,945	7,417
Saravane	27	14,823	7,312	14,343
Savannakhet	56	38,758	19,008	28,616
Sekong	20	9,627	4,703	9,492
Xiengkhuang	24	11,564	5,712	10,093
Grand Total	348	175,421⁶	86,191	147,357
			50%	84%

Source: PRF MIS System, December 2017

⁶ In case one village has received more than one sub project, number of population will only be counted once. In this case, 348 sub projects are implemented in 340 villages comprising of 175,421 people. Accumulated number will be 179,225 people.

Excepting the total number of indirect beneficiaries form 348 sub-projects in 340 targeted villages, 81 villages more than 100,167⁷ people, 50% are female surrounding villages where sub-projects are located have also benefited from those sub-projects such dispensary, rural road, etc.

2.2.2. Female beneficiaries

Following on the table 4 data, of those total number of beneficiaries (175,421 people), 50% are female which is in line with the PRF's target (In accordance with one of the project's indicators, 50% of beneficiaries must be female).

2.2.3. Ethnic beneficiaries

The implementation of PRF sub-projects is mainly located in the remote areas where majority of populations are from small ethnic groups; with this truth, sub-projects beneficiaries are mainly ethnic population representing 84% of the total number of beneficiaries (Table 4). This percentage is higher than the target to be achieved in the project's results framework (70%) and one of the highest since the first cycle, thanks to the scaling up of the Deepen CDD approach to all districts covered by the PRFIII.

2.2.4. Proportion of total project value contributed by the community

In order to encourage community participation and sense of ownership, the beneficiaries are asked to contribute in-kind resources into the sub-projects in the form of both labor and materials which are available locally. 348 sub-projects have been supported in 2017, in which communities have contributed their labor and resources up to 8% of the total sub-project costs. The community contribution proportion is different from one community to another and mainly depends on the sub project type, and availability of local resources/materials etc.

Table 5: Community contribution in 2017

Province	#SP	Community Contribution (US\$)	SPs cost (US\$)	Percentage (%)
Attapeu	12	33,934	380,773	9%
Huaphanh	83	148,320	1,833,461	8%
Luangnamtha	21	35,373	427,276	8%
Luangprabang	45	103,130	1,491,352	7%
Oudomxay	38	118,320	1,288,085	9%
Phongsaly	22	68,072	747,981	9%
Saravane	27	40,897	618,940	7%

⁷ We calculated from the population of villages who benefited from the sub-projects located in near their villages such as school, dispensary, road and etc.

Savannakhet	56	100,370	1,891,129	5%
Sekong	20	46,465	614,126	8%
Xiengkhuang	24	76,980	762,697	10%
Grand Total	348	771,862	10,055,820	8%

Source: PRF MIS System, December 2017

According to the recommendation of donor's mission in October 2017 that “*the PRF target villages are encouraged to make contributions to subproject implementation either in kind or cash to the extent possible, depending on their ability and locally available resources. These resources should be recorded during implementation to ensure that the full extent of community contributions is captured in the overall project cost*”. This already informed to provincial and district office during annual review meeting in December 2017.

2.2.5. Proportion of HHs in PRF beneficiary villages voting for village priorities

One representative from each household is expected to participate in the Village Development Planning meeting because of the project needs to ensure that priorities are identified and selected by all households in the village and those projects are not serving only specific group within the community. 18,561 (85%) out of 21,739 households were participated in the meeting and involved in the village's priorities selection, and based on 340 villages that received at least one sub-project as shown in table below.

Table 6 : Proportion of HHs voting for village priorities

Province	# Households participants	Total # Households
Attapeu	745	904
Huaphanh	3,325	3,702
Luangnamtha	1,270	1,464
Luangprabang	3,767	4,069
Oudomxay	3,514	4,094
Phongsaly	806	1,277
Saravane	1,173	1,507
Savannakhet	1,538	1,835
Sekong	974	1,243
Xiengkhuang	1,449	1,684
Grand Total	18,561	21,779
	85%	

Source: MIS, June 2017

2.2.6. Proportion of PRF Kum bans participating in DSEDP (PRF KDPs and/or VDPs)

In response to the Government request encouraging the synchronization of PRF plan to the DSEDP, PRF has implemented a pilot in four districts located in four different provinces – Samnuea (Huaphanh province), Beng (Oudomxay province), Phonexay (Luangprabang province) and Sepone (Savannakhet province). As a result of these DSEDP meetings support, in average 71.20 % of KDPs are reflected into the DSEDP⁸. Therefore, the target stated in PAD is achieved (70%) for these districts.

Table 7: Proportion of KDPs in DSEDP (4 districts)

Province	#KDPs	#KDPs in DSEDP	%
Huaphanh	93	73	78%
Oudomxay	40	31	78%
Luangprabang	222	143	64%
Savannakhet	152	114	75%
Average	507	361	71.20%

Source: Provincial Monitoring and Evaluation, June 2017

2.2.7. Proportion of PRF III sub-projects prioritized by women

In reference with the fifth principle of PRF – Social inclusion and gender equality – women are actively encouraged to participate in every activity from the very beginning stage to the end starting from planning, implementing and monitoring. During the planning, priorities are coming from voices of those members of the community including male and female working in two distinct groups. In response to the indicator set, women's priorities have been identified, prioritized and recorded. Priorities are recorded into three categories including those prioritized by female, male and both. It can be seen that percentage of women's priorities alone contributing to 25% of the total number of sub-projects supported by the PRF while proportion from both group represents 67% (table 8), as total of 92% that women involved in decision making in 2017.

⁸ This percentage is based on the number of priorities in the Kum ban Development Plan list that are included in the annual socio-economic Development Plan (see annex 2)

Table 8: Proportion of sub-project prioritized by women

Province	Sub-projects selected by			Total
	Both	Female	Male	
Attapeu	9	1	2	12
Huaphanh	57	21	5	83
Luangnamtha	17	3	1	21
Luangprabang	35	10		45
Oudomxay	2	24	12	38
Phongsaly	0	19	3	22
Saravane	23	2	2	27
Savannakhet	55	2		56
Sekong	17	2	1	20
Xiengkhuang	20	3	1	24
Grand Total	235	87	27	348
	67%	25%	8%	

Source: MIS, June 2017

2.2.8. Proportion of PRF III sub project prioritized by ethnic group

PRF is focusing on rural remote areas targeting those poor and vulnerable groups including those ethnic groups who are living and prevailing throughout the country where facilities are still not yet provided. Hence, it is most important to listen to voices of ethnic group members and identify what their needs are. The table 9 gives the proportion of priorities requested by ethnic groups in targeted villages and shows that 81% of priorities supported by the PRF as part of the Cycle XIV are coming from ethnic villagers.

Table 9: Proportion of subproject prioritized by ethnic group

Province	Total Participants	Small Ethnic group Participants	Percentage of ethnic group Participants (%)	Population (Census 2015)
Attapeu	821	756	92.08	32,376
Huaphanh	5,545	3,143	56.68	150,038
Luangnamtha	1,601	1,601	100	26,800
Luangprabang	4,076	3,552	87.14	57,065
Oudomxay	3,683	3,504	95.13	108,549
Phongsaly	1,333	1,301	97.59	53,964
Saravane	3,793	2,357	62.14	75,039
Savannakhet	5,508	4,943	89.74	150,598
Sekong	1,089	1,069	98.16	43,324
Xiangkhuang	1,571	1,285	81.79	57,065
Grand Total	29,020	23,511	81%	819,943

Source: MIS, June 2017

2.2.9. Proportion of registered grievances that are addressed according to agreed procedures

In 2017, the project has received feedback from communities through various channels such as the 1611 hotline, letters, meetings, boxes etc. in regards to the implementation of the community activities. The total number of feedback received during the reporting period is 2,532 (424 from January-June and 2,108 from July-December 2017 or respectively 16% and 84% of the total number of feedback received).

Table 10: Proportion of registered grievances that are addressed

Type of feedback received								
Province	Complaints			Thanks to PRF	Request for fund/ Technical support	Request for information	Other	Total
	Total	Solved	Pending					
Phongsaly	2	2	0	11	15	1	0	29
Luangnamtha	2	2	0	7	23	1	5	38
Oudomxay	8	8	0	73	19	3	0	103
Luangprabang	45	45	0	800	4	0	913	1762
Huaphanh	7	7	0	60	33	27	12	139
Xiengkhouang	5	5	0	50	6	1	0	62
Savannakhet	92	92	0	114	74	5	2	287
Saravanh	8	8	0	15	4	0	2	29
Sekong	16	16	0	20	2	10	0	48
Attapeu	9	9	0	11	4	2	0	26
Total	194	194	0	1161	184	50	934	2523
	8%			46%	7%	2%	37%	
% of complaint solved		100%						

Source: MIS, December 2017

Remark: Other issues are the voice from villagers during other meetings whether the letter through PRF boxes, hotline, most of them are related to PRF intervention but it is different from key mains classified contents.

The number of feedback received during the period July-December 2017 is higher because it was the time for the sub-projects implementation. The M&E team in cooperate with provincial and district staff worked closely with local community, especially Kum ban team to increase their understanding of the FRM process and how to record the data. More than (46%) of the feedbacks are those expressing appreciation to the support provided by PRF while 7% are requesting financial and technical assistance. Feedback related to complain represents 8% of the total number of feedback received. 100% of complains were addressed and solved during this reporting period. More details of these feedbacks are described in the *Annex 3*.

Usually, complaints will be solved at village level by the village mediation committee unless cases are too complicated and cannot be solved, then, they will be transferred to the next level for assistance (district level).

The number of feedbacks received varies from province to province and depend on the level of understanding related to data collection. Therefore, training was organized in August 2017 in the province with low number of feedback recorded, and the missing data had been integrated in the annual progress report 2017.

2.2.10. Number of communities able to plan, implement and monitor their VDP⁹

Community active participation is one of the core PRF objectives in every stage of the implementation, from planning to operation and maintenance. For the PRF III first cycle (Cycle XIV), 1,820 villages have prepared their Village Development Plan (VDP) and 263 Kum ban Development Plans (KDP) including the PRF investment plan for the three years period (2017-2020). To support this statement, during the planning, communities of all targeted villages participating have to go through all processes in order to select their priorities. Prior to implementation, Village implementation team members are elected and will receive training to ensure they can supervise and financially manage their sub-projects. After completion, each sub project will have an Operation and Maintenance Committee who are appointed and trained to support the community in the operation and maintenance of the sub-project.

Table 11: Number of communities able to plan, implement and monitor their VDP

Province	# Communities	# Sub-project	# VIT	Female (VIT)
Attapeu	12	12	106	35
Huaphanh	78	83	743	258
Luangnamtha	21	21	189	64
Luangprabang	45	45	390	112
Oudomxay	38	38	337	115
Phongsaly	22	22	195	62
Saravane	25	27	240	79
Savannakhet	56	56	513	183
Sekong	20	20	179	58
Xiengkhuang	23	24	229	83
Grand Total	340	348	3,121	1,049

Source: MIS, December 2017

During the reporting period, the communities of 340 villages (where sub-projects are located) were able to prepare their implementation plans and start implementation for most of them, but they should be able to complete the construction and start the routine maintenance to fully

⁹ # of villages that have successfully developed and implemented the VDP. If a village has developed a VDP and they have complete one sub-project during the fiscal year, they fulfill this indicator. The unit at the village level (target for 2017: 1,400 villages (cumulative)).

answer this indicator. In addition, 3,121 villagers have been elected to become VIT members and with the 789 Kum ban Facilitators (*annex 5*), have been trained on Social Safeguard, Sup-project Implementation, Financial, Procurement, Planning and Reviewed Planning for Safeguard, etc.

2.2.11. Number and value of sub project activities implemented by type

As illustrated by the table 12, Education related sub-projects cover the majority of all sub project types accounting for 41% of the total number of sub-projects, follow by Water and Sanitation related sub-projects (29%) while sub-projects relating to Energy and Mine contributes to only 1% of the total sub-projects. Health related sub-projects are second lowest percentage with only 2% out of the total number of sub-projects.

Table 12: Percentage of subproject activities implemented by type

Sector	# SP	%	Budget Allocation (US\$)	%
Agriculture and Forestry sector	20	6	447,487	4
Education sector	143	41	4,790,845	48
Energy and Mining	5	1	197,646	2
Health sector	8	2	285,159	3
Public Work and Transportation sector	71	21	2,653,552	26
Water & Sanitation	101	29	1,681,131	17
Grand Total	348	100	10,055,820	100

Source: NOL list, December 2017

Remark: PRF will discuss with concerned sectors on the high number of education sub-projects and will report in next report.

Regarding the supported budget, it is interesting to note that while water and sanitation is the second priority regards to the number of sub-projects, they added up to only 17% of the total budget. This can be explained as most of the Water and Sanitation related sub-projects are small sub-project type with small budget requirement (drilled wells and spring gravity fed system). Almost half of the total budget is allocated in the Education and related to the high number and size of these sub-projects. This trend is the same as for the Cycle XIII (2016) where education sub-projects contributed also to more than 50% of the total number of sub-projects supported. It shows that children education is still seen as an upmost priority by communities.

While the number of agriculture sector sub-projects is relatively small, other sub-projects which are not classified as agriculture are also contributing to income-generating outcomes. For example, rural road upgrades connect farmers to agricultural production areas and markets, water supply is used for drinking, cooking and for kitchen gardens, an important aspect of infrastructure is their contribution to freeing adults to work on livelihoods (agriculture and

other). Time spent on fetching water and children attending school providing day care of a promise for future are important contributions of rural infrastructure complementing livelihoods.

2.2.12. Proportion of sub project located in poorest and poor villages

The activities supported by the PRF are mainly in rural remote areas where poverty is still an issue and threatening villagers' living. Hence, priority of PRF will be given to those poorest and poor villages in the project's targeted areas¹⁰.

During the reporting period (January – December 2017), the PRF supported 348 sub-projects in 340 villages. Those sub-projects are located in 279 poor villages while 28 sub-projects are settled in the poorest; both contribute to 88% of the total number of Cycle XIV sub-projects located in poor and poorest villages, for 42 non-poor villages that received sub-projects because there are located in center of Kum ban where the poor villages also benefit from those sub-projects.

Table 13: Proportion of sub-project located in poorest and poor villages

Province	# SP	Poor	Poorest	Non-poor
Attapeu	12	12		
Huaphanh	83	71		12
Luangnamtha	21	21		
Luangprabang	45	32	2	11
Oudomxay	38	37	1	
Phongsaly	22	22		
Saravane	27	12	8	7
Savannakhet	56	43	13	1
Sekong	20	16	3	1
Xiengkhuang	24	13	1	10
Grand Total	348	279	28	42
		80%	8%	12%

Source: MIS, December 2017

¹⁰ 1.Poor household more than 50% of total households in the village, 2.No primary school or take time to school nearest more than 1 hour, 3.No Health Center, medicine bag or take time to hospital nearest more than 2 hours, 4.No water sanitation system such as Dug well and Dug drilled, 5.No road to access or can access only dry season

2.2.13. Number of individuals with livelihood investments using loans from SHGs

By the end of December 2017, Livelihood linked Nutrition intervention covers 165 villages in 7 districts in two provinces (Huaphanh and Savannakhet provinces). There are 915 SHGs with total of 10,220 members from which 85% are female. Out of a total of 9,996 SHG members, 97.5% of the total number of SHG (which over 24.5% against the target of 8,000 members) members already took loans and have invested in various income generating activities to improve household income and nutrition-oriented livelihood. For the 258 members, who did not take the loan, most of them already left their groups to seek for employment in other districts or provinces and some of them already passed away. The final update will report in next progress report.

Table 14: Main activities developed by the SHG members

No	Type of activity	January-June 2017		July-December 2017	
		# Members	Percentage (%)	# Members	Percentage (%)
1	Poultry raising	3,922	40%	4,737	47.55%
2	Pig raising	2,608	26%	2,707	27.17%
3	Weaving and bamboo basket making	589	6%	1,159	11.63%
4	Goat raising	2,205	22%	925	9.30%
5	Fish raising	274	3%	193	1.94%
6	Banana plantation	122	1%	128	1.29%
7	Vegetable plantation	5	0.1%	29	0.29%
8	Cassava plantation	31	0.3%	18	0.18%
9	Corn plantation/Mushroom	3	0.03%	2	0.02%
10	Cattle raising	1	0.11%	2	0.02%
11	Petty trading	190	2%	61	0.61%
Total		9,950	100%	9,962	100%

Source: Livelihood and Nutrition, December 2017

In 2017, SHG members have invested in various livelihood and income generating activities to improve household nutrition such as poultry raising is the top priority (47.55% of all activities); pig raising (27.17%), goat raising (9.29%), fish pond raising (1.94%), cattle raising (0.02%), commercial vegetable and crop planting (1.49%). The non-agriculture IGAs are weaving (accounting for 11.63% increased), bamboo basket making and petty trading (buying and selling livestock and weaving productions) represents around 0.61% of the total number of activities developed by the SHG members.

Comparison with the first 6 months SHG member has increased from 9,950 to 9,962 members at the end of 2017, and the main activities such as poultry raising, pig raising, goat raising, weaving and bamboo basket making also increased while Fish raising and Petty trading were decreased.

2.2.14. Proportion of SHGs with NPLs 4% and below

During the monitoring, it was found that there is still confusion about the definition of the NPL, the low loan repayment rate (only 44% of seed grants contributed). Therefore, it was agreed during the last donors mission to define the non-performing loans (NPLs) as the loans which are 90 days overdue following on the loan agreement.

It was agreed that PRF will finalize a SHG performance assessment and apply it across all SHGs to understand their levels of maturity and to provide recommendations for strengthening performance and investment outcomes. The Bank also agreed to mobilize an experienced SHG to review the status of PRF's SHG support and advice on specific steps to improve their performance and sustainability this work will conduct by the end of March 2018 and the evaluation result will be provided by May 2018. One area to look at is the appropriate terms of payments and length of loan repayment periods depending upon the type of products and the market and price opportunities.

III. Specific Activities

3.1. Capacity building

3.1.1. PRF staff capacity building

During the reporting period, capacity building activities have remained a key focus. Main objective of these trainings was to strengthen capacity of community as well as PRF staff at all levels and government counterpart on the CDD model and more particularly key changes from PRFII to PRFIII. Table 17 summarizes trainings and workshops conducted during January – December 2017. Full details with number of participant can be seen in *Annex 4*.

