



Lao People's Democratic Republic
Prime Minister Office

Poverty Reduction Fund

Annual Report 2006



*Pupils in a primary school funded by PRF
(Taoy district, Saravanh province)*

Project Management Team
Vientiane, March 2007

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LIST OF ACRONYMS

BA&TA.....	Beneficiary and Technical Assessments
BoQ	Bill of Quantity
CD	Community Development
CPI.....	Committee for Planning and Investment
CTPC.....	Construction, Transport, Post & Communication
DCD	District community development
DF.....	District Facilitator
District.....	An administrative unit working under the direction of provincial administrations (142 districts throughout the Lao PDR)
DMM.....	District Decision Meeting
DPM	District Prioritization Meeting
FA.....	Financial and Administration unit
FY.....	Fiscal Year (01/10 of the former year to 30/09 of the quoted year)
GoL	Government of the Lao PDR
IDA.....	International Development Association (World Bank)
IEC	Information Education and Communication
IGA.....	Income Generation Activities (or Income-Generating Activities)
ITE.....	IGA, Training, and Environment sub-projects
KF.....	Khet Facilitator
Khet	Sub-district unit comprising neighboring villages
Lao PDR....	Lao People's Democratic Republic
Lao PRY	Lao People's Revolutionary Youth
LECS	Lao Expenditure and Consumption Survey
LNFC.....	Lao National Front for Reconstruction
LTUF.....	Lao Trade Union Federation
LWU.....	Lao Women's Union
M&E.....	Monitoring and Evaluation unit
MCTPC	Ministry of Construction, Transportation, Post, and Communication
MIS.....	Management Information System
NCRDPA...	National Committee for Rural Development and Poverty Alleviation
NGPES	National for Growth and Poverty Eradication Strategy
NSC	National Statistics Centre
NUL.....	National University of Laos
ODA	Official Development Assistance
OPT	Operations, Planning & Training unit
PC.....	Provincial Coordinator
PM.....	Prime Minister
PMT.....	PRF Project Management Team
PRF.....	Poverty Reduction Fund
Province....	The Lao PDR is divided into 18 provinces each with an appointed governor and local administration
SoE	Statement of Expenditure
STA	Senior Technical Advisor
TA	Technical Advisor
ToR.....	Terms of Reference
ToT.....	Training of Trainers
UCD	Unit Cost Database
USD.....	Dollar of the United States of America
UXO	Unexploded Ordnance
VNPA.....	Village Need Priority and Assessment
WB	the World Bank
WFP.....	World Food Programme
XDR	Special Drawing Rights

1. EXECUTIVE SUMMARY

As the result of the 2000 Participatory Poverty Assessment and the subsequent Interim Poverty Reduction Strategy Paper (I-PRSP) preparation process, the Government of Lao PDR has established a coherent strategic approach for poverty alleviation by identifying the main intervention sectors: 1) agriculture, livestock and fisheries; 2) education; 3) health; and 4) road infrastructure. Whilst development and improvement in all sectors of the economy are needed to achieve sustainable long-term development, those four sectors present the backbone of the government's approach to immediate poverty alleviation. The NGPES and the VIth Plan are emphasizing such an approach.

The Poverty Reduction Fund (PRF) is an initiative of the Government¹, to contribute to social and economic development towards poverty alleviation for all, especially among the ethnic minorities living in remote areas. The PRF was established by the Prime Minister². The objectives of the PRF are to build capacity and empower poor villagers to plan, manage, and implement their own public investments; to develop community infrastructure and gain improved access to services; and to strengthen local institutions to support participatory decision-making and conflict resolution processes.

The annual report 2006 is a summary of the implementation of the PRF from January to December 2006, which includes the sub-project implementation to complete Cycle III (January to June 2006) and the sub-project selection and design process for the Cycle IV (July to December 2006).

