



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Prime Minister's Office
National Leading Committee
for Rural Development and Poverty Eradication
Poverty Reduction Fund (PRF)

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Cooperation and Coordination Agreement
between
the Poverty Reduction Fund (PRF) and the Department of Planning-Finance (DPF),
Ministry of Health (MOH)

To ensure the building of rural health infrastructure, mainly health centres (dispensaries and other sub-projects supported by PRF) in villages and koumbans, to the best available standards regarding sustainability and safety, the Department of Planning-Finance (DPF), Ministry of Health (MOH) and the PRF, under the aegis of the National Leading Committee for Rural Development and Poverty Eradication (NLCRDPE), are entering into an agreement to ensure adequate standards regarding rural health centres, but also regarding other areas covered by the Ministry of Health, and in which PRF is also active (safe water supply, latrine, village medicine box, nutrition, social health).

The PRF II is essentially concerned with improving livelihood in remote rural areas through promoting basic infrastructure within the poorest koumbans (road, health, education, irrigation, water), and this, on the basis of community-identified priorities. At the same time, PRF also intervenes decisively in addressing ketsana-devasted areas, in the Southern part of the country, and manages an important pilot project on mobilizing ethnic communities for improved livelihoods and well-being. In 2010, the Government decided to make PRF its overarching Rural Development/Poverty Eradication programme.

It is important that there is a common understanding between the DPF, MoH and PRF, regarding the technical references for PRF's access investments in health, but also on cooperation and coordination in a larger sense, embracing all major areas of health that contribute to the improvement of the livelihood of rural communities.

The MoH will establish a task force to harmonise its standards regarding health centres and dispensaries. In the meantime, MoH and PRF agree on a basic reference for a type of dispensary that is close to type B. Type B includes 4 rooms, separate sanitary, water and power supply (to maintain the cold chain) as well as a dormitory for the health personal and fencing. It is also agreed that PRF provides basic equipment as well as the basic health kits and ensures that there is a continuous provision of basic medicine boxes. It is understood that PRF and District Health Offices will jointly define solutions to any problems that might arise from planning and implementing health centres (dispensaries) in villages and koumbans. In particular, given possible financial constraints and others, flexibility will be adhered to from both sides in planning and implementing. Any health centre or dispensary as well as any water access investment, built by PRF in response to community-identified priorities will in future be a common undertaking with the District Health Offices. There is also a common understanding that no dispensaries will be built, even if the bidding process was successful, as long as adequate health personal to the new dispensaries cannot be found. Likewise, regarding other areas of health covered by MoH

(sanitation, water supply, nutrition and many others), DPF, MoH and PRF will strive to establish close collaboration, be it in planning, implementation, monitoring and evaluation.

The agreement proposed broadly covers design and survey, implementation arrangements, monitoring and evaluation, surveys, maintenance and training. It also deals with cooperation, coordination and reporting at central, provincial and district/koumban levels.