Table 15: Workshops and trainings conducted for PRF staff

No.	Training topic
	Community Development
1	Community Development staff training for PRF III, related to planning and social safeguards
2	Training for new CD staff at provincial and district level related to planning stage and social safeguard aspect
3	Social safeguard training for Kum ban facilitator in 43 districts
4	Meeting about participation planning manual for district local authority
5	Support MPI to organize workshop on Local Social-Economic Development Planning as to integrate the Kum ban planning of PRF to district plan
6	The Meeting of Annual review and coordination between M&E and CD Divisions
	Engineering and technical work
1	Sub-project inspection training
2	Road Maintenance Group Training
3	Social and Environmental Safeguards training
4	Sub-project Implementation training
5	Consultation Workshop on Technical
	Monitoring and Evaluation
1	Training on the use of PRF III New Database
2	Semi-Annual Review of progress work under M&E system
3	Training on the use of forms, database and PRFIII Indicators all ME at provincial level
4	Orientation meeting on the implementation of PRF III at provincial level
6	Training on the use of MIS for LN staff in Savannakhet and Huaphanh provinces, related to data of SHG's activities to MIS system.
7	Training on data collection and data record for FRM for provincial, district, Kum ban facilitators
8	Dissemination of M&E and the important of the data
	Finance and Administration
1	Refresher training on internal control system, disbursement procedures, producing report from ACCPAC.
2	Training on Budget planning (2015-2016), financial management and audit recommendations
3	Training on reviewing, planning and management of the use of budget

	Procurement
1	Training on the Community Procurement Process for PRF Provincial Procurement Officers on 3 March 2017.
	All PRF
1	Orientation meeting with local authority
2	Orientation with PAFO
3	PRF Annual Review Meeting 2017 and Plan for 2018
4	23 rd Board Meeting

Source: All PRF divisions and units, December 2017

3.1.2. Local authorities and communities capacity building

PRF's capacity to effectively support and deliver interventions of essential rural community needs such as clean water, improved sanitation (CLTS), employment schemes for poor households (RMGs), rural transport, access to finance and livelihood investment skills (SHGs), nutrition for healthy children, and others, illustrates the value of PRF as an effective instrument for advancing development in rural communities with the active participation of the local authorities and concerned sectors.

- As already mentioned in last Semi-progress report, to ensure that the concerned sectors have understood of the work of PRFIII, the PRF organized the orientation meeting for the Provincial Agriculture and Forestry Division (PAFO) in 10 targeted provinces in March 2017. The objectives of the orientation meeting were to introduce PRF III's principle, regulation, implementation procedure & methodology as Community Driven Development (CDD) to the audience and to ensure good cooperation with the Agriculture and Forestry Division. Participants included Head of PAFO, Head of each sectors and key technical staffs (421 people including 128 females (32%) and 263 are from DAFO. As outcomes of this meeting, participants have understood about the process of PRFIII's implementation procedure. Especially they acknowledged the step of planning at village, Kum Ban levels as well as district levels. It will be important to continuously organize meetings with concerned sectors at district level to keep the cooperation effective.
- Furthermore, PRF has organized KBF Meeting in 43 districts, 10 provinces that involved 1,125 participants 490 trainees were female (43%) and more than 50% are ethnic groups those participants included 768 KBFs from 263 Kum ban, 177 representatives from relevant sectors, and 180 representatives are from PRF. During these meetings, the KBFs have a chance to report and exchange their lesson learnt with other Kum ban Facilitators during sub-projects implementation following up and also share their problems encountered to the government sectors such as Health, Education, Agriculture and Public works representatives as well as PRF staff and other Kum ban seeking for their advice to solve the problem that

they faced. This is also a good opportunity for the Kum ban Facilitator to better understand the sub-project supervision processes and procedures and strengthen sub-project ownership. See annex 11

- In 2017, PRF also conducted Cross Kum ban Visit for Kum ban facilitators in all districts. These visits involved a total of 3,024 participants. 1,229 (41%) are women and 2,300 people are ethnic groups (76%). These visits also include the participation of 89 people from government sectors. The cross Kum ban visits provide a chance for different representative from local authority, village organizations as Head of Kum ban, village authorities, Kum ban representatives, village representatives, VITs, village mediation committee, villagers, SHG members, SHG committee to exchange lessons learnt during the sub-project implementation and supervision period. They also provide a chance to talk about O&M considerations. The details are annex 12
- During the PRF III preparation stage for the Cycle XIV, the CD team also organized a Training of Trainer (ToT) with 727 participants and 421 are female (58%) the details are in *Annex 13* based on the Social Safeguard manual for Kum Ban Facilitators. After this TOT for KBF, and to prevent any negative impact of sub-project construction, for village mediation unit and village implementation team in all PRF target villages of (Cycle XIV). All TOT tools for KBF will include some key topics as below:
 - 1) Feedback Resolution Mechanism (FRM);
 - 2) Compensation and Resettlement Policy Framework; and
 - 3) Sub-project implementation Village Social Audit.

This training aims to build Kum ban facilitators capacity to be a trainer in all target villages within their Kum Ban. Based on the result of TOT, almost of total Kum Ban Facilitators are able to provide training (FRM and Village Social Audit) at village level. However some supports from PRF district staffs are still required for the others, for the next step, the strategy will be used a peer to peer training, using the most skilled Kum ban Facilitators to improve the capacity of the Kum ban facilitator with lower capacities and refresher trainings conducted by the PRF staff.

In addition, the social safeguard training was also organized during this reporting period. This training was focusing on the Village Implementation Team and Village mediation unit at village level with the objective of building their capacity on Social Safeguards related to Sub-project construction at village level. The village mediation committee purpose is to help PRF and the communities on monitoring and audit sub-project construction/implementation as well as budget management. Therefore, during May to June 2017, PRF district staffs and Kum Ban Facilitators arranged Social Safeguard training at village level in the 340 villages that will receive PRF financial support (together with a village report back and validation meeting). In the meeting, KBF built community awareness on Social Safeguards and especially on: (i) How to check and audit the technical aspects of the sub-project construction (ii) how to use a checklist and record

books, (iii) how to use FRM channel, (iv)How to resolve problems that may happen and (v) FRM and village social audit planning during sub-project implementation.

- To ensure that the FRM and village social audit will fulfill their responsibilities at the village level and to make sure that PRF staffs will be able to record all the social negative impact that may happen in the village, the training also included the following practical works:
 - How to check the quality of sub-project materials;
 - Monitoring and checking the quality of Sub-project construction;
 - How to cooperate with VIT and undertake random check of village's sub-project detail budget;
 - Follow up and monitoring the progress of sub-project implementation during the village accountability meetings; and
 - Feedback box opening and problem solving.

3.2. Social and Environmental Safeguard information

3.2.1. Social Safeguards information

The process of solving any safeguard issues will start from the consultation meeting at the village after the survey-design step. If there are any safeguard issues, an agreement among affected HH and village authorities will be made. These data are collected and recorded in excel sheets and submitted to CD staff at district and provincial levels. The table 18 summarizes data on the Cycle XIV and impacted households.

Table 16: Summary impact of subprojects affecting personal asset(s) and land

No	Description	Cycle XIV
1	Total target Province	10
2	Total target District	43
3	Total target Kum Ban	263
4	Total target Village	1,820
5	Total Sub-Project in cycle XIV	349
6	# of Village Resettlement in cycle XIV	0
7	# Sub-project affected to Personal Poverty and Land in cycle XIV	41
8	Total number of affected households	171
9	Total size of affected land (m2)	11,102
10	# HH affected (< 5% of their total property)	170
11	# HHs affected (<5% and contributed land for free)	169
12	# HHs affected (<5% and they got compensated)	1
13	# HH affected (> 5% of their total property)	1

14	# HHs affected (> 5% and got compensated)	1
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Sources: PRF at Provincial levels, December 2017

A total of 171 households have been negatively impacted by the implementation of the sub-projects supported by the PRF Cycle XIV. A large majority of these households have donated the section of their land impacted and 2 households have received compensation for their loss as they have requested for it (table 19).

Table 17: village and households impacted

	Number	Percentage (%)
Villages impacted by land acquisition	41	11.7
HH's impacted by land acquisition	171	0.8
Land donation	169	98.8
Land compensation	2	1.2

Source: Community Development Division, December 2017

3.2.2. Project management on Land contribution and compensation

On November 14, 2017, the PRF district staff, Kum Ban Facilitators and village representatives conducted a sub-project survey, followed by a village meeting (including a consultation on the social and environment safeguards policy). The PRF staff and Kum Ban Facilitators presented the survey data, including size of the land required for the sub-project and the size of the impacted land as well as the identification of the impacted households. After this first step, the PRF staff conducted several follow up visit of the impacted household before starting the sub-project implementation and the arrangements are as follow:

The two households who have requested to be compensated for their losses have both been impacted by primary school construction. Consequently, they have received compensation by the communities. Details of the two households compensated are as follow:

One impacted household lost an agriculture land (2,000m²). This land is used mainly for animal raising (Cows and buffalos). The size of the affected land represents more than 5% of the area this household own around the village. But if we include the total land size that this household owned, including the upland areas where they grow rice, the size of the impacted area represents less than 1% of the total surface of the land this household own. He has been compensated by the community for his loss and use the budget he has received to buy another land with a size of 8,000m². The arrangements are as followed:

- a) During the meeting with the villagers the impacted household agreed to contribute his land but the household head requests to be compensated by cash in order to be able to buy a new land in the village;
- b) The other Community members of his village agreed to use the village fund to compensate the impacted household based on the estimated value of the size of the land impacted. (2 million Kip) in order to buy new land;
- c) The villagers also agreed to assist the impacted household to move his house before the sub-project construction starts;
- d) After this meeting, the village authorities and Kum Ban Facilitators prepared an agreement letter for contribution and compensation that was signed by the husband and wife, village head and PRF district staff with all the other community members invited as witness;

During the sub-project implementation by the sub-contractor, PRF district staff continued to monitor and collected more data on the potential social and environmental impact. The other impacted household lost a piece of land with a size of 625m^2 . It represents less than 5% of their total land asset. The impacted household agreed to move the house because it is located on the school's Land. The land the household built his house is not their property (this is a communal land). Nevertheless, the community agreed to provide them with a new land, near the old one. The size of the land they receive as compensation is similar as the land piece they have lost ($25\text{m} \times 25\text{m} = 625\text{m}^2$). The community also agreed to give the land ownership to the impacted households so that they can use and sale in the future or give to their children. The agreements were as followed:

- a) During the meeting village authorities agreed to find a new land near the primary school for the impacted household so that they can enjoy staying close to the school (the new land is close to the old land and the new school);
- b) The land the household built his house is not their property (this is a communal land). Nevertheless, the community agreed to provide them with a new land, near the old one. The size is similar as the land piece they have lost ($25\text{m} \times 25\text{m} = 625\text{m}^2$). The community also agreed to give the land ownership to the impacted households so that they can use and sale in the future or give to their children;
- c) The villagers also agreed to assist the impacted household to move his house before the sub-project construction starts;
- d) After this meeting, the village authorities and Kum Ban Facilitators prepared an agreement letter for contribution and compensation,
- e) The letter was signed by the husband and wife, village head and PRF district staff with all the other community members invited as witness;

During the sub-project implementation by the sub-contractor, PRF district staff continued to monitor and collected more data on the potential social and environmental impact.

3.2.3. Environmental Safeguard Monitoring

During the reporting period, the PRF team has follow up with provincial and district staffs and assisted community to solve 38 cases. Most of them are related to landslide of identified environmental impacts and recovery actions by villagers and contractors, of those have been solved during this period the details are described in *Annex 14*.

Table 18: Sample of identified environmental issues and recovery actions

N0	Identified impacts	Responsibility and status	Sub-project type	Location
I	Earth excavation, Landslide and erosion on building			
1	Land slide damaged private small area.	Villager/contractor resolve	Rural access road improvement	Phonetong District, Luang Prababang Province
2	Land slide block drainage channel by side the concrete pavement area.	Villager resolve	Rural road improvement	Nong District, Savannakhet Province
3	Land slide cause to soil erosion from pipe line. HDPE Pipe no soil protection 5 meters long	Villager resolve	Gravity Fed System	Namor District, Oudomxay Province
4	Landslide blockaged stream	Contractor resolve	Double culvert pipes	Bang District, Oudomxay Province
5	Waste and bad smell water in Tap platform and drainage channel trough village.	Villager resolve	Gravity Fed System	Nalea District, Luangnamtha Province

Source: Engineering Division, December 2017

3.3. Donor mission, Cooperation and partnership

3.3.1. Donor Mission in 2017

First donor mission of PRF III took place from February 27 to March 9, 2017, the objectives were to: 1) monitor the PRF III project implementation and disbursement status; 2) review and discuss the village and Kum ban planning based on PRF II's experience; 3) review and discuss the draft ICR; 4) follow up the impact assessment for Livelihood and Nutrition; and review IEC material. The field visit took place in Xiengkhor district, Huaphanh province. The mission highlighted three main points: Firstly, the mission noted that the project target for the number of

communities able to plan, implementation and monitor their VDP has acceded the original target by 24% with the total 1,800 villages; Secondly, the mission noted that there are strong demand for livelihood sub-projects related to agriculture and livestock in Cycle XV that would create a concrete area for linking PRF with MAF programs through technical support to PRF communities by district agriculture staff; and Lastly, the mission highlighted about Government contribution for PRF III.

Following with a partial Implementation Support Mission to PRFIII was also conducted during June 20-23, 2017. The mission took place in Thapangthong district (Savannakhet province) during 20-23 June 2017. The objectives of the mission were to (1) review and support the implementation of Cycle XIV, (2) monitor the implementation status of LN activities and discuss strategy for sustainability of the LN interventions, (3) discuss and learn about how to scale up the Deepen CDD specifically the Community Force Account (CFA). Main issues have been raised and agreed actions have also been advised.

The third World Bank Implementation Support Mission (ISM) for PRF III took place from October 18 to 31, 2017 in Sepon and Nong districts, Savannakhet province. The main objectives of the mission were to: (a) work jointly with PRF to follow up on the implementation and progress of the project since the last mission in March 2017; (b) assess the quality and timeliness of sub-project construction and contract payments under Cycle XIV and preparation status of Cycle XV sub-projects; (c) assess the progress of Road Maintenance Groups and Community Force Account pilots; (d) assess the status of livelihood activities, in particular the repayment rates of self-help group loans and the viability of the groups, including use of Performance Appraisals; (e) assess fiduciary and safeguard compliance and implementation quality.

The mission found that the project is proceeding well with several end-of-the project targets already achieved, including percentage of female and ethnic group beneficiaries, percentage of households participating in village priority setting, the number of village development plans and the use of SHGs loans for livelihood investments. On other hands, the mission heightened about the government contribution if predictable and timely allocation of financing which is predictable so that project fully achieved its targets, and this point will forward to receiving an update before mid-term review (details in Aide Memoire October 18-31, 2017).

Finally, the WB Lao PDR country manager came to visit the PRF activities from December 27-30 2017 in Houaphanh province. The visit focus on interactions with two communities in Hiem district involved in the implementation of Livelihood linked Nutrition activities as well as improved access to basic services. Susan Shen also used this opportunity to meet with the district authorities (vice-Governor and representatives from the concerned sectors). The visit was also the opportunity to further discuss about the PRF future orientation and confirm the focus on livelihood and nutrition following the successful experiences from the activities saw on the ground and community satisfaction as well as their request to receive further support from the PRF in this area.

3.3.2. Pilot Integration of KDP into DSEDP under MPI

PRFIII supported the integration of Village and Kum Ban Development Plan into the District Social Economic Development Plan. This process will help to support community development plans and strengthening the opportunities for community to get what their needs and supports village development fund from another source like INGO, GOL, and private sectors. This will also motivate them to drive their community development as well.

A meeting was held with H.E Kikeo Chanthabouly, the Vice-Minister of MPI to discuss and seek his guidance on the workplan for development of the proposed draft Local Socio-Economic Development Planning (LSEDP) guideline linking the current village-level Participatory Planning Manual (PPM) used for VDP with DSEDP Guideline (2012). As per his advice, a full proposal with sound justifications and work plan to develop the integrated LSEDP guideline has been drafted for further discussion. The proposal and draft LSEDP guideline will be consulted with district authorities, who are the main users and implementers of this guideline for their feedback and broad support before proceeding with testing in 4 districts under Cycle XVI. This will be reflected in the PRF AWPB for 2018 to send to the Bank for NOL. The international consultant's contract has been extended with support from SDC to continue to assist MPI in developing the integrated LSEDP.

3.3.3. Cooperation with Helvetas on the suspended bridge construction

The three suspension bridges supported by the Helvetas and the PRF are already completed and handed over to the communities to manage. In the beginning of June 2017, and as an additional activity. These bridges benefit communities in those target villages where people can link between both side of the river and people can bring the product to the market. Additionally, one bridge in Phoulouang village has a potential to create for tourism area and can make the income to communities.

3.3.4. Cooperation with Universities (Volunteer students)

The cooperation is with the Souphanouvong University in the North, and in the South Champasack University. The main objective of this activity is to conduct an independent technical review of sub-project quality and to learn from the findings to improve sub-project quality in future implementation cycles. PRF also hopes to improve the recruitment of local engineers, particularly female engineers, both as permanent staff and as Community Construction Supervisors hired by communities for sub-project construction. Locally recruited engineers with family in the target villages are particularly suited to working as Community Engineers. To continue this work in 2018, PRF also plans to extend the use of young graduate to other provinces nearby to inspect the quality of the subprojects.

3.3.5. Water and Sanitation Program

Partnership with Water and Sanitation Project according to cooperative agreement between Namsaart and Poverty Reduction fund the project were implemented in 41 Village and 6 District within 4 in PRF target provinces in duration of 11 Months from Oct 2015 to Sep 2016. Now the the pilot project had been completed, but PRF staff at district and CLTS community at Kumban are still following up the progress of work and the update will report in next progress report

11 of the 41 villages have declared, or are near declaring ODF, the amount of HHs with a latrine has nearly tripled from 453 HHs to 1,333 at the end of October 2017. The combination of technical knowledge from PRF engineers and facilitation skills from KBFs is proving to be an effective combination for achieving results. To keep the momentum and move hold-out households to buy latrines, PRF will prepare an action plan in cooperation with WSP and Naam Saat.

Table 19: Progress of ODF implementation

No Village Progresses District Name	No Project Villages	Total HHs	No HHs Latrine before CLTS	% ODF villages	No HHs improve latrine	% HHs access to Latrine	Comment
Phouvong / Attapeu	04	524	196	0	243	46 %	No progress after Engineer district has left the job
Lamam /Sekong	06	695	108	80 %	645	93%	3 Villages had been ODF, 2 Villages continuous follow up to the end of this year and 1 village with no progress because the village had a planned to move
Darkcheung / Sekong	07	218	75	80 %	166	76%	4 villages had been planned for ODF and the rest are continuous follow up by district Health
Ta-Oy / Saravane	05	162	0	20 %	21	13 %	1 Village had been ODF and the rest are still continuous
Sepone/ Savannakhet	14	993	35	0	79	7%	No progress, District health no budget to follow up and
Nong / Savannakhet	05	332	19	30%	177	53 %	2 Villages has been ODF, and the rest are not interesting to continuous
Total	41	2.924	433	2,5%	1331	46%	

Source: Engineering Division, *December 2017*

3.3.6. Khammouane authorities planning support

In response to a request from the Nakai District Government and with financial support from the power company (NTPC), PRF provided training and technical support for the district on CDD and participatory planning during August-September 2017. This is to build the district capacity to take over the resettlement program in Nakai, Khammouane province from NTPC in January 2018. A similar request was received from the province for PRF to support the NT2 Downstream Program (DSP) which is aimed at supporting 5 districts along the downstream Xebangfai river in the same province where 92 villages have been affected by water discharge from the power house. The DSP was handed over to the GoL in January 2013. A DSP assessment commissioned by the World Bank in 2016 recommends that continued effort and a more effective approach are needed to accelerate income restoration. PRF provided orientation training on October 12, 2017. A local part-time consultant may be mobilized to work within PRF and provide further support to these activities, as needed. This is to ensure that attention to core PRF III activities is not affected (MOU is detailed in *Annex 23*).