The initial Cycle I (2003-04) was launched in three provinces, chosen for their regional diversity, varying poverty levels, and level of infrastructure and communications development: *i.e.* Huaphanh, Savannakhet, and Champassack provinces. During Cycle I, the project covered 913 villages in 10 districts, and 121 khets. Activities actually took place in 558 villages, covering a total population of 238,100 people, representing 64 % of the total 372,100 people of the area population. The total expended budget was 1,069,934 USD (10.7 billion Kip) for a total of 248 sub-projects for implementation.

In Cycle II (2004-05), the PRF was extended to four new districts within the same three provinces. The 14-targeted districts comprised 188 khets, 1,431 villages of total 549,100 populations. 31.8 billion Kip (3,101,000 USD) were budgeted for 431 sub-projects in 849 villages (61%), covering a total population of 389,800 people (71%). Almost all sub-projects have been completed and amount of approximately 31.5 billion Kip has been disbursed to the community, making up 99% of the planned budget. The main investment sectors in this cycle were water supply, education, and communication (road access).

In Cycle III (2005-06), the PRF extended into two new provinces: *Xiengkhouang* and *Saravanh*. It then covered five provinces, 20 districts, 239 khets, and 1,913 villages with a total population of 718,700 persons. 533 sub-projects were planned, covering approximately 1,283 benefiting villages (64%) and 539,000 people (75 %). Approximately 4,163,000 USD (43.9 billion kip) were budgeted for investment. End of 2006, almost all sub-projects have been completed and an amount of approximately 41.7 billion kip has been disbursed to the community for implementation (95% of the planned budget).

¹ Supported by the World Bank (IDA, credit no. 3675 LA – XDR 15,300,000).

² Decree no. 073/PM (5/2002), amended in September 2006 (222/PM).

In Cycle IV (2006-07), the PRF project has been extended to one more district (Viengthong in Huaphanh province). It covers the same five provinces as the previous cycle, but now comprises 21 districts, 252 khets, and 1,984 villages, for a population of 744,100 persons. The planned investment budget reaches 4,580,000 USD (44.8 billion kip). After socialization and training of new staff in Viengthong district, the selection process was carried out in the 21-targeted districts. After the District Finalization Meetings held in November 2006, 546 sub-projects were selected. Implementation has begun in January 2007 and most of the sub-projects are expected to be completed by the end of June 2007.

After the Party Congress (March 2006) and election of a new National Assembly (July 2006), the GoL composition changed, as well as many positions within provincial and district administrations. In the process, the PRF was transferred in September 2006 from CPI to the Prime Minister Office, to be included into the forthcoming National Committee for Rural Development and Poverty Alleviation (NCRDPA). A reformed Administrative Board, chaired by the Deputy Prime Minister, Standing Member of the Government, also President of the NCRDPA, was appointed and met in September.

During the last quarter of 2006, the PRF organized a Beneficiary and Technical Assessment (BA&TA) to assess PRF process and impact in 10% of the implemented sub-projects since 2003. Sample sub-projects were randomly. The surveys provide useful feedback from communities concerning direct and indirect project impacts. It indicates whether the development objectives are met and give qualitative information regarding project implementation. The final draft report has been completed in December 2006.

Also for evaluation, the PRF has signed the contract with The National Statistics Center (NSC) to conduct the Final Survey to get data to compare with the Baseline Survey (2003). The survey will be carry out by interviewing a sample of 1,500 households in PRF-targeted districts and an equivalent one in similar but without PRF districts, to assess the PRF impact through cross "*with/without project*" and "*before/after project*" approaches.

To conclude on assessment of PRF in 2006, the annual audit for the fiscal year 2005 (1/10/2004-30/09/2005) took place in February 2006. The summary of the findings of the audit stated that the PRF financial statements gave a true and fair view of the financial position. The audit report found PRF's financial processes to be acceptable.

Covering five provinces, involving 2,000 villages and 750,000 people, the PRF is the most expanded poverty alleviation programme in the Lao PDR. Nevertheless, the Fund is still far away to meet the needs in basic and social infrastructures of all poor households in the country. With 21-targeted districts, the PRF covers only 15% of the 141 districts in the Lao PDR, 28% of the 72 poor districts, and 43% of the priority districts identified by the NGPES. Limited budget is nowadays the limitation to PRF expansion. Time and budget constraints limit the PRF expansion towards poor regions.