1. The MOH will designate the Rural Development and Poverty Eradication Unit (RDPEU), DPF, as the focal point at central level to work with PRF. RDPEU will collaborate, cooperate and coordinate with PRF and support PRF in building adequate rural health infrastructure and improving livelihood of rural communities in all areas linked to health. The RDPEU coordinates all MOH activities linked to rural development and poverty eradication.
2. To ensure *coherence in cooperation and coordination* at the **central** level, MOH endorses the principle of close coordination between PRF and MOH, encourages its provincial and districts offices to seek optimal cooperation and agrees on establishing official references for rural health centres covered by PRF investments in order to enable provincial and district MOH Offices to effectively cooperate with PRF at the koumban level. Regular meetings between RDPEU of DPF and PRF will enable to exchange information in particular on the koumbans and villages in which PRF is active as well as on MOH health initiatives, projects and programmes that could usefully contribute to enhance field cooperation between MOH and PRF. The central level will facilitate this cooperation by providing, when possible, central resources, incl. through donor projects, to PRF koumban and village activities. The central level will be informed on all health related investments (access to water, dispensaries, etc.), identified as priorities through the PRF community-based koumban planning process, as soon as they have been approved by the District Validation Meeting. MOH will commit to provide adequate health personal to the health centres to be built. The MOH, being already a standing member of the NLCDRPE Board, will be represented by RDPEU in all technical meetings regarding cooperation and coordination in matters of rural development organized by the NLCDRPE.
3. To ensure coherence in cooperation and coordination at the **provincial** level (PHO), representatives of the provincial DOH (PDOH) will attend district planning meetings to ensure that access-investments in health (dispensaries, water supply) are properly designed, and jointly monitor the handover of completed health investments. PDOH will actively support their district offices in their efforts to seek optimal cooperation with the PRF and assist them in implementing the agreed standards (location, survey, design). PDOH will also confirm the allocation of health personal to the health centres to be built. Provincial representatives will attend training conducted by the PRF and ensure that turn-over of trained officials will be minimal. The PDOH will assign one of its members as focal point for PRF-funded health investments. PDOH will use the health projects approved at the DVM (whose list will have been compiled by PRF and District Health Offices (DHO), and sent to PDOH) as an input into its annual plan and maintenance programme.
4. To ensure cooperation and coordination at the **district/koumban** level, district health offices (DHO) will participate in relevant planning meetings at the koumban level conducted by PRF and actively contribute to the koumban discussions on health priorities and possible design, surveys, costs and other useful information. District health offices will be responsible for the design of the planned health projects, approve and stamp the designs (in case they have been developed by consultants hired by koumban/PRF). As soon as the selected bids are approved, the contract with the construction firm will be signed first by the koumban representative and the contractor, and then countersigned by DHO. DHO are also responsible for the monitoring of construction during the implementation phase, to ensure agreed standards are met, and the building up of koumban capacities in this area as well as for training koumban communities in

maintenance. PRF will support DHO in these undertakings. The DHO will jointly monitor the handing over of completed health projects, together with koumban representatives, PDOH and PRF.

5. The PRF's approach to community-based development will define koumban planning regarding access infrastructure. The PRF will invite PDHO and DHO representatives to participate in relevant koumban planning meetings. Once koumbans have decided upon their access-investment priorities over the next 4 years, incl. health infrastructure), a District Validation Meeting (DVM), presided by the District Vice-Governor, in presence of koumban representatives, representatives from the National Leading Committee, provincial and districts officials from various sectors concerned, including PDHO, as well as representatives from the private sector and donor organisations, will adopt the final list of koumban health projects. Once the list of access-investment projects has been finalized, PRF and DHO will support koumban in preparing work plan, including survey, design, preparation of bidding documents (following standard bidding procedures, Ministry of Finance), procurement, supervision, handing over and maintenance. The PRF will provide capacity building for the health sector personal in matters of monitoring and sustainably maintain koumban health projects. The PRF will cover per diems and transportation costs incurred by the district health offices for surveying, evaluating, monitoring and O+M training activities.

Other Points of Agreement

6. Adequate information and a clear reporting system are an integral part of this Cooperation Agreement. The PRF will report to the NLCDPE immediately upon the conclusion of the District Validation Meeting (DVM) on all the projects approved in all sectors, incl. the health sector, as these projects will be part of the following years' district socio-economic plans, responding to rural development and poverty eradication priorities.
7. District health offices will inform the provincial level of all the koumban health projects approved in the DVM (with copy to the central level and the NLC) to have them included in the provincial socio-economic plans. The Provincial health office will inform the MOH on all the approved health projects (dispensaries, water access, etc.) to have them included in the National Health Plan.
8. The information on the projects approved at the DVM will include projected costs, timeframe, available resources (with their sources) and proposals on how to bridge gaps (in case) as well as a summary table and other useful information.
9. To achieve the objective of ensuring highest standards for PRF built health access investments, the following sequence is agreed upon:
 - a. The District Health Office and the PRF will meet and discuss possible design and survey activities for the koumban-identified health centres, refine cost estimation and assess whether the district office has the capacity to do the surveys, and what support it would need. In case it is needed, the district health offices will request technical support from their provincial offices. A letter from PRF will confirm covering of per diem and transportation costs for provincial expertise, if needed.
 - b. Once the district health office has finalised the designs of the identified koumban health project(s), in observance with the agreed standards, it will send them, together with the cost estimate, to the PRF district office, which will in turn send them to the PRF's national office. The PRF at the national level will analyse the health centre designs proposed and evaluate the costs, on the basis of the defined unit cost. The unit cost can be updated from time to time to take into account market conditions.
 - c. Once the design and cost estimation is done, a Koumban meeting with DHO and PRF representatives, will evaluate the result and assess funding possibilities for the

proposed health investments, on the basis of prepared design and cost estimates, and the commitment by MOH to ensure the availability of health personal.