3.3.7. Partnership with the AFN Project (WFP)

The PRF team has met with the AFN project lead, World Food Programme (WFP), and shared the VNC design, locations of VNCs and SHGs, and the results of the VNC assessment. This largely completes the cooperation in terms of design and initial implementation by WFP, but ongoing coordination will continue to share lessons and cooperate as needed e.g. with regarding to AFN's farmer nutrition schools as well as possible collaboration on the scaling up of PRF LN activities in northern provinces.

3.3.8. Partnership with the GPAR project

SDC and UNCDF will jointly commission an independent consultancy to formulate a District Development Fund (DDF) and PRF Collaboration Framework. Both the DDF and the PRF share common goals and serve as vehicles for GoL to deliver improved public services by supporting local administrative capacity development. Both programs have contributed to the decentralized "Sam Sang" policy with different approaches. While DDF places greater emphasis on district capacity development for planning and budget management, PRF applies a CDD approach to enabling rural, poor villages to identify their priorities and implement their own sub-projects. The TOR for the consultancy is under final revision. The assignment is expected to start beginning of 2018.

3.3.9. Partnership with WFP (cook stove community acceptance)

Following on the PRFIII commitment, a series of meetings with the WB Cook Stove Initiative team was conducted to discuss and review the implementation of a trial aiming at understanding the acceptance of Tier-4 cook stoves in Lao using comprehensive consumer acceptance study of Tier-4 cook stoves.

This initiative will help in understanding the following:

- Tier-4 cook stoves and its capability to cook common Lao cuisines;
- Ease of use of Tier-4 cook stoves in Lao households;
- Training needs of users for proper use of the Tier-4 cook stoves;
- Other geographic and contextual factors that may affect the performance and acceptance of Tier-4 cook stoves.

In referring to the third donor's mission, the mission met with the Bank's Clean Cook Stove (CSI), energy team. The trial is expected to start in March 2018 following completion of a baseline survey which is planned to begin field work by November 6, 2017 and procurement of the cook stoves and pellets which is expected to start at the end-November and will take 2-3 months. The end line survey will be conducted in April 2018.

3.3.10. Discussion with the Government on the future PRF orientations

In 2017, a series of meetings with the Government and the PRF donors were organized regards to the PRF orientation since the project is under the umbrella of the Ministry of agriculture and Forestry (MAF). The MAF representatives confirmed that minor changes will be required and that the PRF will remain autonomous as it has always be and that no disturbance will affect the implementation of the PRF activities. Nevertheless the MAF representatives highly recommend the PRF to support more the Agriculture and Forestry sector after they found that less than 10% of the total number of sub-projects and related budget are allocated to this sector.

The MAF also request the WB to support for the development of a sound National Rural Development Strategy (NRDS) linking with all existing pieces of MAF's and GoL's strategies and plans (e.g Agriculture Strategy, Upland Agriculture Strategy and 5-year NSEDP and rural development plan) with PRF lessons and local planning (DSEDP) process/guideline incorporated following the upcoming MTR in June 2018. The NRDS should be ideally completed and approved by the end of 2019 or early 2020 ready to be used to guide the design and implementation of this new project and the next round NSEDP and NRDPE Plan (2021-2025) as well as other possible rural development investments in Laos.

Following on these Government suggestions further discussion have been conducted internally and with the donors on the future PRF orientation. It was agreed that the post-PRF program would continue to be the flagship MAF program under the government's rural development strategy. The heart of the program will still be based on the CDD approach and following the PRF principles with new activities that advance the rural development agenda, and with more focus on helping people living in the poorest rural areas to be healthier and to improve their incomes and supporting better access to market. Some of the LN activities will be the core of the program such as the village nutrition groups as well as related activities such as latrines promotion access to clean water using the Self Help Group Approach at the community level. The program will play a greater role in coordinating and strengthen cooperation with the

different rural development actors in the field through the DSEDP support. Discussion will continue to refine the future program during the course of the fiscal year 2018 with the organization of workshop with the Government and the donors prior to the MTR planned in June 2018.

IV. Management and Accountability

4.1. Finance and Administration

4.1.1. Government contribution

PRF has submitted the request to the MPI and National Assembly via MAF for the approval of 82 sub-projects with the amount 24 billion LAK in 10 provinces (Phongsaly, Louangnamtha, Oudomxay, Louangprabang, Huaphan, Xiengkhuang, Savanakheth, Salavan, Sekong, Attapue) for Cycle XV, FY 2018, since then the process have been approved by the MPI and MAF for the amount 11 billion LAK of this fiscal year 2018. The remain budget amount LAK 37 billion will shift to 2019 (last year of PRF III), and PRF will share the list of sub-projects to be supported with this amount (Government co financing) by the end of April 2018 to Ministry of Agriculture and Forestry and Ministry of Planning and Investment for consideration.

4.1.2. Budgeting

As per the agreement with the donors, the PRF has submitted to the donors the work plan and related budget for the PRFIII first fiscal year for a total budget amount of US\$17,950,578 (*see Annex 19*) and allocated in the 4 different project components as follows:

Component 1: included 2 budget lines: a) sub-grants and Kum ban planning. and b) Orientation meeting, which carrying out of participatory community and local development planning processes at Village and Kum ban level including provide the sub grants implementation of community infrastructure based on the Kum ban development plans, The project activities are include Village Development plan meeting, Kum ban Development Plan meeting, KDP Endorsement meeting by the district authorities and concerned sector, KBF training on social safeguards and FRM, Village report back meeting, Sub-project survey-design, Village confirmation meeting, VIT training on finance and procurement, Procurement / bid meeting, VIT training on implementation, and Sub-project kick-off meeting, Training on Operation & Maintenance (O&M). During the FY2017 the Sub-grants and Kum ban planning have been implemented over 81%.

Component 2: related to capacity building activities such as: Local capacity building, which focused on refresher training on planning, PRF staff refresher training on finance & procurement, DSEDP meeting, GOL concern sectors project monitoring, KBF monthly meeting, District Annual Evaluation Meeting, Provincial local exchange visit meeting, M&E staff refresher training on M&E work and MIS, Internal Audit visit, PRF Board meeting, First and

Second Accountability Meeting, ,First and Second KBF monthly Meeting, PRF refresher training on Environmental and Social Safe guards, Central public information such as: TV, Radio and Collecting & Public news, IEC tools and Materials, PRF assessment and Development Activities including Technical Assistant Support, 6 & 12 Month monitoring. This budget has been implemented in line with the annual plan.

The sub-grants monitoring activities were implemented not only at provincial and district levels but also at the central level to support regular field visit and including the donor supervision mission. It is an ongoing process and currently on track with the annual budget plan.

Component 3: related to project management costs, this component are provide the technical and Operational assistance day by day management of the project and carry out of the project financial audits and more particularly PRF regular payment of staff costs and administration activities. A part of the budget has been used for procurement of PRF equipment and office maintenance based on procurement plan. The internal audit activities have started based on their work plan. However, the external audit consultant is still required, in order to support the tasks of internal audit committee.

Component 4: The Nutrition Enhancing Livelihood Development Project: almost all LN activities have been implemented regarding to the annual plan such as LN Local capacity building, LN project monitoring and LN project management costs that are regularly implemented following to the annual plan. During the FY 2017 the LN activities have been implemented over 96% of annual work plan activities.

4.1.3. External Audits

The PRF Financial Audit for the fiscal year 2017 (Jan 1st – December 31st 2017) will be conducted during February – March 2018, and the report will be submitted to donors by June 30th 2018. According to this Finance and Administration team is preparing the documents related to finance work such as statement of expenditure, fund balance and financial supporting document related to be readiness before External Audit is started.

4.1.4. Disbursement

As of December 31st, 2017 disbursement reached 31.83% for the IDA credit 5827-LA. For the Swiss Agency for Development Cooperation (SDC) disbursement rate reached 25.31%.

Table 20: PRFIII Financing – Disbursement (as of December 31, 2017)

Source of Financing	Disbursement as of December 31, 2017	Disbursement (Percent of Total Allocated by Source of Financing)	Total Budget Allocated (US\$ million)
WB (IDA credit 5827)	9,548,160.12	31.83%	30,000,000
SDC	4,555,779.76	25.31%	18,000,000
GOL	-	0.00%	6,000,000
TOTAL:	<u>14,103,939.88</u>	26.12%	<u>54,000,000.00</u>

Source: PRF FA Division, December 2017

During the reporting period, PRF has proceed withdrawal application (SOE “statement of expenditure) from the donors for a “ total amount of USD 19,151,698.62 (USD 11,676,698.62 from IDA credit 5827 and USD 7,475,000.00 from SDC).

Table 21: Summary of funding expenditures

Fund Source	Fund Received FY 2017	Expenditure FY 2017	Percentage of expenditures
WB (IDA credit 5827)	11,676,698.62	9,548,160.12	81.77%
SDC	7,475,000.00	4,555,779.76	60.95%
GOL	-	-	0.00%
TOTAL:	<u>19,151,698.62</u>	<u>14,103,939.88</u>	<u>73.64%</u>

Source: PRF FA Division, December, 2017

During the reporting period, PRF has spent a total amount of US\$14,103,939.88 (US\$10,086,766.63 to support the communities’ koumban planning. US\$1,261,351.30 was disbursed for the capacity building, IEC materials and sub-project monitoring activities, US\$2,327,888.15 was used for the project management activities and US\$427,933.80 supported to Livelihood and Nutrition activities).

PRF has transferred for cycle XIV sub-grant budget to village accounts a total amount of US\$9,230,694.06 (US\$5,804,534.54 from IDA credit 5827 fund and US\$3,426,159.52 from Swiss Agency Development Corporation “SDC” fund). As the annual budget plan 2017 for sub-grant is US\$9,863,000.

Table 22: Expenditures by component

Description of Component	Expenditures FY 2017	Percentage (%)
Community Development Grants	10,086,766.63	71.52%
Local & Community Development Capacity building	1,261,351.30	8.94%
Project Management	2,327,888.15	16.51%
Nutrition Enhancing Livelihood Development	427,933.80	3.03%
TOTAL:	<u>14,103,939.88</u>	<u>100.00%</u>

Source: PRF FA Division, December 2017

4.2. Monitoring and Evaluation

A comprehensive monitoring and evaluation system has been set up to track whether PRFIII is proceeding according to its principles and procedures, and whether it is meeting its stated objectives. The design of PRFIII's database can be processed in two functions (OFFLINE and ONLINE) so that the data entry person can enter the data to the OFFLINE database, check with concerned staff and get approval from the provincial coordinator. Then they can upload the data to the server (ONLINE) that provincial and national staff can follow up and use for reporting.

Through the implementation of 2017, the regular basic of monitoring system could provide key data that are used for achievement indicators measurement and also data for project management.

The PRF III end line survey will start by the end of 2018 for preparation and the actual implementation will be 2019. This impact evaluation will use both quantitative survey method as well as qualitative technique. The impact evaluation will be done by a consulting company, and will be linked to the overall M&E system of PRF. The preparation of the end line survey will begin after mid-term evaluation in May 2018.

In terms of evaluation, PRF will use the Quality Management and Infrastructure Control (evaluation) that will be carried out in the first half of 2018. The outcome of this study will be able to provide data related to three indicators of IRIs, including: (1) *percent of sub-project activities of high technical quality*; (2) *percent of households in PRF beneficiary villages satisfied with the participatory planning process supported by PRF III*; and (3) *percent of PRF built infrastructure in a functioning quality*. This study will be done by a consulting company, the procurement process will be competed in March and the first draft report will be available in May 2018 and will also be a good opportunity to build the capacity of PRF and relevant counterparts on M&E aspects.

The capacity building for M&E staff is an essential part of the division activity. Therefore, several trainings were organized in 2017 and planned for 2018. The objectives of these training include: (1) how to use database (data validation and verification); (2) to understand the meaning of Monitoring and Evaluation work (monitoring is the evaluation process (inputs and outputs) while evaluation is the effectiveness of evaluation (outcomes and impacts); (3) to ensure that all M&E staff have understood about PRF target indicators (data source, responsibility and how to calculate); and (4) focus on report preparation as well as internal evaluation.

The overall outcomes of M&E training is positive, as expressed by the data available for this semi-annual report (2017), data for annual donor mission and data for annual report 2017. Mostly, Key data are available for results indicators both for PDOs and IRIs, except the indicators that will be done by contracted firm, such as the following PDOs indicators of: Percent of PRF beneficiary HHs reporting improved access to basic service (health services, safe water resources, access to all weather roads, and improved quality of educational facilities).

4.2.1. Management Information System

At end of December 2017, MIS key work has been completed during the reporting period including: Training on the use of MIS system to improve the ability and skill of M&E staff at provincial level. The MIS can provide all data against indicators as well as other data of PRF III as details in this Annual Progress Report. For the proposes of monitoring to know with what efficiency the planned projects have been undertaken, to the MIS team will check whether the following information can be extracted from the database on sub-projects: the type and sub-projects that have been completed within the planned target time.

MIS team has to check the data transferred from local level periodically because some data has not entered yet into system and some are not accurate. Therefore, the central level could not retrieve data form local level. This issue will be discussed with the consultant company to seek for advice on the best way to improve the data entry process, data tracking and data quality.

4.2.2. Geographic Information System

During this reporting period different work were carried out by the GIS officer, mostly related with producing PRF III maps (43 targeted districts, 263 Kum ban), and PRF coverage in the Government focal points. Key activities can be highlighted as below:

- Supported sub-project data Cycle IX-XIII of Nong and Sepon districts for donor's mission from 18-31 October 2017.
- Provided data of PRF's sub-project located in poor district of GoL (Cycle XIV and plan for Cycle XVI)
- Provided administrative map of all districts in Savannakhet province for the GRET organization.

- Provided sub-project map Cycle IX-VIX of Hiem and Sone districts for the World Bank supervision visit Houaphan province from 27-29 December 2017.
- Completed upload sub-project map products of PRF II Cycle IX-XIII on PRF's website.
- Follow up the investments of PRF in the focal points of GOL especially the focal point of rural development and poverty eradication.

4.2.3. Reporting

In 2017, the progress reports were regularly prepared in English to the donors (semi-annual progress report and annual progress report 2017). Additionally, Lao progress reports were also prepared and submitted on monthly basis, quarterly, semi and annual progress report.

As mentioned in last report, the fiscal year of the government has been changed from January to December (previously the fiscal year started in October and ended in September). This would be also applied to the reporting period of the PRF, except for the first semi-annual progress report which covered 9 months (October 2016 to June 2017).

4.3. Community Development Work

4.3.1. Local Participatory Planning

Cycle XIV VDP and KDP: Key achievements of the CD team include preparing PRF III VDP and KDPs. A total of 5,335 priorities have been prioritized in 263 kum ban plan. Moreover, DSEDP pilot has been organized in 4 districts (Beng district in Oudomxay province, Samnuea in Huaphanh province, Phonexay in Luangprabang province and Sepone in Savannakhet province).

Since Kum ban Development Plan of PRF III has been developed, for Cycle XV, PRF focused only on reviewing the existing VDP & KDP. Therefore, all of them were completed in May 2017. This means that in the next coming year, PRF is expected to start the sub-projects implementation earlier than for the Cycle XIV. For the next Cycle, Survey-Design will be implemented from June to September, procurement from October to December and the construction would have 5-6 months duration starting in January of each year.

The main challenge of the VDP & KDP is the capacity of District Core Planning Team (DCPTs). The DCPT's members are representatives from DPO, DAFO, LWU, LYU. Most of them are new and have limited experiences on participatory planning. However, before facilitating VDP and KDP in the target areas, PRF had provided one ToT (with 5 days for theoretical part and 3 VDP for practical one). For next cycles, there is still need for strong support from PRF to improve their capacity for supporting community planning.

4.3.2. Gender and Social inclusion

To promote and increase the empowerment of women in community development, the PRF III includes one additional Kum ban facilitator per Kum ban two KBF women and one man per Kum ban. Therefore the target is 67% of the total number of KBF should be women. Due to some Kum ban are located in a very remote areas and women dare not to travel for work; therefore, those Kum ban may have two men and only one woman, for the cycle XIV we can reach around 56% of Women KBF (Detail in *Annex 15*). To increase the capacity of KBF, PRF III continues to promote Cross Kum Ban Visits and KBF monthly meeting as well as refresher training during Cycle XIV sub-project implementation.

During 2017, PRF continued to coordinate with LWU and Ministry of Agriculture and Forestry, to celebrate the violent against women days on 25 November 2017. Therefore, November to December 2017, PRF provided monitoring and exchange visit, included a meeting at district level. This trip participated by LWU, NCAW, MAF, PRF at each level. The purpose of this trip is to: 1). Celebrate and awareness on end of violent against women; 3). Awareness and mainstreaming of gender equality and social inclusion in community development activities. This visit it focus on the activities that direct benefit by community women RMG two target village of Viengkam district, Luang Prabang province and LN activities in two target village of Hiem district, Houaphan province. Result of this visit its very helpful for PRF, Government staff and community to share experience, issue and challenge on community development related to promote gender equality; moment empowerment and facilitate community to develop themselves in term of sustainable development.

4.3.3. Information Education and Communication (IEC)

In order to improve PRF information to communities and public as PRF goal, strategic plan, CD team was conducted and completed some activities as Village Information Boards and FRM boxes were established with approximately 252 boards and boxes. That information is managed by VITs all information related to village structure/VIT including roles and responsibilities of VITs, FRM information, village development plan, village sub-project implementation plan, village map etc. PRF III introduction brochures 4,000 pieces were produced both in Lao and English versions; CD team conducted Quarterly Meeting in Houaphan province, the objectives were to increase knowledge on the use of IEC materials of PRF LN staff including village information board effectively disseminated in the community level with the total of participants 54 people, 22 are female.

To ensure that national, local authorities and donors receive PRF information, The PRF has signed an MOU with the Lao National Radio in January 2017 to release information related to PRF approaches, progress of project implementation as well as good practices, reports, etc. Information will be disseminated in Lao language through *Loungsang Loungsa* and *Hobban Pharnmeuang programs*. Main topics will include *how to promote gender equality and social inclusion and to make sure that women, ethnic and vulnerable groups participate in PRF*

programme including access to PRF information. The project has also signed a MOU with the Lao Women's Union, Department of Media responsible of releasing PRF information into the monthly Newspaper, magazines, Television and Radio programmes (Detail in *Annex 16*).

To promote PRF's principle on transparency and accountability, a film was produced. During the reporting period, 70 % of the film has been completed and it will be available by February 2018 that will be used at community level during the capacity building training for community.

To promote Gender equality and social inclusion, a story was developed for a film about women's participation in PRF Project's implementation and behavior changed on gender role in remote areas, as a mechanism to use during local capacity building and training. Regarding the film was posted on PRF website and PRF Facebook.

In order to improve communication and interaction with communities, 10 PRF's new songs were completed and mastered in a music album. The CD team produced 300 copies that were distributed to PRF partners such as Medias, government line ministry at National, Provincial, District levels including PRF target villages. The objective of producing PRF songs is for using during the PRF meetings, trainings, workshops and other events organized by line ministries and PRF with the communities. In additional, CD team is preparing to translate and produce PRF songs into 4 ethnic groups as Aka, Hmong, Khmu and Blue languages, this activity during bidding process and those products will be produced in January 2018 and will be completed in March 2018.