Figure 1: Map of PRF Target Districts

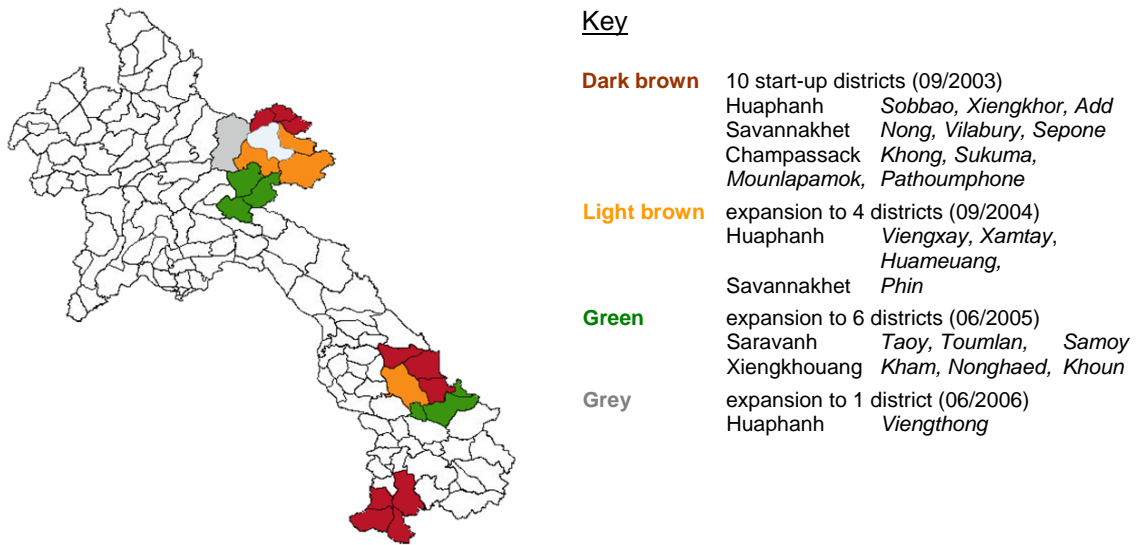
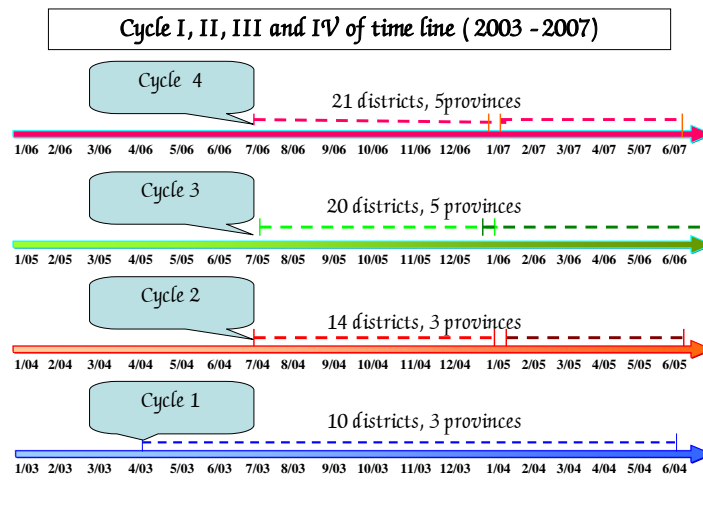


Figure 2: PRF cycling process



2. INTRODUCTION

2.1. THE POVERTY SITUATION IN LAO PDR

2.1.1. RURAL POVERTY IN LAO PDR: A MAJOR ISSUE

The Lao PDR is one of the least-developed countries³, the second poorest nations of ASEAN and at the rank 133 in the UNDP index of human development, out of 177 States. More than 38 percents of the population live below the poverty line (2002)⁴. Social indicators in the Lao PDR are among the worst in the region.