- d. The discussions among DHO, PRF and koumban representatives must be satisfactorily concluded before the District Validation Meeting.
 - e. The PRF's PMT informs the World Bank Office on the projects approved by the DVM and for which a bidding process will be launched and for which the PMT seeks approval from the World Bank on a 'no-objection' basis. A procurement plan is then prepared and sent to the World Bank Office for information and recording.
 - f. The procurement process will start with the bidding process, launched by the koumban announcements of the projects open for public bidding, the criteria to be respected and where project documents for the bidding can be obtained as well as the date and the venue of the Bidding Committee where the bids will be opened.
 - g. At the date and time fixed for submitting the bids, which is also the date and the time when the bids are opened, the Bidding Committee, chaired by the District Vice-Governor, will meet. The koumban representatives will open the bids, in the presence of officials from all sectors, incl. the health sector, the PRF and the submitting firms. He/she will also register whether all required documents are included in the bids and the stipulated criteria (financial capacity, experience, etc.) satisfied (bid security, if required). These indications will be registered on a board, together with the name of the bidding firm and the project number as well as the costs. This will also clearly be mentioned in the minutes of the meeting. The minutes of the meeting must be signed by the bidding firms.
 - h. At the same meeting, the vice-governor welcomes the bidding firms, gives them some information on the district, and invites those which will be successful to present themselves at his office, once they have signed the contract, and before starting working in the koumbans in order to enable her/him, among other things, to put the firms in contact with the sectors responsible for monitoring, supervision and inspection.
 - i. An Evaluation committee, comprising DHO, other sectors, koumban representatives and PRF will rank the bids according to their cost, but also according to their technical merits and qualifications, following World Bank procurement guidelines. The list of the final ranking of the bids will be sent to the PRF's PMT in Vientiane, which in turn will forward it to its procurement unit for verification.
 - j. Except in cases of 'prior review' projects, as soon as the PMT endorses the selected bid(s), by sending a letter to the koumban (with copy to the district vice-governor), the contract(s) with the construction firm(s) will be signed by the koumban representative and the contractor, and then countersigned by District Health Office, with the koumban community retaining overall control over contract management. (Note: two projects by province are selected at the outset by the provincial PRF office as 'prior review' projects to be analyzed by the World Bank specialists. Once these latter approve these two 'prior review' projects, the koumban representatives will be authorized to sign the contracts with the contractors. All projects, once implemented will be inspected by World Bank specialists – 'post-review' - on a random basis ('post-review').
 - k. Payment certificates to the contractor must be certified by the DHO, PRF and the koumban representative, according to the recorded quantity/quality of work done. The payment request should include back up sheet on detail of quantity and quality of works.
 - l. The payment of taxes by the contractor will follow the agreements between PRF and Ministry of Finance (MOF).
10. Supervision and O+M being essential components of any PRF funded project, capacity building needs regarding this aspect will be assessed jointly by the PRF, District Health Office and koumban representatives.

- 11. During project implementation, the key body for supervision and inspection is the district health office, which will regularly inspect work progress and work quality. The PRF will support the koumban representative in following-up the inspection reports from the health office. A team for quality assessment (health investments) will be formed and trained.
- 12. A final inspection will take place in the presence of the provincial health department, accompanied by koumban representatives, officials from the District Health Office and PRF.
- 13. The PRF will support capacity building through the health office, and the training of district officials in required areas, provided that the officials trained stay in their function at the district for at least three years, in order to strengthen district capacities. Information on training given, and/or training opportunities offered will be made available by PRF to central, provincial and district levels.

This Agreement is prepared in Lao and English, both are justified by the Law of Lao PDR. As the first draft, the agreement will however be revised and improved, in case the need arises. The National Leading Committee, the Ministry of Public Health, and the Poverty Reduction Fund commit themselves to do their best to honor this agreement and to constantly try to enhance cooperation and coordination at all times at the national, provincial and district levels.



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