During the reporting period, the CD team completed the production of 13 years-achievement of PRF's implementation related on gender role and ethnic group. This is a tool that will be used at community level to highlight the need to give voice to women and small ethnic groups in the decisions making process and the integration of their priorities in the Village Development Plan. PRF team is preparing the draft of 15 year-achievement of PRF implementation in Lao version.

To exchange lessons learned on PRF sub-projects implementation. In November 2017 PRF was organized the Evaluation meeting for provincial/district and local authority in 9 provinces that 4 provinces, 23 districts were completed out of 29 districts with 945 people, 160 are female of those meetings will be completed by February 2018.

4.4. Engineering Works

The key focus of the engineering team during the reporting period, especially during the period from January to December 2017 was to survey and design the Cycle XV sub-projects together with the quality control of the Cycle XIV sub-projects.

4.4.1. Survey and design

For the parathion of Cycle XV, the team had conducted the survey – design with total 338 sub-projects out of 429 Community Development Plans for Cycle XV in 10 targeted provinces starting from July – September 2017, those sub-project lists were submitted to donors which

separated lists under IDA fund 256 sub-projects and Government 82 sub-projects. Regarding sub-project lists under IDA fund was approved by donor and those were submitted to Procurement Unit during bidding process and all works will be started from March 2018.

4.4.2. Sub-projects implementation

Most of the cycle XIV sub-projects are under construction, as 307 out of 348 sub-projects were completed 100% while 41 sub-projects are under construction (detail in table 25). Due to the heavy raining season this year, most of them will not see any progress till the end of the raining season (October). However, all sub-projects are expected to be completed at the end of January or early February 2018.

Table 23: Sub-project physical progress in each province, December 2017

Row Labels	#Sub-project	Completed 100%	progress >=50%	Progress <50%
Attapeu	12	7	4	1
Huaphanh	83	75	8	0
Luangnamtha	21	16	5	0
Luangprabang	45	38	7	0
Oudomxay	38	38	0	0
Phongsaly	22	14	6	2
Saravane	27	20	7	0
Savannakhet	56	56	0	0
Sekong	20	19	0	1
Xiengkhuang	24	24	0	0
Grand Total	348	307	37	4

Source: PRF MIS database, *December 2017*

As the Government committed to contribute total amount LAK24 billion for the fiscal year 2018 and same amount for the fiscal year 2019. At the end of 2017, the Government was only approved amount LAK11 billion for the fiscal year 2018 this amount was divided into 38 sub-projects in 10 targeted provinces. Therefore, if in fiscal year 2018 the Government could not contribute any more for the fiscal year 2019 as the last PRF III Cycle the Government would be supported total amount LAK 37 billion as agreed before starting PRF III. Actually, PRF requested LAK 24 billion but GOL cold support only LAK 11 billion in 2018 (LAK 13 billion already shifted to DAI financing with 44 sub-projects) for those amount remain LAK 24 billion will be shifted to the last PRF III fiscal year of.

4.4.3. Pilot Road Maintenance Group

During this period, Road Maintenance Groups Pilot Evaluation was took place in Viengkham District, Luang Prabang Province, and in Sepon District, Savannakhet Province. 5 out of 11 MRGs were selected for this pilot evaluation funded through the SDC Innovation Fund under PRF III. During the pilot evaluation, MRG members, VIT members, Head of Villagers, PRF staff and OPWT staff were attended in the RMG pilot evaluation. The results of pilot evaluation as followings:

- Road conditions improved in all instances (Drainage improvement, Vegetation control, Obstacle removal and Road surface control).
- All relevant sectors such as Heads of village, VIT members, OPWT and community members mentioned improved road conditions and improved access especially during rainy season and also remarked that RMG roads were significantly better than other roads.
- MRG member selection (All MRG members are women, selected from poorest families, many MRG members were from female-headed households, most MRG members illiterate, some MRG members did not speak Lao, selection and targeting appears to work well.
- RMG payments formed significant portion of household money income (Average LAK 2.2 million per MRG member – 25%-50% of household income, and other sources include livestock, vegetables, bananas etc. other sources mainly seasonal – not regular like RMG. All incomes used for education, health, home improvement, livestock and savings.
- Tools and safety equipment provided by PRF need to be improved because some tools broken, some MRGs insufficient quantities, and high transport costs; all improvement should be increased number of some tools, provide budget to VIT and allow MRGs to purchase locally, need for PRF check quality and also allow budget for tool maintenance and repair.
- PRF provided all safety equipment relevant road maintenances but MRGs are not used properly during road improvement such reflective vest often not worn and first-aid kit should be supplied in future to protect minor cut and injury cases will occurred especially child replacing mother and should be discussed with Ministry of Health to provide health care coverage.
- Inspections carried out every month; forms were generally used properly and filled in each month and monitoring sheet also used properly at district/provincial level.

Base on the results of the pilot evaluation RMGs will be scaled up to 8 provinces, 24 district with 57 roads (360km), 79 RMGs (375 members), Those RMGs will start in June 2018 (after end of the defect liability period) and will work for 18 months (up to December 2019-end PRF III). Timing is as below:

- Training to take place May 2018
- 2 trainings (north and south)
- PRF provincial engineers, PRF district engineers, MPWT provincial staff (20-25)
- Training district OPWT by PRF engineers
- Training by PRF TA team + district engineers Sepone and Viengkham

Table 24: RMG pilot roads

PRF cycle	Kum ban	Village	Length	#Villages	RMGs	RMG members
Viengkham Disctrit						
XI	DonKoon	Chongtai	8.56 km	1 village	1	8
XIII	Meung Muay	Houaykonh	5.20 km	1 village	1	5
XI	Samsoum	Houaykou	3.50 km	1 village	1	4
XI	Sop Heung	Pa-phai	2.20 km	1 village	1	3
Subtotal			19.46 km		4	20
Sepone District						
VIII	KB 03 (Sa E Ton)	Sakaeng	2.50 km	1 village	1	3
XI	KB 13 (Kaeng Laung))	La Kuem	5.00 km	1 village	1	5
XI	KB07 (Lathor)	Vanghai	8.00 km	1 village	1	8
XI	KB07 (Lathor)	Tai	5.00 km	1 village	1	5
XIII	KB 12 (Salan)	Salane	2.50 km	2 villages	1	4
XIII	KB 12 (Salan)	Vang Lerk	2.50 km	2 villages	1	4
XI	KB 14 (Kaeng Kok)	Vangbing	5.30 km	1 village	1	8
Subtotal			30.80 km		7	37
TOTAL			50.26 km		11	57

Source: Road Maintenance group report in PRFIII

4.4.4. Quality Control

To guarantee the quality of getting over 95% of the sub-projects quality as indicated in the indicator of PA. At the end of this period, the PRF TA team undertook a random inspection of Cycle XIII sub-projects. 109 sub-projects were inspected out of 505 sub-projects in the 10 target provinces (22% of the total number of Cycle XIII sub-projects).

The result of the inspection found 21 out of 109 sub-projects are still good condition (19%) but only 3 sub-projects is low quality and need to be solved, most of issues are related to lower standard compared to the design and BOQ and the community labour was not paid by the contractors according to the agreement: some items were in the bill of quantities such as the construction material and already quoted by the contractors, but during the construction the community also contributed with some construction material so the contractor have to pay back this part of the community contribution.

On the quality control activities, the National office send the notice to provincial and districts team to allow them to inspect and jointly solved the problem found by the quality control team with district authorities and concerned sectors. When the problems are solved, the district team prepared a report with pictures to district authorities, community and national office so that the case can be closed.

The PRF national team is planning to work with the National University as Faculty of Engineering to involve the volunteer students to random inspection the sub-projects in Cycle XIV in the north and the south and reviewing the training on process before sub-project implementation and pictogram for community to understand and be able monitoring sub-project periodically.

4.4.5. Disaster Risk Management

As part of its commitment to strengthening communities' resilience to natural disasters, a support mission from the SDC team was took place in July 2017 in Luang Phabang province. The objectives of the visit were to (i) jointly conduct hazard and impact assessment to understand the PRF hazard analysis; (ii) identify measures how to improve the PRF risk screening process for the sub-projects and (iii) identify measures complementary to PRF structures. The outcomes of this study tour will be summarized in the Annual progress report.

In referring to the results of mission, the donor has advised the TA team on improving form of disaster risk assessment that PRF is currently used during the implementation, because this assessment is essential for sub-project survey – design next Cycle.

4.5. Human Resources

About project management change based on agreement No. 4669/MAF, dated 26/12/2017 on announced the retirement of Dr. Bounkouang Souvannaphanh, and the appointment of Mr. Chit Thavixay as the new PRF Executive Director , as well as the appointment of two Deputy EDs, effective January 1, 2018.

Percentage of PRF fully staffed

As of December 2017, there were 263 positions filled (including 75 female staff) in total operating at the central office in Vientiane Capital, 10 provinces and 43 targeted districts. The number of staff at each level and province can be found in Table 27. The total number of existing staff is equivalent to 100 percent compared with the total number of approved positions. The percentage of female staff represents the same percentage of previous year (29%). PRF is encouraged the women especially ethnic groups to apply of those other position as PRF's advertise based on suitable position in different level.

The proportions of staff at the three different levels are as follow 12%, 21%, 52% and 14% respectively from central, province, district and village levels.

The table 27 below shows the number of ethnic staff at each level. There have 1, 18, 33 and 9 ethnic staff based in PRF central, provincial, and district and village offices respectively. There is 61 ethnic staff in total which is slightly different to the number reported last year. The details are in annex 21.

Table 25: Number of ethnic staff at each level

Level	Number of staff			Ethnic Group		
	Men	Women	Total staff	Total	women	% by level
National level	22	10	32	1	0	3.13
Provincial level	44	12	56	18	6	32.14
District level	93	44	137	33	8	24.09
Village level	29	9	38	9	2	23.68
Total	188	75	263	61	16	
Percentage	71,48	28,52				

Source: Human Resource unit, June 2017

Staff turnover recorded: During the reporting period, the percentage of staff turnover reaches 3.04% (equivalent to 09 resigned staff and 02 women). This percentage has decreased by 6.9% when compared to previous reporting period (fiscal year 2015-2016).

4.6. Procurement

During the reporting period, the Procurement Unit had accomplished the following activities:

- Completed preparing the Master Plan for goods, works, non-consultancy services of PRF III.
- Uploaded the General Procurement Notices on STEP System and on the World Bank's website.
- Uploaded the Master Procurement Plan into STEP System and Submitted to the World Bank for clearance.
- Completed the procurement of 3 pick-ups.
- Completed the procurement for printing and publishing of Information, Education and Communication (IEC).
- Completed the bid opening and evaluation of consultancy service (firm) for PRF III Annual Financial Audit through CQS procurement method sub-projects to post review by the World Bank.
- Conducted training program regarding the Community Procurement Process for PRF Provincial Procurement Officers.
- Conducted a 5-days training programs for PRF Provincial Procurement Officers to strengthen and enhance the knowledge of procurement especially the rules, regulations and procedure for procurement of community.
- Completed the preparation of the Sub-Project Procurement Plan of Cycle XIV.
- Conducted the procurement training for Village Implementation Teams regarding Community Procurement Guideline, Procurement Procedures, Bid Opening and Evaluation Process, and preparation of evaluation for those villages funded by PRF in Cycle XIV.
- PRF district/provincial staffs assisted the Village Team in conducting the bid opening and evaluation process at the village center for sub-projects in Cycle XIV.

4.7. Livelihood linked Nutrition activities

LN work has given proper emphasis on the gender mainstreaming as 85 % of total members are women. Women members are active participating in the livelihood activities and take the lead for SHG management. In 2017 which is the first year of PRF III, the LN team focused on following up the impacts of SHGs work through 915 SHGs that already in place, including the activities and inactive groups, key activities done by members, the saving, loaning and status of repayment, the most important work is about the sustainability of LN work after ending PRF.

4.7.1. SHG Internal Evaluation

During August-October 2017, the M&E and LN team conducted an internal evaluation which aims to evaluate the dynamic change of SHGs performance. The objective of the evaluation was to identify outcomes of the Self Help Group; to examine the performances if the activity benefits their living conditions, if the activity reduces the poverty, as well as if they enable to manage the group by themselves without assistances from PRF, which is sustainability perspective. The

assessment was conducted in total of 103 out of 915 SHGs (11.25 %), covering in 15 village out of 165 villages and 2 districts out of 7 districts, that includes 46 SHGs in 7 villages of Sone districts in Huaphanh province and 57 SHGs in 8 villages of Sepone in Savannakhet province.

The outcome of this study found that the average performance as the groups are functioning in terms of organizing the meeting, borrowing, saving and also partly repaid the loan indicates 72.8%, SHG members organize the meeting without PRF staff's participation and supports indicates only 20.39%; the frequency that members save money with SHGs is once a month represents 93.20%, which aligns with the PRF's policy, also members expressed group management capacity is 25.2% (that express they can manage by themselves). Unfortunately, the non-repayment percentage remains high as well as the SHG's expression for a-year-support requirement represents 62% (that they request PRF to assist them a-year, and then they will manage by themselves).

In terms of non-repay loan, this study classifies into 3 categories, including: (1) The repayment period is not due (still contract period); (2) agricultural production is not ready to harvest and sell; (3) Production is effected by natural disaster. On the other hand, lack of marketing knowledge in terms of price setting and communicating the merchants are barriers for them to sell their products and crops.

In addition, Self Help Group's performance appraisal shows that all groups remain active all activities and slightly improving their living conditions under Livelihood and Nutrition Activities, PRF's support. Target groups for the evaluation expressed thank to PRF and donors for keeping standing by them, all SHG members also mentioned that this project is very useful and benefits to their lives a lot.

4.7.2. SHG Saving

By the end of year 2017, the yearly accumulated saving amount reaches US\$189,902 as 8 times increased in comparison with annual saving amount of 5 year (annual saving amount was only US\$22,300). The saving amount was used for 3 main purposes: 75% were for emergency lending to members including buying rice, transportation to hospital, medicine and education materials, 15% were for livelihood activity loans to members and the last 10% was for reserved money.

Table 26: Financial status of SHGs in 2017

District	Villages	SHGs	Members	Seed grants	Loan	Interest	Repay	Not Repay	Saving
Sepon	20	99	1,328	160,681	160,681	7,914	114,817	45,864	19,270
Nong	20	95	1,277	148,021	148,021	995	92,207	55,814	36,558
Thapangtong	32	179	1,719	169,778	169,198	9,102	151,714	17,484	35,841
Sub-total	20	100	941	94,025	93,787	4,659	32,972	60,816	28,797
Sone	92	473	5,265	572,505	571,687	22,671	391,709	179,978	120,467
Hiem	30	155	1,750	230,408	221,988	8,406	61,714	160,274	28,032
Houameuang	19	95	1,285	224,198	216,823	573	11,322	205,501	9,499
Xiengkhor	24	192	1,920	189,630	189,630	5,793	57,323	132,307	31,903
Sub-total	73	442	4,955	644,235	628,441	14,772	130,359	498,081	69,435
Grant total	165	915	10,220	1,216,740	1,200,128	37,443	522,069	678,059	189,902
					99%		44%	56%	15.6%

Source: Livelihood and Nutrition, December 2017

Remark: Not payment: we based on internal assessment, this study classifies into 3 categories, including: (1) The repayment period is not due (still contract period) about 60%; (2) agricultural production is not ready to harvest and sell about 35%; and (3) Production is effected by natural disaster 5%.

4.7.3. SHG Lending

Through the implementation of LN activities in 2017, the total project seed grant reached US\$1,216,061 and was released to 10,220 members. The total accumulated amount of loans US\$1,200,128 and numbers of SHG members has reached to 9,962 from which 98.54% is females.

4.8. Internal Audit

During the reporting period, 16 audits were conducted in 10 provinces as well as at the PRF central level (*Annex 17*). After the audits, reports were prepared and submitted to Executive Director and concerned parties. Out of 16 audits conducted, recommendations were provided to 97 issues, of which 203 were closed and 36 issues were opened for following up, waiting for the supporting documents in order to be closed. Most of the issues are related to non-compliance with the PRF processes and procedure such as signature from concerned sector missing, information missing in some key documents, data inconsistency between district and province level, differences between drawing and implementation, delay in fund transfer, etc.

The internal auditors visited the PRF provincial, district and Kum Ban on a regular basis to ensure compliance with the procedures/systems as described in the Manual of Operations, the operating is functioning well, and that staffing are in place as well as reviewing financial transaction and supporting documents and filing. The working system of Internal Audit usually follows these steps:

1. Criteria are benchmarks to be used to evaluate performance of the audit and determine if there is discrepancy between criteria and condition. Operational manual, CDD procedure, Engineering standards and specifications, norms and rate of inputs for computing estimate and BOQ, Procurement and contract administration procedure, M&E, HR and LN related procedures, Financial and accounting procedures, various reports from the donors and external oversight providers, and good practices of planning and performing project works are main sources of criteria.
2. Condition is what that exists. In simple term if condition is not as per criteria there is discrepancy. It means the risk still exists and needs to be mitigated through appropriate actions.
3. The audit process then has to determine the Causes behind discrepancy and also the Consequence that is impact or potential impact of the variance between criteria and condition.
4. Moving further, the audit team has to develop appropriate Corrective action (recommendation) that if implemented address the discrepancy. Auditor must develop and report well researched Corrective action (recommendation) that is able to address the cause and consequences of the discrepancies.

V. Challenges encountered in PRFIII

Key Challenges

During the transition period from PRF II to PRF III, the overall implementation of PRF had faced different challenges causing implementation delay. One of them is about closing account of PRFII, together with starting of PRF III's implementation. The second one is the restructuring of PRF's organization due to lack of clarity about the role of PRF after transferring PRF from the PM's Office to MAF.

Nevertheless, the Decree number 99/PM has just been signed on March 09, 2017 to provide detail about the organization and role of each department under the MAF. Another key challenge is the lack of understanding and broad support for scaling up deepens CDD/CFA under PRFIII based on experience from the PRFII pilot. A clear implementation guideline will be prepared based on the lessons learned from the pilot and other similar projects (such as EDP) with support from the international consultant. A study tour in Nepal organized in November 2017, this will be followed by discussions and training for MAF and PRF at all levels.

One more challenge is the management of a wide range of partnerships (Community Led Total Sanitation with Namsaath, Livelihood and Nutrition with the Agriculture for Nutrition Project, governance with the GPAR, Planning with Nam Theun 2, Cook stove initiative with the World Food Program and the World Bank).

However, the change of fiscal year based on yearly calendar starting in January and ending in December of each year will not affect the implementation status, as one of the first priority of PRF staff is to complete all sub-projects construction by December 2017 (Cycle XIV) together with the preparation of Cycle XV (2018) as survey design and procurement work shall be done by the end of 2017 and the actual implementation of Cycle XV can start from January 2018 onward.

Last challenge is about the Government contribution for PRF III which total of US\$6 million or LAK 48 billion, if the Government could not contribute full amount that would be change for PRFIII's coverage revising. This issue will further discuss during MTR which planned for May 2018.

Sustainability of PRF's activity

To ensure the sustainable development under PRF's activity as mentioned in ICR of PRFII, PRF should consider four dimensions: (i) developing a viable and replicable model; (ii) increasing the role of local government; (iii) enhancing community and local capacity, and (iv) improving design quality and O&M of sub-projects. These four dimensions are considered as key factors to sustain PRF activities, especially, the involvement of government and local authorities as to carry out the work after without or with minimal support from donors. the dimension (i) and (ii) are underway with support for MPI to the process of integrating local planning to be applied nationwide and deepen CDD/CFA and RMG sucessfully piloted to be scaled up.