Table 1: Basic facts on Lao PDR

<ul style="list-style-type: none"> - Human Development Index: 133rd (out of 177) - Gender-related Development Index: 117th (out of 177) - Population: 5,091,100 (82.9 live in rural areas) - Annual population growth: 2.8% - Total fertility rate: 4.9 children - Age-dependency ratio: 89/100 - Population density: 21 persons/sq.km - Ethnic groups: 47 - Life expectancy at birth: 59 years - Infant mortality rate: 82.2/1,000 - Under-five mortality rate: 106.9/1,000 	<ul style="list-style-type: none"> - Maternal mortality rate: 530/100,000 - Access to safe drinking water: 53% - Access to sanitation: 42% - Adult literacy rate: 72.8% - Annual GDP per capita: US\$ 350 - Share of agriculture in GDP: 52.6% - Person employed in subsistence agriculture: 83.4% - ODA: 18% of GNP and 80% of public investment
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Although recent progress is noteworthy, trends are very different and widen socio-economic gaps between rural and urban areas, uplands and lowlands or remote and accessible villages, but also between ethnic groups and genders. Rural poverty rates are two to three times higher than urban poverty rates; the rural poor count for 90 percents of all poor. The Northern provinces are the poorest regions, with a poverty incidence of 53 percents. Some 830,000 people in the North are below the poverty line and they account for about 45 percents of the total number of poor in the Lao PDR, but Saravanh, in the South, has the highest incidence of poverty (*Cf. Table 2 above*).

Poverty in the Lao PDR is a complex issue and can be viewed from many perspectives. For the Lao multi-ethnic culture, poverty has a particular meaning, as it refers to those families that have been stricken by misfortune or are the least well-off in a given community. That is why household poverty is an important criterion for poverty assessment at the district level. Villages provide a measure of welfare, a natural safety net to compensate for shortcomings in livelihood within the village.

Poverty can have different meanings and can be understood in different ways. As reference for sectors and local authorities, the GoL has adopted an initial definition and indicators of poverty. Such indicators are average indicators to be used as reference in each province for surveying and assessing poverty at the household, village and district levels. The poverty is basically defined⁵ as the lack of essential needs of daily life, such as the lack of food (less than 2,100 kilocalories per person per day), clothing, permanent shelter, inability to affords necessary medical treatment, inability to afford one’s own education and the education of other members of the family and the lack of easy access primarily.

At household level, households considered as poor are those with an income of less than 85,000 kip equivalent in cash per person per month (base on 2001 price). This sum allows purchasing

³ GDP of 390 USD per capita in 2004 (1,420 USD per capita in average for East Asia and Pacific).

⁴ In 2003, 73% of the population earn less than 2 USD per day and per capita and 26% less than 1 USD.

⁵ Prime Minister Decree 010/PM.

16 kilograms of milled rice per person per month, but the balance is insufficient to cover other necessary expenses, such as clothing, shelter, children's schooling costs, and medical treatment. Households living in such condition are considered households who still live in poverty line.

At village level, village considered as poor are those combining the following criteria:

- at least 51% of the total household are poor;
- no school within the village or in nearby and accessible villages;
- no dispensaries, traditional medical practitioner in the village or requiring over 6 hours of travel to reach hospital;
- no safe water supply;
- no access road (at least trails accessible by car during the dry season);

At district level, district considered as poor are those combining the following criteria:

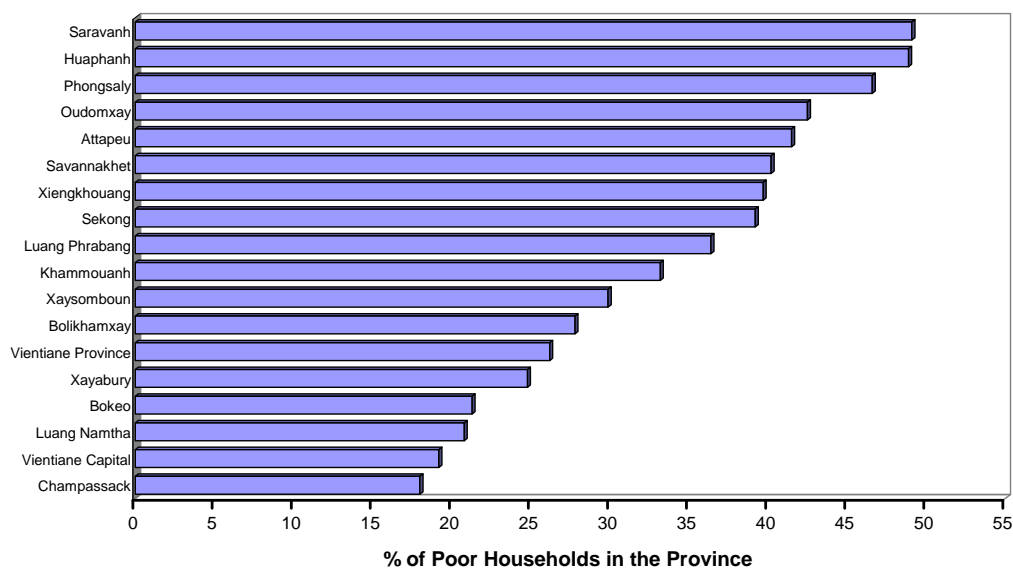
- over 51% of the village are poor;
- over 40 % of the villages do not have a dispensary or pharmacy;
- over 60% of the villages do not have access road;
- over 40% of the villages do not have access to safe water.

According to the results of the Lao Economic and Consumption Survey 2003 (LECSIII), provinces have been ranked by Poverty Incidence.

Table 2: Poverty incidence in Lao PDR (LECS 3 data)

Provinces	Poverty incidence LECS3	Rank on Poverty incidence
Saravanh	49.1	1
Huaphanh	48.9	2
Phongsaly	46.6	3
Oudomxay	42.5	4
Attapeu	41.5	5
Savannakhet	40.2	6
Xiengkhouang	39.7	7
Sekong	39.2	8
Luang Phrabang	36.4	9
Khammouanh	33.2	10
Xaysomboun	29.9	11
Bolikhamxay	27.8	12
Vientiane Province	26.2	13
Xayabury	24.8	14
Bokeo	21.3	15
Luang Namtha	20.8	16
Vientiane Capital	19.2	17
Champassack	18.0	18

Figure 3: Poverty Incidence per Province in Lao PDR (LECS 3 data)



In 2007, the National Statistics Center (NSC) will conduct a national survey in order to update data with the Lao Economy and Consumption Survey (LECS IV).

2.1.2. LAO GOVERNMENT POLICY AND INITIATIVES TO ALLEVIATE RURAL POVERTY

The sixth Congress of the Party set the objective to free the Lao PDR from the status of least-developed country by 2020, especially in eradicating mass poverty by 2010. The following Congresses and the Lao National Assembly have regularly stressed on these major aims. The Lao Government is mandated to mobilize the national resources to achieve these objectives, in designing and implementing policies of poverty alleviation focusing on rural development and decentralization.

The first effects are noteworthy, with a poverty incidence reduced from 45 percents in 1997 to 38 percents in 2002, but there were considerable variations in poverty reduction. The North not only is the poorest region, it has experienced the slowest rate of reduction in poverty. In contrast, Vientiane Municipality, the wealthiest of the regions, experienced a 50 percents drop in poverty in five years.

The understanding of ‘poverty’ in the Lao culture must be taken into account in designing sector programmes for eradicating basic poverty. Livelihood improvement has a series of manifestations highly relevant to identifying strategic approaches to poverty reduction. The Prime Minister’s Instruction on the eradication of poverty provides an operational definition: *"Poverty is the lack of ability to fulfill basic human needs such as not having enough food, lacking adequate clothing, not having permanent housing and lacking access to health, education, and transportation services"* (Instruction No 010/PM, June 25, 2001).