At the same time, design quality and M&E has been strengtened through the on-going Quality Assurance work, RMG and DRM initiatives. The dimension (iii) has been adresssed by the increased number of Kum ban Facilitators and assessment of the capacity of the SHG for instance. The dimension (iv) will be adresssed through strengthening the Disaster Risk Management activities, the implementation of the 6 and 12 months follow up visit and the Road Maintenance Groups.

VI. Planned activities 2018

6.1. Highlights for 2018

The PRF action plan for the year 2018 has been prepared upon the lessons learned from working experiences of the year 2017 as the first year of PRF III and what we have to improve especially the focus on the sub-project implementation, capacity building for community and local authority, and strengthening livelihood work through the performance of SHGs.

Key work, for the first half of 2018, is to prepare and present key achievements of the project for MTR will take place in May 2018, including the achievement through indicators of Project Development Objective (PDOs) and Intermediate Results Indicators (IRIs) as well as some data (outcomes) carried out by internal and external evaluation, including Technical.

Mostly, the MTR will review the project implementation progress and also to conduct a series of consultations on the sustainability of PRF activities and how PRF can help pursue the Government's rural development agenda beyond the project closing in June 2019. In addition, it also will discuss about the government co-financing status, in case, the government cannot contribute US\$ 6 million as financial agreement of PRFIII, this will take consider in revising the geographic coverage of PRF in Cycle XVI (in 2019) with PRF and concerned officials line ministries.

To avoid any delay of the Cycle XV implementation, the sub-projects designs were done by the end of 2017, 338 sub-projects were approved, 256 sub-projects for IDA fund and 82 sub-projects for GoL but only 38 sub-projects got approved for the budget of LAK 11 billion, the procurement and implementation will be done in early February 2018 and all sub-projects will be completed by rainy season of 2018.

For Cycle XVI in 2019, which is the last year of PRFIII, the planning review will start early in February 2018, especially, the list of sub-projects under the Government funding will be submitted to the Ministry of Planning and Investment (MPI) by June 15, 2018, and then the MPI will share to National Assembly by mid-July 2018 for approval in integrate for annual funding of the Government.

By the end of the 2018, PRF also will prepare for final impact evaluation of PRF III, which will use the PRF II's final evaluation to be the baseline for PRF III's final impact evaluation. Implementation will conduct in 2019.

6.2. Detail of planned activities

6.2.1. Finance and Administration work

- Preparing for The World Bank and Swiss Development Agency (SDC)'s FM will conduct supervision visit to the PRF's targeted provinces in the north at the end of Jan 2018;
- Preparing The First 6 month Budget and Expenditure Progress Report Cycle XV 2018 to Project Management team;
- Plan to submit Interim Unaudited Financial Report (IFR) of the period (October – December 2017) to the WB by February 2018;
- Plan to prepare the replenishment documents for IDA 5827 of 2018, as total number estimated US\$9,000,000;
- Plan to completely transfer the remaining balance of sub-grant Cycle XV;
- Prepare to transfer of the remaining balance of sub-grant budget to villagers with a total number amount USD 10,318,500 or 90% grant total of sub-grant Cycle XV;
- Preparing refresher training on review PRF III accounting process. This training will be organized in October 2018;
- Monitoring the PRF annual budget for fiscal year 2018;
- Preparing refresher training on PRF budget planning for fiscal year 2019.

6.2.2. Monitoring and Evaluation

- Contact and integrate the achievement information of each Sections and Units during the implementation in 2017 including plan of 2018 to prepare the Annual Progress Report 2017 in English version for donors;
- Collecting information of PRF sub-projects such as the number of sub-projects, location and other source budgets including all Kum ban Development Plans (KDPs) of 43 targeted districts participating in DSEDPs;
- Preparing assessments related to the achievements of PRF III for mid-term evaluation will be held in June 2018 such as Quality of sub-project implementation and community satisfied assessments those related to three indicators as indicator no.11, 12 and 15 of PRF that must be completed before mid-term review of PRF III.
- Follow up the progress of work and sub-project implementation (monthly), especially the status of physical progress of Cycle XIV and preparing of Cycle XV, as to identify issues and solutions;
- Focus on evaluation work related to data validation and verification (effectiveness evaluation) including outcomes/impacts assessment of construction's sub-project as well livelihood activities;
- Creating map showing sub-project location as well as focal point of government for the cycle XV and XVI, respectively;

- Plan to follow up the progress of PRF III's sub-project construction in 10 provinces as well as to follow up the functioning of construction in PRF II's period; and
- Preparing draft of the PRFIII Semi-Annual Progress Report and Annual Progress Report for the fiscal year 2018 and preparing for final impact evaluation with external consultant.

6.2.3. Community Development

- Organize training on participatory planning for KBF;
- Kum ban Development Plan and Village Development Plan Meetings (Review for the Cycle XVI);
- Conduct District Planning and Coordinate Meeting;
- Village Report Back Meeting and Social Safeguarded Training (FRALA);
- Cooperating with MPI for District Social-Economic Development Plan (DSEDP);
- Training on Operation and Maintenance for beneficiary with TA team;
- Village Accountability Meeting (with TA team);
- KBF Monthly Meeting and District sub-project implementation and Coordination Meeting;
- Conduct Cross Kum ban visit;
- Provincial and District Annual Evaluation Meetings;
- Plan to study visit for local authority;
- Training on Social Safeguard for KBF;
- Training on FRM and Social Audit for VMC, VIT and beneficiaries for Cycle XV;
- Social Safeguard Training (FRALA) for beneficiaries for Cycle XVI;
- Refresher training on environmental and social safeguards for PRF staff;
- Developing IEC tools and information dissemination through Medias and village/kum ban board information.

6.2.4. Engineering Works

Continuous activities

- Refresher training for TA provincial and district on subprojects preparation in cycle XVI;
- Revise the manual of training on before implementation training;
- Prepare the detail plan with sectors on the capacity building and monitoring;
- Scale up on the RMG in 8 provinces and plan for the training;
 - 8 provinces – 24 districts
 - 57 roads – 360 km
 - 79 RMGs – 375 members
 - RMGs to start in June 2018 (after end of the defect liability period)
 - RMGs will work for 18 months (up to December 2019 – end PRF III)

- Prepare survey and design Cycle XVI.

Following with key work:

- The Kum ban administration cost in GoL fund will be allocated into IDA fund;
- Follow up on the implementation of CLTS in the 4 provinces;
- To follow up the pilot sub-project on the RMG in two provinces and lessons learnt for Cycle XIV in PRF III after guarantee period;
- Follow up on the quality control of subproject for the cycle XIV and cycle XV;
- Continue to follow up CLTS progress with Kum ban Facilitators.

6.2.5. Human Resources

- Process for recruiting Website Update Consultant, M&E Consultant, and Community Contracting Consultant;
- Prepare and send contract for all PRF staff central, provincial, district and village levels which is already signed by Executive Director.

6.2.6. Procurement

- Conduct the bid opening for the remaining and selection of consultancy services as mentioned in the PRF III Procurement Plan;
- Prepare the sub-project procurement plan of Cycle XV;
- Organize procurement training for Village Procurement Team before conducting the procurement process of The Cycle XV sub-project at district level;
- Assist the Village Team to conduct the bid opening and evaluation process for sub-project in Cycle XV.

6.2.7. Livelihood and Nutrition

- Conduct a joint review of SHG activities and recommend changes for MTR;
- Select Livestock Raising Techniques for SHG/Village Veterinary;
- Conduct Integrated Farming System;
- Organize Model Family Exchange and Support;
- Conduct Training on Commercial Mushroom Cultivation or Alternative and relevant Livelihood activities;
- Bookkeeping and Accounting Training and Saving and Loan Management Training;
- Conduct Technical Training and learning visits for Livelihood Staff and SHG model Families; and
- Conduct supervision visit support by central, provincial, DLO and VLC staffs.

6.2.8. Internal Audit

This Annual internal audit plan has been prepared to guide internal audit activity of the Internal Audit Unit (IAU) during the year 2018. The internal audit team identified 19 auditable entities as audit universe under PRF through previous year experience, review of the relevant documents and consultation with PRF management members. This includes:

- Conduct integrated and special audit at PRF central and all targeted provinces.
- 7 audits at national level- 4 Divisions, HR Unit, Procurement Unit and Livelihood and Nutrition Program (LN)
- 10 audits of PRF activities at each of 10 provincial offices,
- 2 audits of LN activities in Houaphan and Savannakhet provinces.
- Follow up the outstanding issues from period audit with concerned divisions and units in each level (national, provincial and district levels).

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Annex 1: The Achievements of Cycle XIV

Education sector

Sub-project Name	Total Amount (US\$)	PRF budget (US\$)	Communities Contribution (US\$)	#Population	#Female	#Family	#SP	# Size	Unit
Community library construction	62,165	58,869	3,296	1,582	752	274	2	3	Room
Kindergarten construction	744,280	697,281	46,999	11,770	5,825	1,896	21	47	Room
Latrine for school	34,481	31,790	2,691	4,027	1,958	650	6	14	Room
Primary school construction	3,785,951	3,493,033	292,918	48,302	23,640	8,096	94	235	Room
Primary school rehabilitation	62,806	58,046	4,761	604	305	100	3	9	Room
Provide learning and teaching material for school	30,602	29,365	1,238	949	504	173	4	141	Set
Student's Dorm Construction	183,537	168,783	14,754	2,708	1,347	425	5	8	Room
Teacher Dormitory Construction	272,252	253,678	18,574	5,435	2,790	806	8	20	Room
Grand Total	5,176,074	4,790,845	385,230	75,377	37,121	12,420	143	477	

Water and Sanitation Sector

Sub-project Name	Total Amount (US\$)	PRF budget (US\$)	Communities Contribution (US\$)	#Population	#Female	#Family	#SP	# Size	Unit
Community water supply construction	37,760	35,245	2,515	431	196	78	1	2,770	M
Drilled well construction	346,644	325,769	20,875	10,953	5,378	1,523	18	1,545	M
Spring gravity fed system	919,724	819,766	99,957	17,905	8,670	2,668	41	145,109	M
Spring gravity fed system Rehabilitation	569,669	500,351	69,318	16,954	8,461	2,895	41	131,976	M
Grand Total	1,873,796	1,681,131	192,665	46,243	22,705	7,164	101	281,400	

Public Work and transportation sector

Sub-project Name	Total Amount (US\$)	PRF budget (US\$)	Communities Contribution (US\$)	#Population	#Female	#Family	#SP	# Size	Unit
Culvert construction	66,931	62,650	4,281	2,799	1,465	450	4	61	M
Flooded bridge construction	181,594	172,745	8,849	1,245	608	174	4	172	M
Reinforce concrete bridge construction	97,827	94,762	3,065	1,976	1,021	289	2	53	M
Rural road improvement to construction areas	170,129	162,466	7,663	2,291	1,207	410	4	17	Km
Rural road spot improvement	2,152,615	2,054,253	98,363	28,819	13,843	4,580	54	317	Km
Submerged (drift) bridge construction	36,546	33,040	3,507	540	265	103	1	20	M
Village Area Improvement/Village road map	79,766	73,636	6,130	466	225	85	2	4	Km
Grand Total	2,785,409	2,653,552	131,857	38,136	18,634	6,091	71	644	

Health Sector

Sub-project Name	Total Amount (US\$)	PRF budget (US\$)	Communities Contribution (US\$)	#Population	#Female	#Family	#SP	# Size	Unit
Dispensary construction	123,859	115,864	7,995	2,566	1,292	392	3	10	Room
Dispensary rehabilitation	40,145	39,465	680	571	279	102	1	3	Room
Dormitory for patients construction	75,410	70,012	5,398	950	478	132	2	6	Room
Nurse Dormitory Construction	64,503	59,818	4,685	1,630	734	341	2	6	Room
Grand Total	303,918	285,159	18,759	5,717	2,783	967	8	25	

Agriculture and Forestry

Sub-project Name	Total Amount (US\$)	PRF budget (US\$)	Communities Contribution (US\$)	#Population	#Female	#Family	#SP	# Size	Unit
Barbed wire fence	40,404	32,665	7,739	872	443	143	3	8,900	M
Community market Construction	27,486	24,877	2,608	1,770	844	274	1	150	M2
Irrigation channel Rehabilitation	165,733	156,211	9,522	2,520	1,221	388	6	3,774	M
Irrigation pipe	32,289	28,724	3,565	452	214	105	2	2,450	M
Village level livestock handling facilities	24,085	20,716	3,369	369	172	62	2	14,750	M
Weir construction	196,480	184,295	12,185	3,295	1,695	542	6	140	M
Grand Total	486,476	447,487	38,989	9,278	4,589	1,514	20	30,164	

Energy and Mines

Sub-project Name	Total Amount (US\$)	PRF budget (US\$)	Communities Contribution (US\$)	#Population	#Female	#Family	#SP	# Size	Unit
Low Voltage Electricity Net	62,981	61,431	1,550	1,835	898	251	2	2	KM
Low Voltage Electricity Net and Transformer	139,027	136,215	2,813	2,669	1,385	416	3	9	KM
Grand Total	202,009	197,646	4,363	4,504	2,283	667	5	11	

Source: MIS, Dec 2017

Notice: #SP is Number of sub-project, #Size is number of size, M is meter, and KM is kilometer

Annex 2: Result framework PRF III

		Cumulative Target Values					Comment
Indicator Name	Baseline	YR1 2016	YR2 2017	YR3 2018	YR4 2019	End Target	
Project Development Objectives (PDO)							
Direct project beneficiaries ¹ (Number) - (Core)	567,762	40,000	680,000	87,000	690,000	690,000	This represents beneficiaries from the last annual sub-grant PRF II, data of new villages from Cycle 14 (PRF III) taking from MIS in Dec 2017.
		695,663	778,521 ²				
Female beneficiaries (Percentage - Sub-Type: Supplemental) - (Core) Actual	53	50.00	50.00	50.00	50.00	50.00	As above
		49.8	50.00				
Ethnic Beneficiaries (Percentage - Sub-Type: Supplemental)	70	70	70.00	70.00	70.00	70.00	As above
		77.00	84.00 ³				
% of PRF beneficiary HHs reporting improved access to basic services (Percentage) ⁴	n/a					End targets	Data to be available before project closing through an

¹ The baseline value is the total number of villagers who have directly benefited from the PRF II at the time of PRF III appraisal. The Year 1 value includes villagers who would benefit from the last annual sub-grant cycle of the PRF II, in addition to those who would benefit from the first annual sub-grant cycle of PRF III.

² based on the number of population (82,858 people) in new villages that received PRFIII's support as total 162 out of 341 villages while 179 villages received PRF II and PRF III's support.

³ based on the number of ethnic population in villages received sub-projects in 2017 per total population.

⁴ Baseline values for the sub-indicators are the current level of access at the time of PRF III appraisal.

						set for each subproject type	endline impact evaluation conducted by a firm contracted by PRF, end of 2018
% of PRF beneficiary HHs with access to health services (Percentage - Sub-Type: Supplemental)	36.40				42.40	42.40	As above
% of PRF beneficiary HHs with access to safe water resources (Percentage - Sub-Type: Supplemental)	11.00				14	14	As above
% of PRF beneficiary HHs with access to all weather roads (Percentage - Sub-Type: Supplemental)	48.00				58.00	58.00	As above
% of PRF beneficiary HHs reporting improved quality of educational facilities (Percentage - Sub-Type: Supplemental)	45.00				60.00	60.00	As above

Intermediate Results Indicators

Indicator Name	Baseline 2015	Cumulative Target Values					Comments
		YR1 2016	YR2 2017	YR3 2018	YR4 2019	End Target	
% of total project value contributed by the community (Text)	11.00	8.00	8.00 ⁵			No target value set	Sub-project implementation not yet commenced
% HHs in PRF beneficiary villages voting	60.00	70.00	75.00	75.00	75.00	75.00	From MIS in Dec 2017.

⁵ Based on 349 sub-projects that got approval (NOL), data would be updated in annual progress report with updated data during actual implementation.

for village priorities (Percentage)		n/a	85				It is new indicator of PRF III
% of PRF Kumbans participating in DSEDP process promoting PRF KDPs and/or VDPs (Percentage)	0.00	50.00	70.00	75.00	75.00	75.00	We based on data of pilot DSEDP districts, KDPs are included in annual DSEDP
		n/a	71.20 ⁶				
% of sub-project activities of high technical quality (Percentage)	85.00	90 ⁷		85.00		85.00	Sub-project implementation not yet commenced; data to be available mid-term through survey conducted by a contracted firm in 2018 or by 6-12 months checklist.
% of households in PRF beneficiary villages satisfied with the participatory planning process supported by PRF III (Percentage)	75.00			80.00		80.00	As above/6-12 months checklist
% of PRF III sub-project prioritized by women (Percentage)	91.00	90.00	90.00	90.00	90.00	90.00	From MIS in Dec 2017
		93.00	91.97 ⁸				

⁶ We used the data of KBPs in annual DSEDP implementation plan in the pilot districts that tested for DSEDP, we based on data of Sepone district where there is 152 priorities and 114 are included in DSEDP, Samneua district in Huaphan, there are 93 priorities and 73 are added in DSEDP, Phonesay district in Louanprabang there are 222 priorities and 143 are added in DSEDP, Beng district 40 priorities and in DSEDP 31. This Indicator = $(114+73+143+31)/(152+93+222+40) = 71.20\%$

⁷ Based on the finding of technical study in 2016, where 90 percent of sample sub-projects are good quality, 7 % are fair and 3 % are poor

⁸ This based on data of 349 sub-projects that entered to the system by June 7, 2017, as 87 sub-projects are prioritized by only women and 234 sub-projects are prioritized by both men and women, only man 28 sub-projects.

% of PRF III sub-projects prioritized by ethnic group (Percentage)	70.00	70.00 n/a	70.00 80.02	70.00	70.00	70.00	As above, it is new indicator of PRF III
% of PRF built infrastructure in a functioning quality (Percentage)	80.00	80.00 98.5 ⁹	80.00	80.00	80.00	80.00	Data to be available mid-term through survey conducted by a contracted firm in 2018 or by 6-12 month checklist.
% of registered grievances that are addressed according to agreed procedures (Percentage)	90.00	90.00 95.00	90.00 100 ¹⁰	90.00	90.00	90.00	From MIS in Dec 2017
# of communities able to plan, implement and monitor their VDPs (Number)	1,124	1,300 1,349	1,400 1,511 ¹¹	1,450	1,450	1,450	Represents # of villages that have developed VDPs under Cycle 14
# and value of sub project activities implemented by types (Number)	1,426	1,750 1,931 ¹²	2,100 2,280 ¹³	2,450	2,800	2,800	From MIS in Dec 2017
# of individuals with livelihood investments using loans from SHGs (Number)	4,054	8,000 8,213	8,000 9,962	8,000	8,000	8,000	Data for Cycle 14 to be available from LN MIS in Dec 2017

⁹ Based on internal monitoring and follow with concerned sectors as well as data of PRFII's database at SPIM form.

¹⁰ We based on data Grievances submitted through hotlines and FRM, as well as issues raise by community during the meeting.

¹¹ For this indicator we based on the number of villages have received at least one sub-project, as same as we calculated in PRF II , For PRF III, there are 348 sub-projects located in 340 villages, there are 179 villages received PRFII and PRF III, and there are 162 new villages that received supported by PRF III.;therefore, we have 1349+162=1511 villages.

¹² Based on last number of PRF II, there are 1931 sub-projects that got approved, and then we can add data of Cycle 14.

¹³ This is based on 349 sub-projects that we requested for NOL and proceeded procurement process.

% of SHGs with NPLs 4% and below ^[1]	60.00	60.00	70.00 51.00 ¹⁴	70.00	70.00	70.00	As above
Additional Indicator: % of poor and poorest villages have received at least one sub-project from PRF III	n/a	n/a	86.47 ¹⁵				New indicator of PRF III

¹⁴ We based on the result of Internal Evaluation non-repay loan, this study classifies into 3 categories, including: (1) The repayment period is not due (still contract period); (2) agricultural production is not ready to harvest and sell; (3) Production is effected by natural disaster.

¹⁵ Based on data of 348 sub-project(s) located in 340 villages where 43 are poorest villages, 258 are poor villages, and 47 are relative poor villages, data may be updated in annual progress report.

Annex 3: Grievances comparison the 6 first months and annually

Type of feedback received						
Type of Feedback	First 6 months		Last 6 months		Year 2017	
	Number of Feedback	%	Number of Feedback		Number of Feedback	
Complain	122	29 %	72	3.4 %	194	8 %
Thanks to PRF	260	61 %	901	43 %	1161	46 %
Request for fund/ Technical support	32	7.5 %	152	7.2 %	184	7 %
Request for information	7	1.7 %	43	2 %	50	2 %
Other	3	0.7 %	931	44.4 %	934	37 %
Total	424		2,099		2,523	

Source: PRF MIS system, December 2017

Annex 4: Details of training activities

No.	Training topic	Objective	Period	Participants (Number and level)	Location
Engineering					
1	Sub-project inspection training	Training for Engineer student in Souphanouvong university	23-24 March 2017	55	Luangphrabang
2	Road Movement Group Training	providing skill to RMGs members to understand key work and responsibility of RMGs.	30/May-18 June 2017 6 -16 June 2017	123	Luangphrabang and Savannakhet
3	A Social and Environmental Safeguards Workshop	-			
4	Implementation training				
5	Consultation Workshop on Technical	To review the technique on Engineering, Finance and Procurement works and how to improve the issue together.	14-18 August 2017	84 (14 are female)	Vientiane Province
Monitoring and Evaluation					
1	Training on the use of PRF III MIS	<ul style="list-style-type: none"> Improve the ability and skill of M&E staff regarding data collection, data generating, data analysis, report writing and presentation 	28/11-01/12/2016	19	Vientiane Capital
2	Training on the use of forms, database and PRFIII Indicators for	<ul style="list-style-type: none"> Follow up on the implementation 	15-22/02/2017	28	Luangnamtha, Oudomxay and Phongsaly

No.	Training topic	Objective	Period	Participants (Number and level)	Location
	Luangnamtha, Oudomxay, Phongsaly and Luangprabang staff	<ul style="list-style-type: none"> progress Present PRF III indicators 			
3	Orientation meeting on the implementation of PRF III for staff in Luangnamtha	<ul style="list-style-type: none"> Build awareness regarding social and environmental safeguard issues which is related to FRM Present PRF III implementation procedures 	30/03-04/04/2017	29	Luangnamtha
4	Orientation meeting on the implementation of PRF for PRF staff in Oudomxay, Phongsaly and Luangprabang	<ul style="list-style-type: none"> Present on the PRF III implementation procedures Review on forms, PRF III indicators, social and environmental safeguards, FRMs 	02-10/05/2017	61	Luangnamtha, Oudomxay, Phongsaly and Luangprabang
5	Training on the use of forms, database and PRFIII Indicators for Xiengkhouang and Huaphanh staff	<ul style="list-style-type: none"> Review on data entry Review on the data generating process and correctly generate data related to indicators 	16-23/02/2017	32	Luangprabang, Xiengkhouang and Huaphanh
6	Training on the use of MIS for LN staff in Savannakhet	<ul style="list-style-type: none"> Improve understanding of staff regarding policy, forms, PRF III indicators and data. Ensure correct data entry. 	29/05-04/06/2017	17	Savannakhet
7	Capacity building for M&E staff, Six month review and strengthening for M&E staff.	<ul style="list-style-type: none"> Review on PRF principles and procedures Review on the use of MIS, what constraints are still exist Encourage understanding towards PRF indicators and how to generate data that response to the set indicators Review on the reporting skill as well as analytical skill 	26-30/06/2017	26	Vientiane Capital
8	Training on data collection and data	<ul style="list-style-type: none"> Improve the ability 	4-10 September 2017	27 (8 are female)	10 provinces

No.	Training topic	Objective	Period	Participants (Number and level)	Location
	record for FRM for provincial, district, Kum ban facilitators	and skill of M&E staff regarding data collection, data generating, data analysis, report writing and presentation			
9	Dissemination of M&E and the important of the data	<ul style="list-style-type: none"> To disseminate PRF's role and principle, forms and indicators. To prepare studying basic information of LN and how that data is available in database including other meetings information. 	September and November 2017	138 (61 are female)	10 provinces
Community Development					
1	Community Development staff training for PRF III,	<ul style="list-style-type: none"> related to planning and social safeguard 	1-3/2/2017	57 (14 are female)	Vientiane capital
2	Training for new CD staff at provincial and district level.	<ul style="list-style-type: none"> Related to CD work 	March and May 2017	23 (2 are female)	Oudomxay and Sekong
3	Organized meeting about participation planning manual for district local authority.	<ul style="list-style-type: none"> To introduce about PRF key activities and work 	29-31/5/2017	14 (2 are female)	Vientiane
4	Social safeguard training for 43 districts for Kumban facilitator	<ul style="list-style-type: none"> Related to social safeguard under PRF work 	March-May 2017		43 Districts
5	Organized meeting about participation planning manual for district local authority.	<ul style="list-style-type: none"> About how to use manual of participation planning 	29-31/5/2017	14	Vientiane
6	Join with MFI to organize meeting on DSEDP.	<ul style="list-style-type: none"> About how to have a single planning system in a district 	2/6/2017	70	Vientiane capital
7	The Annual Review and Planning Meeting of M&E and CD Divisions	<ul style="list-style-type: none"> To review the implementation Cycle 14 and plan for 2018 	18-22 September 2017	83 (13 are female)	Vientiane Province
Finance and Administration					
1	Training on the Community Procurement Process for PRF Provincial Procurement Officers	Training on procurement and financial regulation of PRF III	3 March, 2017	27 (10 are female)	Vientiane capital
2	Training on reviewing, planning and management of the use of budget	To review, plan and management of use the budget in sub-project implementation	21-24 November, 2017	54	Vientiane Province
	All PRF				

No.	Training topic	Objective	Period	Participants (Number and level)	Location
1	Orientation meeting with local authority				
2	Orientation with PAFO	<ul style="list-style-type: none"> Present on the PRF III principles and implementation procedures 	March 2017	421 (128 are female)	10 targeted provinces
3	PRF Annual Review Meeting and Plan for 2018	<ul style="list-style-type: none"> To review the sub-project implementation in Cycle 14. To prepare all PRF work for mid-term evaluation of donors during May 2018 and To prepare Cycle 15 sub-project implementation. 	12-15 December 2017	270 (84 are female)	Champasack Province
4	23 rd Board Meeting	<ul style="list-style-type: none"> To review the achievement of PRF in 2017 Discussion and exchanges between Board members and donors; and To announce the new of PRF Executive Director 	27 December 2017	60 (10 are female)	Vientiane

Annex 5: The Number of VITs in 2017

No.	Province	Sum of Total	Female
01	Attapeu	106	35
02	Huaphanh	743	258
03	Luangnamtha	189	64
04	Luangprabang	390	112
05	Oudomxay	337	115
06	Phongsaly	195	62
07	Saravane	240	79
08	Savannakhet	513	183
09	Sekong	179	58
10	Xiangkhuang	229	83
	Grand Total	3,121	1,049

Source: MIS, Dec 2017

Annex 6: Number of participant attended the Village Development Plans

Province	# participant	Female	Ethnic	Eth_Female
Huaphanh	25,464	13,433	12,897	7,004
Savannakhet	23,821	13,561	20,583	11,709
Saravane	18,333	10,569	16,952	9,893
Xiengkhuang	7,952	4,169	6,442	3,389
Phongsaly	9,909	4,778	9,618	4,671
Luangnamtha	4,632	2,137	4,521	2,089
Luangprabang	8,877	5,407	7,780	4,544
Oudomxay	16,517	9,141	15,616	8,509
Attapeu	4,752	2,604	4,488	2,428
Sekong	5,231	2,773	4,930	2,701
Total	125,488	68,572	103,827	56,937

Source: MIS, Dec 2017

Annex 7: Number of participant attended the Village Development Plans (Only government)

Province	# participant	Female	Ethnic	Eth_Female
Attapeu	160	12	77	12
Huaphanh	570	139	89	-
Luangnamtha	150	61	74	41
Luangprabang	144	6	8	-
Oudomxay	551	122	202	101
Phongsaly	189	91	71	35
Sekong	597	129	118	51
Saravane	338	129	57	15
Savannakhet	1,094	105	3	1
Xiengkhuang	223	60	116	-
Total	4,016	854	815	256

Source: MIS, Dec 2017

Annex 8: Number of participant attended the Kum ban Development Plans

Province	# participant	Female	Ethnic	Eth_Female
Huaphanh	2,530	1,209	1,174	11
Savannakhet	2,061	845	1,409	654
Saravane	1,159	510	1,008	475
Xiengkhuang	1,186	449	891	17
Phongsaly	880	358	829	348
Luangnamtha	490	230	457	215
Luangprabang	1,852	842	1,243	509
Oudomxay	1,645	715	1,428	670
Attapeu	432	207	412	193
Sekong	980	453	934	439
Total	13,215	5,818	9,785	3,531

Source: MIS, Dec 2017

Annex 9: Number of participant attended the Kum ban Development Plans (Only government)

Province	# participant	Female	Ethnic	Eth_Female
Attapeu	14	-	4	-
Huaphanh	68	10	5	-
Luangnamtha	36	18	17	9
Luangprabang	38	-	-	-
Oudomxay	103	20	28	12
Phongsaly	21	8	-	-
Sekong	83	13	32	4
Saravane	85	31	7	3
Savannakhet	193	17	13	-
Xiengkhuang	115	14	52	-
Total	756	131	158	28

Source: MIS, Dec 2017

Annex 10: Number of government staff attended all the meeting

Province	# participant	Female	Ethnic	Eth_Female
Attapeu	198	17	84	12
Huaphanh	1,337	257	160	-
Luangnamtha	532	155	286	82
Luangprabang	435	34	38	-
Oudomxay	1,026	206	353	153
Phongsaly	308	130	76	36
Sekong	848	174	192	63
Saravane	867	177	182	22
Savannakhet	1,924	164	28	3
Vientiane Capital	26	12	3	-
Xiengkhuang	651	113	292	-
Total	8,152	1,439	1,694	371

Source: MIS, Dec 2017

Annex 11: Summary of KBF Meeting of 10 Provinces

No.	Provinces	District	Kum Ban	Participants					
				Total of participant s	Women	Ethnic	KBFs	women	Ethnic
1	Huaphan	8	50	217	107	55	150	97	52
2	Phongsaly	3	22	84	27	51	66	25	51
3	Oudomxay	6	34	149	51	66	102	45	57
4	LuangNamtha	3	12	69	26	47	36	23	36
5	Xiengkhuang	3	19	71	28	41	39	16	26
6	Luangprabang	6	38	186	67	105	114	56	88
7	Savannakhet	5	43	167	91	81	127	85	76
8	Saravan	3	14	57	22	47	41	21	41
9	Sekong	3	19	74	43	61	57	39	57
10	Attapue	3	12	51	28	36	36	24	36
	Total:	43	263	1,125	490	590	768	431	520

Source: Community Development, Dec 2017

Annex 12: Summary of Cross Kum ban Visit of 10 Provinces

No.	Provinces	District	Kum Ban	Participants			
				Total of participants	Women	Ethnic	KBFs
1	Huaphan	8	50	597	249	285	123
2	Phongsaly	3	22	189	49	126	36
3	Oudomxay	6	34	315	108	279	14
4	LuangNamtha	3	12	179	88	209	3
5	Xiengkhuang	3	19	296	79	218	35
6	Luangprabang	6	38	305	91	237	34
7	Savannakhet	5	43	683	410	526	45
8	Saravan	3	14	164	54	148	26
9	Sekong	3	19	164	54	149	26
10	Attapue	3	12	132	47	123	14
	Total:	43	263	3,024	1,229	2,300	356

Source: Community Development, Dec 2017

Annex 13: Summary of participants of TOT on Social Safeguards

No	Province	#District	Participants		Ethnic Names
			Total	Women	
1	Houaphan	8	139	82	Mong, Kum-Mou, Lao, Thaodam, Thaideang
2	Xiengkhouang	3	51	33	Mong, Kum-Mou, Laom, Thaidam, Phor
3	Louangnamtha	3	32	18	Kum-Mou, Mong, Lao, Kor, Lamed
4	Louangprabang	6	108	65	Lao, Kum-mou, Mong
5	Oudomxai	6	96	60	Kum-Mou, Mong, Leu, Lao
6	Phongsaly	3	59	35	Kum-Mou, Phou noi, Arkha, Kor, Thaidam, Loma.
7	Saravanh	3	38	19	Palor, Katang, Ta-oy
8	Savannakhet	5	125	66	Ta-oy, Mangkong, Palor, trii, Phouthai
9	Sekong	3	47	26	Parlor, Talieng, Krieng, Lao, Katou, Lao, Taoy
10	Autapeu	3	32	17	Talieng, Alack, Ouy, Yrou, Blao
10 Provinces		43	727	421	58% is women

Source: PRF at Provincial levels, June 2017

Annex 14: Identified environmental impacts and recovery actions Cycle XIV

N0	Identified impacts	Recovery proposal	Recovery action	Sub-project type	province
I	Earth excavation, Landslide and erosion on building				
1	Trees cutting by side the access road which risk to callaps down	Villager resolve	Clean and clear out to safe zone.	Rural access road improvement	Luangphabang
2	Trees cutting by side the access road which risk to collapse down and Oil leakage stain and Oil waste	Villager/contr actor resolve	Villager clean and clear out to the cutting trees to safe zone and contractor clear the leakage oil and oil waste by bury on the ground	Rural access road improvement	Luangphabang
3	Contractor do not clearly remove operation trash	Contractor resolve	Clearing all waste from constructed operation	Dispensary	Luangphabang
4	Land slide damaged private small aera.	Villager/contr actor resolve	Contractor clean and clear out the land slide volume(In Guarantee period) Villagers planted trees as Bio engineering recommendations from PRF.	Rural access road improvement	Luangphabang
5	Waste in contractor's camp	Contractor resolve	Contractor clean all waste in labor camp before 100% Checking	Primary School	Luangphabang
6	Waste and dirty in contractor's camp	Contractor resolve	Contractor clean all waste in labor camp before 100% Checking	Primary School	Luangphabang
7	Building Erosion from water flow	Villager resolve	Drainage channel need to control water flow	Primary school	Savannakhet
8	Hard to access to house cause of Drainage channel by side the road And Outlet of rounded water pipes damage Paddy field.	Villager resolve	Bamboo Bridge laying across the drainage channel to easy access to houses And drainage channel digging to control water flow from the outlet pipes	Rural road improvement	Savannakhet
9	Land slide block drainage channel by side the concrete pavement area.	Villager resolve	Villagers clean out and grass planting on slope area.	Rural road improvement	Savannakhet

N0	Identified impacts	Recovery proposal	Recovery action	Sub-project type	province
10	Electrical pole installed near water flow	Contractor resolve	Moving to safe zone	Low voltage Electricity Net	Savannakhet
11	Waste and concrete mixing place	Contractor resolve	Removed and clean concrete mixing place and waste	Primary school	Savannakhet
12	School located in main drainage channel line of Village's Spring fed gravity water cause to drain water flow trough school building and a little bit damage footpath edge.	Villager/contractor resolve	Contractor repair footpath edge and villagers made diversion drainage channel from school building.	Primary school	Luangnamtha
13	Diversion weir blockage water cause to water leaked and damage paddy field and the other hand paddy field by side access road to site were damaged by material transportation (Near Harvest season).	Contractor resolve	Contractor have to postpone construction until complete harvest season	Weir	Luangnamtha
14	Waste and bad smell water in Tap platform and drainage channel trough village.	Villager resolve	Tap platform fencing to protect animals and strictly follow by O&M recommendation.	GFS	Luangnamtha
15	Land slide blockage drainage channel	Contractor resolve	blockage soil removing by backhole machine	Rural road improvement	Phongsaly
16	Land slide cause to soil erosion from pipe line. HDPE Pipe no soil protection 5 meters long	Villager resolve	Soil recovered by Villagers.	GFS	Oudomxay
17	Waste from concrete mixing place	Contractor resolve	Concrete mixing place remove and cleaning	Primary school	Oudomxay

N0	Identified impacts	Recovery proposal	Recovery action	Sub-project type	province
18	Landslide blockage stream	Contractor resolve	Land slide volume removing	Double culvert pipes	Oudomxay
19	Sedimentation by Gravel and sand to water source's hole after hard rain cause to less water.	Villager resolve	Gravel and Sand sedimentation removing	GFS improvement	Oudomxay
20	A little soil settlement on the left side near school building	Villager resolve	Re-filled soil on settlement point	Primary school	Oudomxay
21	Drainage Water was blocked at a Tap platform	Villager resolve	digging drainage channel to drain waste water away from Tap platform	GFS	Oudomxay
22	Cutting small trees that be necessary and soil digging on Pipe line	Villager resolve	For small tree cutting, It will re-plant themselves naturally. Villagers re-filled soil in the Pipeline smoothly and cleaning the constructed waste in Intake and Water tank.	GFS improvement	Huaphanh
23	Diversion weir constructed and soil excavated to change the water way and there are waste from construction	Contractor resolve	After completed construction contractor had to remove Diversion weir, Camp, Waste cleaning and re-filled temporary chanel with well compaction	Weir construction	Huaphanh
24	Small trees cutting by side the road where its width be extended and there are waste around labor's camp	Villager/contractor resolve	PRF recommended villagers cut just only necessary and small trees and contractor had to clean and clear waste before 100% checking.	Access road improvement	Huaphanh
25	There are waste in construction site and Labor's camp	Contractor resolve	Contractor had to clean and clear all before 100% checking	Primary School	Huaphanh
26	Soil excavation of Pipe line along the Namsoe river bank and some part through village Paddy farm.	Contractor resolve	Re-filled soil on pipe line fully and carefully to prevent soil volume leaked down to Namsoe river.	Irrigation Pipeline laying	Huaphanh