The Lao Government prefers to stress the improvement of livelihoods, focusing on people-centered, participatory development. These are positive and socially mobilizing concepts, embracing all segments of society and not only those identified as poor. The Lao Government believes that, in order to overcome poverty, individual households must be responsible for taking self-help initiatives, within an enabling context that is the State’s responsibility. The Lao Government is convinced that the best way to proceed in fighting poverty is to improve the enabling environment at the grassroots level, meaning: improving access to all rural and remote areas; developing rural

infrastructure; implementing various economic reforms for increased market integration of the rural areas; enhancing people-centered resource management; facilitating access to quality health and education services; provision of credit; and other measures.

Launched in 2004, the National Growth and Poverty Eradication Strategy (NGPES) is the comprehensive framework to design, implement, and coordinate all public programmes in line with the policy of poverty alleviation. The NGPES emphasizes the promotion of sustainable growth, coupled with continuous social progress and equity. In this manner, the material conditions and quality of life of the multi-ethnic population will be improved and basic poverty eradicated, notably in the 72 poor districts in the Lao PDR.

According to NGPES, rural development is central for poverty eradication. In Lao PDR, rural poverty is directly linked to access to resources and social services. The Government's rural development strategy has thus two major components: **improving access to essential factors of development**, and a **comprehensive, poverty-focused planning process** at the district level to ensure that all initiatives are mutually self-supporting and complementary. Improving access essentially means access to:

- Production inputs and sustainable natural resource management technologies (*'supply-side'*);
- National and regional markets through physical (roads and trade facilitation) and institutional linkages (*'demand-side'*);
- Human resource and community institutional development;
- Social services development;
- Rural finance mobilization.

There are close interrelationships among these five factors or *pillars*. Human resource and community institutional development, social service development, and the mobilization of rural finance are preconditions, or catalysts, for successful initiatives on the supply and demand side. Furthermore, food insecurity must be addressed as a first priority, especially for the 47 priority districts. Without food security for themselves, households have neither the time nor the inclination to engage in activities leading to longer-term improvement of their livelihoods. This concern will be addressed through the comprehensive district development planning system, which, together with improved accessibility, is at the core of the Government's rural development strategy.

The district focus for rural development presents a challenge of great complexity. Most importantly, real resources must be transferred to the districts, to give meaning to empowerment. The Lao Government strongly endorses the establishment of funds for community development.

The Poverty Reduction Fund (PRF)⁶ is designed to effectively and efficiently deliver resources to poor villages. The PRF is expected to enable poor communities to assess their own needs and priorities and to determine how best to use resources to maximize social and economic development on a sustainable basis. The PRF is engaged in assisting the development of small scale, community-based infrastructure and other activities in the water, transport, education, health, agriculture, and other sectors to reduce poverty in rural villages. By its wide coverage — *5 provinces, 21 districts and 1,984 villages with 809,400 people in October 2006* —, the PRF is nowadays one of the main tool to implement in the field the NGPES.

⁶ Established by Prime Minister decree PM/073 (5/2002), amended in 2006 (PM/222 9/2006).

2.2 AIMS, RATIONALE AND DESIGN OF THE PRF

2.2.1. AIMS OF THE PRF

The PRF's aims lie in a vision: *Strong, capable communities, in even the most remote rural areas, working together and finding solutions to meet their present and future needs in response to the government's directions.*

The main objective of the PRF is to support the Lao Government in its efforts to reduce poverty, through empowering local communities:

- assist villagers to develop community infrastructure and gain improved access to services;
- build capacity and empower poor villages in poor districts to plan, manage and implement their own public investments in a decentralized and transparent manner;
- in line with the decentralization policy, strengthen local institutions to support participatory decision-making at the local level, involving a broad range of villagers, including women, the poor and ethnic minorities.

The PRF has adapted and developed tools and methodologies that are appropriate to the context of the poorest districts in the Lao PDR. The PRF is designed around seven key principles that provide the basis for sub-project implementation:

- *Simplicity*; the design, rules and regulations are simple to ensure transparency and local ownership.
- *Menu of Options*; the PRF can provide funding for village infrastructures and training courses, selected from lists of authorized and forbidden activities, drawn out in accordance with the Lao Government policies of rural development and environment protection.
- *Participation*; decision-making, implementation, and follow-up involve the whole village community.
- *Ownership*; villagers contribute to the investment — in cash, in kind or in labor — to show their support and ownership of the activity.
- *Transparency and Accountability*; villagers own the investments and they must be satisfied that the funds are used properly.
- *Wise Investment*; the PRF provides a mechanism for revenue transfers to locally determined and community-managed development interventions in all poor areas.
- *Empathy or "Siding with the poor"*; the PRF works for the poor; for each activity, preference is given to the poorest people in the community.

2.2.2. ESTABLISHMENT AND DESIGN OF PRF

Launched with the support of the World Bank, the Poverty Reduction Fund was legally established by a Decree of the Prime Minister in 2002 (amended in 2006), as an autonomous organization attached to the Prime Minister Office and overseen by an Administrative Board, composed of Lao Government members.

Originally based at the Committee for Planning and Investment (decree 073/PM, 14/05/2002), the PRF has been formally transferred to the Prime Minister Office in September 2006 (decree 222/PM, 29/06/2006), to be included into the National Committee for Rural Development and Poverty Alleviation (NCRDPA), initiated in August 2006 and officially established in February 2007 (decree 060/PM, 24/02/2007).

From 2003 to 2008, the PRF budget mainly comes from an IDA credit⁷ of 15,300,000 XDR (slightly more than 20 million USD), signed in August 2002 and effective since February 2003 until March 2008, with a probable extension⁸ to September 2008.

In January 2007, the PRF mobilizes 140 agents in five provinces and the national office, but also more than 3,800 villagers selected by their communities to facilitate, implement or monitor the activities at the village level.

2.2.3. METHODS FOR ACTION

The PRF invests on an annual basis: a cycle of activities. With the support of the provincial and district authorities, the PRF promotes its principles and methods in all the villages of the targeted districts, to incite the villagers to express their needs, to prioritize them at village, khet (inter-village), and district levels, and then organize themselves to carry out the investments. For each selected sub-project, the villager community signs a contract with the PRF and is responsible for carrying out the work, maintains the investment, manages the contractors and the bookkeeping, with support from the local authorities and technical services, along with the PRF district and provincial teams.

Seventy-five percents of the PRF budget is spent directly at village level. Funding is given to communities as grant for approved sub-projects. Each participating district receives an annual funds allocation based on their level of poverty. A district composed of a large population of poor people and that has been identified as a Lao Government priority in the NGPES will logically receive more from the PRF than a district that is wealthier or represents a lower priority for the Lao Government.

All investments proposed by the villagers must stay within the limits of a menu of options, to ensure they are conformed to the PRF objectives, and are limited to the equivalent of 25,000 USD per sub-project.

Table 3: the PRF's menu of options

Sector	Eligible sub-projects
Education	Schools buildings, furniture, teaching material, training for teachers
Access and Energy	Bridges, access road upgrade, footpaths, culvers, ramps, piers, mini-hydro generator, electric lines
Health	Dispensary building, equipment, furniture, supplies and medicines; training for nurses/midwives, <i>etc.</i> Village water supply (wells, gravity schemes), latrines
Community Irrigation and Drainage	Weirs, canals and other structures, ponds, <i>etc.</i>
Income-Generating Activities, Training & Environment	Market building, drainage, and furnishing Microfinance and animal raising (pilot basis) Vocational training courses Water or forest natural resources protection areas

⁷ IDA credit no. 3675 LA, 2/2003; duration: 40 years.

⁸ In order to complete the Cycle V (7/2007-6/2008).

On the contrary, there is list of prohibited activities, which cannot be funded by the PRF:

- New roads, road resurfacing and sealing (laterite, asphalt, *etc.*);
- electrical, gasoline or diesel generators/pumps for irrigation;
- individual household water hook-ups;
- equipment or materials that can be paid for from other fund;
- chain saws, pesticides and other dangerous chemicals, or other investment detrimental to the environment;
- acquisition of land;
- construction, rehabilitation, or maintenance of any government office buildings; payment of salaries to government servants or the salaries of the staff of government subsidized organization;
- any activity unacceptable to a large number people (regardless of their ethnic background), including forced (involuntary) resettlements.