N0	Identified impacts	Recovery proposal	Recovery action	Sub-project type	province
27	There are waste in construction site and Labor's camp	Contractor resolve	Contractor had to clean and clear all before 100% checking	Primary School	Attapu
28	Noisy pollution impacted to Villagers	Contractor resolve	Contractor be recommended from villagers No over time to work at night.	Village area improvement	Attapu
29	There are waste in construction site and Labor's camp and No temporary latrine for labors	Contractor resolve	Contractor had to clean and clear all before 100% checking and recommended Labors used School and Dispensary's Latrines near by	Patient's Dormitory	Sekong
30	There are waste in construction site and Labor's camp	Contractor resolve	Contractor had to clean and clear all before 100% checking	Weir	Sekong
31	Concrete mixing place	Contractor resolve	Contractor had to remove concrete mixing place before 100% checking	Primary School	Sekong
32	The school building located in slope area near village's access road, The waste water leaked down to access road	Villager resolve	Villagers dug waste water hole to protected directly flow	Primary School	Xiengkuang
33	Land slide to school wall and Footpath cause of located in sloped area	Villager resolve	Soil volume removing	Primary School	Xiengkuang
34	Water block as pond behind school building risk to damage school building	Villager resolve	dug drainage chanel	Primary School	Xiengkuang
35	No have temporary latrine for Labors, Risk to Land slide cause of school locate in slope area and there are a few Water block as small ponds.	Villager/contractor resolve	Contractor made temporary latrine for labors. Villagers planted grass and trees as Bio engineering to protect land sliding and full fill the all small ponds.	Primary School	Xiengkuang

N0	Identified impacts	Recovery proposal	Recovery action	Sub-project type	province
36	There are waste in construction site and Labor's camp	Contractor resolve	Contractor had to clean and clear all before 100% checking	Primary School	Salavan
37	Risk to Land slide in Pipe construction site	Villager resolve	Villagers planted grass and trees as Bio engineering to protect land slide	Access road improvement	Salavan
38	Access road to school were damaged cause of contractor trucks passed	Contractor resolve	Repair in good condition after complete construction	Teacher Dormitory	Salavan

Sources: Engineering Division, Dec 2017

Annex 15: Number of PRF Kumban Facilitator in 2017

Provinces/Districts	Sum of #KB	#KBF	KBF Male	KBF Female
Attapeu	12	36	14	22
Phouvong District	3	9	4	5
Sanamxay District	5	15	5	10
Sanxay District	4	12	5	7
Huaphanh	50	150	64	86
Huameuang District	8	24	8	16
Huim District	4	12	5	7
Kuane District	9	27	13	14
Sone District	5	15	6	9
Viengxay District	5	15	5	10
Xamneua District	7	21	10	11
Xamtay District	7	21	9	12
Xiengkhor District	5	15	8	7
Luangnamtha	12	36	16	20
Long District	4	12	5	7
Nalae District	4	12	5	7
Viengphoukha District	4	12	6	6
Luangprabang	38	114	50	64
Nambak District	4	12	6	6
Pak xeng District	8	24	12	12
Phonthong District	5	15	6	9
Phonxay District	8	24	12	12
Phoukhoun District	5	15	5	10
Viengkham District	8	24	9	15
Oudomxay	34	102	45	57

Provinces/Districts	Sum of #KB	#KBF	KBF Male	KBF Female
Beng District	3	9	3	6
Hoon District	8	24	10	14
La District	4	12	5	7
Namor District	5	15	7	8
Nga District	7	21	12	9
Pakbeng District	7	21	8	13
Phongsaly	22	66	34	32
Khua District	6	18	9	9
May District	8	24	11	13
Samphanh District	8	24	14	10
Saravane	14	42	20	22
Samuoi District	4	12	5	7
Ta oi District	5	15	6	9
Toomlarn District	5	15	9	6
Savannakhet	43	129	54	75
Atsaphone District	9	27	14	13
Nong District	9	27	10	17
Phine District	7	21	8	13
Sepone District	12	36	13	23
Thapangthong District	6	18	9	9
Sekong	19	57	26	31
Dakcheung District	8	24	11	13
Kaleum District	7	21	10	11
Lamarm District	4	12	5	7
Xiengkhuang	19	57	26	31
Khoune District	5	15	8	7
Morkmay District	5	15	6	9
Nonghed District	9	27	12	15
Total	263	789	349	440
				55.77%

Source: PRF MIS database, June 2017

Annex 16: IEC material production

No	Content	unit	number	remark
1	poster on operation and maintenance	sheet	2,208	
2	manual on training pre-implementation of building	book	969	
3	manual on training pre-implementation of irrigation	book	144	
4	manual on training pre-implementation of bridge	book	240	
5	manual on training pre-implementation of road	book	401	
6	manual on training pre-implementation of culvert	book	253	
7	manual on training pre-implementation of gravity fed water system	book	663	
8	manual on training pre-implementation of drilled well	book	241	
9	manual on training of maintenance and renovation of builds	book	997	
10	manual on training of maintenance and renovation of irrigation	book	172	
11	manual on training of maintenance and renovation of bridge, road, culvert	book	1,973	
12	manual on training of maintenance and renovation of gravity fed water system	book	654	
13	manual on training of maintenance and renovation of drilled well	book	252	
14	Report book for year 2016 (English version)	book	200	

Source: CD Division, June 2017

Annex 17: Recommendations after audit and follow up action

Item	Description	Outstanding recommendations	Recommendations in period	Recommendations closed	Recommendations for follow up
1	LN National Level	10	11	18	3
2	FA Division	7	2	9	-
3	Procurement unit	1	2	3	-
4	Engineering division	-	2	2	-
5	PRF-Oudomxay	9	7	16	-
6	PRF-Attapeu	7	7	8	6
7	PRF-Saravanh	7	6	10	3
8	PRF-Luangnamtha	14	9	22	1
9	PRF-Phongsaly	15	5	16	4
10	Special audit				
11	CD division		4	3	1
12	PRF-Savannakhet	11	5	11	5
13	LN-Savannakhet	9	6	9	6

Item	Description	Outstanding recommendations	Recommendations in period	Recommendations closed	Recommendations for follow up
14	HR Unit	4	0	3	1
15	PRF-Luangprabang	12	6	18	-
16	PRF-Xiengkhouang	9	11	20	-
17	ME division				
18	PRF-Sekong	15		14	1
19	PRF-Huaphanh	10	8	17	1
20	LN-Huaphanh	2	6	4	4
21	Special audit				
	Total	142	97	203	36

Annex 18 - Partial Implementation Support Mission to Poverty Reduction Fund III

Mission and Agreed Actions:

Planning:

The District Office of Planning raised concern over multiple overlapping planning exercises carried out with support from various projects in the same villages as those covered by PRF.

Following action:

The single DSEDP^[1] to be made in line with the new local planning guideline could help the district with improved coordination and synergy among all ongoing and proposed public and private investments and support for the local development (on-going)

Sub-project implementation timeline:

It was agreed that from Cycle XV, the implementation of PRFIII subprojects could start early and be completed before rainy-paddy cultivation season due to the better accessibility and availability of villagers to participate in the project

Following action:

Review Cycle XV implementation timeline (done already during the meeting with PC)

Sub-project quality and monitoring:

The work was undertaken by a local contractor using skilled labors (builders) from Vietnam (how can VIT communicate with them? This is the case that would further discuss more)

The mission was reported by the VIT on two major technical defects found in the school structure being built. Two concrete poles were about 5-10 cm lower than the roof beams and concrete side beams for all window frames installed on the opposite side of the entry (see pictures) were missing

The mission took a look at the construction monitoring logbook and found that the above technical issues were not clearly documented and written in the wrong column

Following action:

The mission recommended the PRF engineers to conduct a joint inspection of the school building and identify effective measures against the contractor accordingly. The next payment shall be withheld until the above pointed out defects have been rectified. Closer supervision by the district engineer to the civil work performed by the Vietnamese builders is necessary (need follow up from TA division)

Feedback and resolution Mechanism:

The VIT and villagers met did not seem to be aware of the Feedback and Resolution Mechanism (FRM) and the hotline 161 required to be established in all target villages.

Following action:

PRF CD staff was also recommended to revisit the village to explain and help the village reconstitute the FRM (need follow up from CD division)

Livelihood Linked Nutrition

With unclear strategy and limited capacity, it is unlikely that the concerned district agencies will be able to fully take over and continue to provide the same level of support for the LN program initiatives as that given by PRF after the project's withdrawal. There are two NGOs, i.e. World Vision and Normay currently working in this area. The PRF teams are encouraged to continue their partnership with these NGOs and other development projects in order to improve the investment synergy where feasible.

Enabling the SHGs and the village institutions to sustain their LN activities on their own is believed to be the most pragmatic and sustainable exit strategies for LN program in Thapangthong at this stage.

Following action:

The PRF teams should discuss and assess the situation of all SHGs and the LN program as a whole. The results of the review will inform discussions about possible need for budget and resource re-allocation or mobilization during the PRFIII Mid-Term Review Mission (March, 2018). (need follow up from LN Unit)

List of eligible sub-projects

It was suggested that VMC should be one of the eligible expenses under PRFIII, if justifiable and should not be included in the negative list of subprojects because of multiple purposes and cost-benefit from this community facility.

Payment of unskilled labor

This mission also stated that verbally issues related to the payment of unskilled labor within the village and unclear boundary related to the community contribution.

Following action:

Revise the monitoring of the community contribution to ensure that after the community contribution has been fulfilled, community labors are paid by the sub-contractor (need follow up from TA division)

Annex 19: Annual budget planned for fiscal year 2017

Components	Description	Budget
Component1:	Community Development Grants	<u>12,456,986</u>
1.1	Sub-grants	11,279,000
1.2	Kum Ban Planning	1,177,986
Component2:	Local & Community Development Capacity building	<u>2,215,101</u>
2.1	Capacity building	1,033,011
2.2	Assessments and Developmental Activities	398,090
2.3	Sub-Grant Monitoring	601,000
2.4	WSP Local capacity building	50,000
2.5	Innovative Fund	133,000
Component3:	Project Management	<u>2,831,793</u>
3.01	PRF staff Salary	2,253,793
3.02	Equipment	200,000
3.03	Works	30,000
3.04	External Audit & Internal Audit	69,000
3.05	Incremental Operating Costs	279,000
Component4:	Livelihood & Nutrition Project	<u>446,698</u>
Total:		<u>17,950,578</u>

Source: PRF FA Division, 31 Dec 2017

Annex 20: PRF III Budget Plan FY 2018 by components

Components	Description of Component	Budget Plan FY 2018	Percentages (%)
Component 1:	Community Development Grants	12,720,521	69%
Component 2:	Local & Community Development Capacity building	2,292,590	12%
Component 3:	Project Management	2,946,323	16%
Component 4:	Nutrition Enhancing Livelihood Development	474,039	3%
TOTAL:		<u>18,433,473</u>	<u>100%</u>

Source: PRF FA Division, December 2017

Annex 21: PRF staff turnover during October 2016- June 2017

Positions		Gender	Reasons for leaving	Replaced	%
Centre	Data Analysis & Evaluation Officer	Female	Working for new project	Yes	6.25
	Head of HR unit	Female	Working for new project	No	
National office Total staff : 32					
Phongsaly	District CD Staff at Samphanh	Male	Applied for Provincial CD Staff	Yes	20.00
	Provincial CD Staff	Male	Working for new project	Yes	
	District Engineer at Samphan	Male	Working for Government	Yes	
Phongsaly office Total staff: 15					
Hauphanh	Village Livelihood Young Graduate	Male	Applied for District LN	Yes	1.75
Huaphanh office Total staff: 57					
Luang Prabang	District Engineer at Nambak	Male	Working for new project	yes	8.33
	District Engineer at Phonxay	Male	Working for new project	yes	
Luang Prabang office Total staff: 24					
Grand Total: 263 Staff					
Average of Percent of change:					3.04 %

Source: Human Resources, Dec 2017

Annex 22: Achievements, issues found and solving method

Main areas	Issue	Impact	Resolution
Quality of the sub-projects	<p>1. The subprojects dimension was less than in the drawing. Mistakes were found in all ten provinces: The engineer are marking the building dimension from center to center of the post but the labor and skill labor understood that the dimension of the building is from edge to edge of the post.</p> <p>2. The quality of the construction material contributed by the community is poor (gravel and sand have to be good and clean from rubbish or contaminated by soil).</p>	<p>1. The community is unhappy with dimension of the building (width less than 10 cm and length less than 20 cm).</p> <p>2. Poor construction material made low compressive strength of the concrete and therefore building life expectancy shorter.</p>	<p>1. Engineering division revised the standard drawing with consultant on the technique on coding in the drawing. This issue will be raised and discussed during the engineer annual meeting.</p> <p>2. The quality of the material contributed by the community for the construction should be checked. If the quality is not good, then the community should contribute in other way so that amount of the contribution commitment can be fulfilled (more labor contribution, Wood for supporting the frame work, etc.)</p>
the community labor payment by contractor	The community provides labor during construction and does not get paid by the contractor. The understanding of the contractor is that the labor is free of charge	After construction completed, the community ask for the payment to PRF and complained about the PRF	Inform villagers on the community contribution and mention it in the contract documents. Ensure that the contractors is aware of community contribution commitment and modalities
Community contribution overcharged	The contractor asking payment for the material that is contributed by the community.	The community complained to the PRF as they have contributed more than planned	Stricter monitoring of the community contribution and notice to the district that the contractors have to pay back to community for the cost of materials contributed by the community. Use district authority's assistance if needed.
Sub-projects cancelled after approval	After subproject approval from donors, some subprojects have been changed as they will be supported by the Government or other development partners	Time and budget waste on the sub-project survey and design	Improve coordination with local authorities and concerned sector to ensure no overlapping
Sub-projects supported by the Government	Sub-projects list for a total amount of US\$ 6 million have to be submitted this year for GOL approval. Therefore, the engineering team has had to survey and design 160 sub-projects with a very limited time while having to also submit the list of subprojects under IDA fund.	The PRF engineers were overloaded with work, creating delays for the other activities such as sub-projects implementation follow up.	<p>1. The national office will assist in survey and design for critical subproject or non-standard subprojects.</p> <p>2. Ask the Engineer student to assist in survey and design</p> <p>3. Ask concerned sector at district level to also assist</p>

Source: Engineering Division, June 2017

Annex 23: Mou and Workplan with Nakai District authorities

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the “**MoU**”) is entered into between:

The Nakai District Authorities, represented herein by its Vice-District Governor, Mr. Thonekeo Chanthavong; and

THE Poverty Reduction Fund (phase III), a project under the Ministry of Agriculture and Forestry, supported by the World Bank and the Swiss Agency for Development Cooperation, represented herein by Mr. Sengphet Vannavong (“**PRF**”).

(Each a “**Party**” and, jointly, the “**Parties**”).

NOW THEREFORE, the Parties agree as follows:

ARTICLE 1 – Purpose of the MoU

- 1.1 This MoU establishes the collaborative framework between the Parties for cooperating in the following areas of mutual interest:
 - (a) Discussions on planning methods in order to prepare a participatory planning manual tailored to the specific context of the resettled villages and based on existing process and procedures as well as MPI participatory planning manual;
 - (b) Training and other capacity building activities aimed at improving knowledge and capacity related to planning at the village and district levels (District Planning and Coordination Meeting);
 - (c) Update VDP for 4 hamlets/2 villages and the District Socio-Economic Plan based on the updated VDP; and
 - (d) Discussions on other areas of collaboration that the Parties may identify from time to time.
- 1.2 As part of the activities identified by the Parties under this MoU, PRF will provide the Nakai District Authorities with experts / speakers / trainers, who will participate in the guidance and formulation of the planning manual, training and other capacity building activities as well as hamlet and village planning review in two villages, as further described in Annex A.
- 1.3 The collaboration among the Parties hereunder is non-exclusive. This MoU does not preclude any of the Parties from collaborating with other organizations in implementing, or conducting, other activities related to the collaboration set forth in this Article.

ARTICLE 2 – Financial Arrangements

- 2.1 Subject to Article 1.2 above, the PRF and the two parties will agree on the budget amount to support the activities covered by this MoU. The total budget required will be sent to NT2 for consideration and approval. Any disbursement of the budget related to the activities covered by this MoU will follow the NT2 financial processes and procedures.
- 2.2 This MoU does not represent any commitment with regard to funding on the part of either Party, except for the provision set forth in Article 1.2 above. Any further commitment shall be reflected in a written separate agreement that may be entered into by the Parties at a later date.

ARTICLE 3 - Duration, Termination, Amendment

- 3.1 This MoU enters into force upon signature of the last of the Parties, and will expire on July 25, 2018, unless terminated earlier in accordance with Article 3.2.
- 3.2 Any of the Parties may terminate this MoU at any time and for any reason with 30 (thirty) days written notice to the other Party, or upon mutual consent of both Parties.
- 3.3 In the event of termination of this MoU, the Parties shall take immediate steps to bring the performance of any obligations under this MoU and under any arrangement related to the implementation of the activities hereunder, to a close, in a prompt and orderly manner, and in doing so, reduce expenses to a minimum.
- 3.4 This MoU may be extended, supplemented, or otherwise amended, by written agreement of duly authorized representatives of each Party.

ARTICLE 4 - Independence and Liability of the Parties

- 4.1 Nothing in this MoU, or any document entered into in connection with this MoU, shall be deemed to create any joint venture, joint liability partnership, association or company of any sort between the Parties, nor shall any Party be deemed an agent of the other.
- 4.2 Each Party will be responsible for dealing with any casualty incurred by its own staff in the performance of this MoU, including loss of or damage to property, personal injury, disability, kidnapping, death, or any other hazard. Furthermore, each Party will deal with any claim by third parties in relation to loss of or damage to property, personal injury, disability, death, or any other damage caused by its actions or omissions or the actions or omissions of any of employee, agent or subcontractor thereof, in the performance of this MoU.

ARTICLE 5 - Confidentiality

Each Party shall maintain the confidentiality of any non-public information pertaining to, or provided by, the other Party hereunder, including information relating to any activities governed by this MoU, and shall use such information only for purposes of this MoU. The confidentiality obligations of this Article shall survive any termination or expiration of this MoU.

ARTICLE 6 – Intellectual Property Rights

Each Party shall retain the intellectual property rights in all materials, publications, images, and texts which that Party introduces to the other Party during the collaboration foreseen under this MoU. The ownership of the intellectual property rights in any materials, publications, images, and text resulting from joint activities by the Parties under the terms of this MoU shall be owned by the Nakai District Authorities.

ARTICLE 7 - Communications, Emblems, Names, and Logos

- 7.1 Neither Party shall issue press releases or other public statements about their collaboration hereunder without the express prior written approval of the other Party. These obligations do not lapse upon termination of this MoU.
- 7.2 Neither Party shall use the emblems, name or logo of the other Party, its affiliates, and or authorized agents, or any abbreviation thereof, in publications and documents produced by the Parties, without the express prior written approval of the other Party in each case.

ARTICLE 8 - Notices

All notice or communication under this MoU shall be made in writing, and may be served by registered post, facsimile or email, to the following addresses:

If to Nakai District Authorities:

Name: Mr. Thonekeo Chanthavong

Title: Vice-District Governor

Address: [•]

Email: [•]

Telephone: [•]

Fax: [•]

If to PRF:

Name: Sengphet Vannavong

Title: Head of the Community Development
Division

Address: Poverty Reduction Fund

Email: sengphet@prflaos.org

Telephone: 020-55605344

Fax: 021-261481

ARTICLE 9 - Force Majeure

Neither Party shall be liable to the other for any delay or non-performance of its obligations under this MoU due to any event or circumstance that is beyond the reasonable control of a Party including, without limitation, fire, flood, earthquake, elements of nature, acts or regulations of government bodies, court orders, acts of war, terrorism, riots, civil disorders, rebellions or revolutions (a “**Force Majeure Event**”). Should a Party deem that a Force Majeure Event is likely to cause delay or non-performance of its obligations under this MoU, that Party shall promptly notify the other Party in writing of the cause, its likely duration and its effect on the performance of the affected Party’s obligations. The Parties shall negotiate with a view to limiting as far as possible the potential effect of the Force Majeure Event on the capacity of the Parties to fulfil their obligations under this MoU. If no solution can be found within thirty (30) calendar days from the affected Party’s notification, either Party may either (a) suspend this MoU in whole or in part for the duration of the Force Majeure Event, or (b) terminate this MoU with immediate effect.

ARTICLE 10 - Governing Law

This MoU, and any document entered into in connection with this MoU, and any dispute arising hereof shall be exclusively governed by Lao accepted general principles of law and by the terms of this Agreement.

This MoU is executed on the last date noted below by duly authorized representatives of the Parties:

Nakai District Authorities:

For Poverty Reduction Fund (Phase III):

Name: Mr. Thonekeo Chanthavong

Title: Vice-District Governor

Date: _____

Name: Sengphet Vannavong

Title: Head of the Community Development
Division

Date: _____

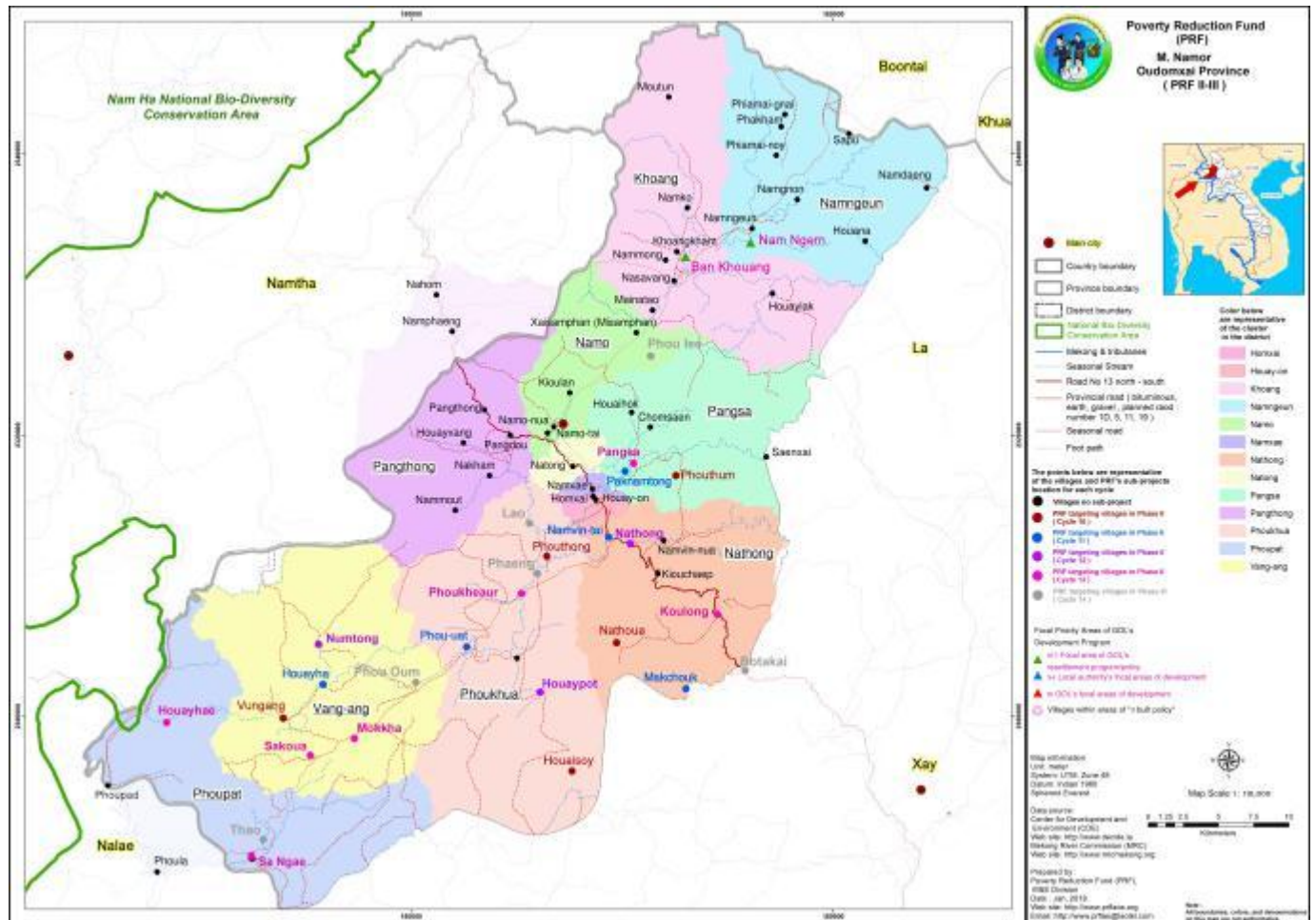
ANNEX A
Overall tentative Schedule

	May-17				Jun-17				Jul-17				Aug-17				
	w1	w2	w3	w4	w1	w2	w3	w4	w1	w2	w3	w4	w1	w2	w3	w4	
1. Proposal sent to district authorities for consideration																	
2. Proposal approved and consultation team set up																	
3.Planning manual preparation session																	
4. TOT (district staff and village facilitators)																	
5. hamlet Orientation meeting																	
6. Village Development Plan																	
7. Workshop on lessons learned																	
8. District Planning and Coordination Meeting for VDP endorsement																	
9. Village Report Back and Validation Meeting																	
10. Incorporation of VDPS to the DSEDP																	

Tentative Schedule training facilitators, VDP and District Planning and Endorsement Meeting

		Jul-17										Aug-17																													
	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28		
Mr. Sengphet Vannavong			1	1	1	1	1	1	1	1																1	1	1						1	1	1					
Mr. Julien Rossard			1	1	1	1	1	1	1	1																1	1	1													
Mr. Phouvieng Bounmysay																																				1	1	1			
Mr. Sinenakhone Inthilath		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1												
Mr. Khamphane Sidaving		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1												
Mr. Souklakhone	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1											
Mr. Sonexay		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1												
Transportation training / meeting																																									

Below is Namor district map as PRF's targeting district also shows representatives of Kum ban



PREIII INNOVATIVE FUND COOKSTOVE INITIATIVE PROPOSAL

1. BACKGROUND

Although Lao PDR is 91% electrified, 96% of the population still uses solid biomass for cooking and heating. This results in high consumption of fuel wood and charcoal, which contributes to the country's total greenhouse gas (GHG) emissions. In addition, household air pollution (HAP) from cooking over open fires or on crude wood-burning cook stoves is also the top health-risk factor in Lao PDR (surpassing HIV/AIDS and Malaria). Indoor air pollution remains a major issue in the country ranking number one in causing lost healthy life years or Disability Adjusted Life Years (DALYs) at 223,000 years of life lost (YLLs); this ranks above even smoking, and has a major impact on GDP (measured at roughly USD 250.4 million or 3.5 percent of GDP in 2010). Since women and children spend most time in the kitchen cooking, they are at highest risk. In addition, there are several health-related practices in the post-partum period that cause early exposure to particulate matter (PM_{2.5}), which is the primary source of emission causing respiratory diseases. New evidence now also links HAP exposure and adverse pregnancy outcomes such as altered lung growth and neurodevelopmental performance in newborns of HAP-exposed mothers. Babies born by women exposed to biomass fuel have significantly lower birth weights than babies from women exposed to cleaner fuels.

To cope with these issues, the World Bank has been supporting the Lao PDR Government with the Clean Stove Initiative (CSI) since 2012. The program aims to scale up access to modern cooking and heating solutions, particularly focusing on poor and rural households who are more likely to continue using solid fuels to meet their cooking and heating needs beyond 2030.

A lot of initiatives have already been set up in Lao PDR to promote clean cook stove. However, a lack of information of what constitutes good quality cook stoves and the absence of regulation that sets cook stove quality standards has resulted in a market saturated by primarily cheap and low-quality cook stoves. Though most improved cook stoves have been able to achieve a certain degree of improvement of energy efficiency and fuel and time savings (e.g., in Cambodia), they have not reduced the harmful health damage due to their low-quality.

The last generation of cook stove or advance biomass cook stoves (Tier 4) have shown a great potential in achieving a very high thermal efficiency (more than 45%) and very low emission of carbon monoxide (CO) and particulate matters (PM 2.5) in laboratory and test conditions. These advance biomass cook stove can be a great solution to reduce HAP, and save many lives, which are lost due to HAP. In order to access carbon credit and to create an impact at a large scale, The Ministry of Health, Ministry of Education and local stakeholders agreed that a minimum of 50,000 Tier 4 cook stoves should be put into use in the next 1.5-2 years. Under this project, private investors would pre-finance super-clean cook stoves, which will allow subsidizing cook stove prices to potential customers on the Lao market (based on a recent study, households in rural areas are eager to invest around US\$15 to purchase such super clean cook stove).

However, the technical performance of the cook stoves in laboratory or test conditions alone is not sufficient for the adoption and use of the biomass cook stoves. There are several other factors such as local cooking practices, household specific factors, fuel availability and use that affect the cook stove adoption. Hence, these cook stoves need to be assessed for their acceptance and adoption by households in Lao P.D.R.

Therefore, there is a need to conduct a Consumer Acceptance Trial (CAT). CAT is a very effective tool for understanding several factors that affect the cook stove adoption and predict the acceptance of a technology among selected consumer segments. This is also a great way to get contextual feedback on product features and performance for improving the product performance and acceptance.

2. OBJECTIVE OF THE TRIAL

In the above context, the Poverty Reduction Fund of Lao P.D.R. (PRF) will undertake a trial aiming at understanding the acceptance of Tier-4 cook stoves in Lao using comprehensive consumer acceptance study of Tier-4 cook stoves. This initiative will help in understanding the following:

- Tier-4 cook stoves and its capability to cook common Lao cuisines;
- Ease of use of Tier-4 cook stoves in Lao households;
- Training needs of users for proper use of the Tier-4 cook stoves;
- Other geographic and contextual factors that may affect the performance and acceptance of Tier-4 cook stoves.

3. STEPS FOR THE COOK STOVE TRIAL

Steps	Description	Responsibility	Timeline
1.Cook stove Procurement	The World Food Program will procure 50 ¹⁶ Tier-4 cook stoves (household stoves) for PRF, included associated parts and required after-sale services aspects.	PRF/WFP	Procurement: April 2017 Delivery: May 2017
2.Selection of the 2 villages for the trial	The trial will be conducted in Houapanh province in two villages (Houameuang or Sone district) and a total of 40 households (around 20 households per village). The villages will be selected based on the following criteria: <ul style="list-style-type: none"> • Villages that have already received PRF/Livelihood Linked Nutrition Initiative (possibly with VNC center) • Villages that will receive AFN project support (sustainability) • Villages with road access all year around • Villages close to the district center (no more than two hours by road) • Village with good unity and strong leadership 	PRF	May 2017
3.Contract with the selected firm	The selected firm will provide the following services: <ul style="list-style-type: none"> • Training and capacity building of Mining and Energy Office, Lao Women Union PRF staff, Kum ban Facilitators and Young Graduates; • Providing audio-visual training material for the trial; • Providing Tier-4 cook stove and fuel (biomass pellet) to participating households • Providing maintenance and other support services The firm (Mimi Moto) will assign one of their cook stove specialist with extensive experience in training and setting cook stoves into rural	PRF	June 2017

¹⁶ The World Food Program will also run a trial with community cook stove that will be tested in 50 schools as well as 50 Tier-4 cook stove. Therefore, it was agreed that it will be easier and cheaper to procure all the cook stove in once. Therefore, the WFP will take the lead in procuring and the PRF will pay them back for the 50 Tier-4 cook stove that will be used in PRF/AFN villages

	communities will come from Netherland to assist the PRF and build capacity of the stakeholders involved in the trial.		
4.Training of Government staff, PRF staff, KBF and Young Graduate	<p>The training will focus on the following:</p> <ul style="list-style-type: none"> • Using the Tier-4 cook stoves in the right way and understanding the key functions of different accessories and parts; • Maintenance and taking care of common repair needs (replacement of parts) of the Tier-4 cook stoves; • Training the Tier-4 cook stove users and providing them guidance on how to use the cook stove properly. <p>The firm will provide audio-visual/other forms of educational material for the following needs:</p> <ul style="list-style-type: none"> • Audio-visuals/posters for assembly of the Tier-4 cook stoves and how to use Tier-4 cook stoves; • Audio-visuals/posters for performing maintenance and repair of the Tier-4 cook stoves. 	Selected firm	August 2017
5.Awareness campaign	<p>The selected firm will organize an awareness campaign in the two selected villages with Government and PRF support in order to sensitize households about the risk of in-door air pollution and to select the households who are interested to be part of the trial on voluntary basis.</p> <p>The criteria for the selection of the households will be as follow:</p> <ul style="list-style-type: none"> • Priority will be given to poor households/vulnerable groups • Households who will be able to stay in their house during the trial period • Households who commit to use the Tier-4 cook stove on daily basis • Households who are SHG members • Households who are commit to train other households on the use of the Tier-4 cook stove <p>The firm will provide audio-visual/other forms of educational material (see step 4)</p>	PRF	August 2017

6.Baseline survey	The PRF will collect baseline data of the 40 households involved in the trial (see questionnaire in annex 1). The purpose is to collect data on existing fuel-use, cooking practices and other relevant factors to further get the nuanced understanding of key factors	PRF	August 2017
7.Training of the 40 households	<p>The training will focus on using the Tier-4 cook stoves in the right way and understanding the key functions of different accessories and parts. The training will be done by Mining & Energy representatives with support from the PRF. The firm will provide audio-visual/other forms of educational material (see step 4) The selected firm will provide the following to the households participating in the study:</p> <ul style="list-style-type: none"> • Biomass pellet based Tier-4 cook stoves along with all the necessary accessories that are required for using the cook stoves in non-electrified areas. • Supply of biomass pellets to the households for 6 months: The selected firm will provide biomass pellets, equivalent to six months of use (estimated consumption is in the range of 3-4 kgs per day per households) for each selected households. • Providing maintenance and other support services: The selected firm will ensure support and other services to the selected 40 households to ensure that the cook stoves are in working conditions for at least 12 months (10 additional cook stoves would be available so that cook stoves that need repair will be replaced until they are fixed so that households can continue to use Tier-4 cook stoves for cooking). 	PRF Selected Firm	August 2017
8.Consumer acceptance trial	The PRF will organize weekly visit of the 40 households in order to monitor cook stove use and feed-back from users during a period of 6 weeks (see questionnaire in annex 2). Data will be entered at the district level and sent to the central level for data quality checking. Qualitative and quantitative measures will be used to collect feedback on the performance acceptance and willingness to pay for the advance clean cook stove system (cook stoves and fuel).	PRF	September-October 2017

9.Data analysis, report writing and dissemination	<p>Analysis of the consumer acceptance trial data will be done to prepare a comprehensive report that can provide in-depth understanding of:</p> <ul style="list-style-type: none"> • Customer acceptance for advance biomass cook stove and its suitability to local practices • Willingness to pay for advance biomass cook stove and fuel. <p>Study outcomes will be shared with the Inter-Ministerial Clean Cook stove Taskforce and the CSI team.</p>	CSI	End October 2017
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4. COOK STOVE TRIAL IMPLEMENTATION TIMELINE

	May-17				Jun-17				Jul-17				Aug-17				Sep-17				Oct-17			
Steps																								
1.Cook stove Procurement																								
2.Selection of the 2 villages for the trial																								
3.Contract with the selected firm																								
4.Training of Government staff, PRF staff & volunteers																								
5.Awareness campaign																								
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8.Consumer acceptance trial																								
9.Data analysis, report writing and dissemination																								

5. STAFF IN CHARGE OF THE COOK STOVE INITIATIVE

Name	Position	Responsibilities
Somsack	Head of LN Unit	Overall management of the cook stove initiative and more particularly Step 2, Step 4, step 7, step 9)
Youthavinh	Head of Procurement Unit	Procurement activities in coordination with WFP and more particularly Step 1 and Step 3
Mining and Energy Office and Lao Women Union with PRF support		Training of the households, monitoring and coordination with the selected firm for the repair of the cook stove during the trial (Step 5, Step 6, step 8)
Kum ban Facilitators and Young Graduate		Assist the Government counterpart

6. SUSTAINABILITY AFTER THE COOK STOVE TRIAL

The PRF will continue to support the households involved in the trial after the trial completion on two main aspects: Fuel supply (biomass pellet) for a period of 6 months (including the trial period) and cook stove repair for a period of 12 months (including the trial period) in order to ensure that these households can continue to use the Tier-4 cook stove. The aim is to maintain the momentum of using the cook stove until the private sector can take the relay in providing service after sale for the Tier-4 as well as biomass pellet availability. These two activities will be supported by the Agriculture For Nutrition Project (AFN). This project is able to support public-private investments (Target: (i) USD 0.9 million invested; (ii) Max USD 50.000 per co-investing enterprise/ cooperative, min 18 enterprises; (iii) At least 1800 households in the value chains). Therefore, they can support the production of bio-mass pellet locally (SHG) as well as the Tier-4 availability on the local market and service after sale (private sector). After the trial, if households are interested to buy the Tier-4 cook stove, they will be able to access credit through the Village Development Fund (the cost of a Tier-4 cook stove will be around US\$15 in rural areas). The 40 households involved in the trial will be used to teach other households how to use the Tier-4 to others in their village.

Based on the success of introducing Tier-4 cook stove in Laos, the PRF may be the agency responsible to raise awareness of the in-door pollution risks in the villages covered by the project. This step will be done before the village development plan review so that Government and other projects working on super clean cook stove introduction will be aware of this priority.

7. COOK STOVE TRIAL BUDGET

Cost item	Unit	Unit cost	# Units	Cost
Tier-4 cook stove	Cook stove	\$100	50	\$5,000
Fuel (Biomass pellet)	Kilogram	\$0.4	14,400	\$5,040
Sub-total cook stove and fuel				\$10,040
Cook stove maintenance	Cook stove	\$20	40	\$800
Sub-total cook stove maintenance				\$800
Training PRF staff, Volunteers	Training	\$2,500	1	\$2,500
Training 40 households	Training	\$1,000	1	\$1,000
Audio-visual/Educational Material	Set	\$200	2	\$400
Translation Audio-visual/E.M in Lao	Set	\$200	2	\$400
Sub-total training				\$4,300
Awareness campaign	Days	\$83	5	\$413
Baseline survey	Days	\$95	8	\$756
Monitoring	Days	\$104	24	\$2,503
Sub-total field activities				\$3,672
International consultant fees	Days	\$450	10	\$4,500
International airfares	Trips	\$1,000	1	\$1,000
Domestic airfares	Trips	\$200	1	\$200
Per diems	Days	\$120	10	\$1,200
Sub-total consultancy firm				\$6,900
GRAND TOTAL				\$25,712