3. MAIN ACTIVITIES IN 2006

3.1. SUMMARY OF PRF ACTIVITIES IN 2006

Quarter one (January – March 2006)



- Launched sub-project implementation in the 20-target districts for Cycle III; transferred first funds to khet bank accounts.
- External consultant (PriceWaterhouse and Cooper company) carried out the financial audit of PRF for fiscal year 2005 (1/10/2004-30/09/2005).
- Held Seventh Administrative Board Meeting in Huaphanh province.
- The World Bank published the aide-memoire from the mid-term review.
- Reviewed and improved sub-project design and standards.

Quarter two (April – June 2006)



- Continued supervision of Cycle III implementation in 20 districts.
- Prepared expansion into Viengthong district: staff recruitment, procurement for office equipment and vehicles, office renovation, and new staff training.
- Prepared socialization in Viengthong district.
- Carried out final inspection for completed sub-projects in Cycle III.
- Held Annual Review and Strengthening Workshop 2006 for PRF staff, hold in Vientiane province.
- Drafted the district allocation budget for Cycle IV.

Quarter three (July – September 2006)



- Monitored implementation for Cycle III delayed sub-projects in 20 districts.
- Finalized the district allocation budget for Cycle IV.
- Conducted Village Socialization and Village Needs & Priorities Assessments (VNPA) in 21 districts for Cycle IV.
- Conducted Khet Socialization and Prioritization Meetings in 21 target districts
- Conducted District Prioritization Meetings in 21 target districts.
- Surveyed and designed the prioritized sub-projects.

Quarter four (October – December 2006)



- Monitored implementation for Cycle III delayed sub-projects in 20 districts.
- External consultants carried out Beneficiary and Technical Assessments of the PRF.
- Held the Eighth Administrative Board meeting in Vientiane capital.
- The World Bank carried out a supervision mission in Vientiane and Saravanh.
- Held Khet Confirmation Meetings in 21 districts for Cycle IV sub-project selection.

- Conducted District Decision/Finalization Meetings in 21 districts for Cycle IV sub-project selection.
- Conducted final follow-up surveys for selected Cycle IV sub-projects.
- Conducted internal annual audit in five provinces.

3.2. IMPLEMENTATION OF CYCLE III

3.2.1. SELECTION OF SUB-PROJECTS IN 2005

The first participatory planning step, the Village Need and Priorities Assessment (VNPA), was carried out in 2005 in all the 1,913 villages, 20 districts, 5 provinces of Cycle III.

Water and sanitation are parts of the health sector, access (CTPC), and followed by the education sectors were the main areas of concern for the poor villagers in the Cycle III. The prevalence for better domestic water supply has remained at the same level from Cycle I to Cycle III.

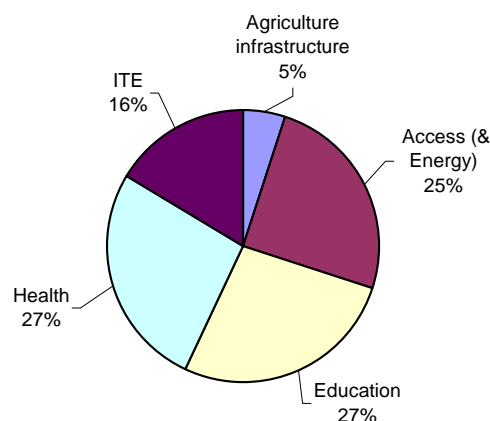
Table 4: The selection of sub-projects by sector (Cycle III)

Sector	VNPA	DPM	DDM	Implemented
Education	1,132	169	144	146
CTPC	1,236	171	133	131
Health	1,500	170	142	143
Agriculture	791	45	27	26
ITE	933	113	87	87
Total	5,592	668	533	533

DPM: District Prioritization Meeting DDM: Final District Decision Meeting

In the five provinces, the villagers expressed up to 5,592 priorities in the VNPA process for Cycle III. It evolved to 668 sub-projects proposed during the district prioritization meeting, before to end to 533 PRF-funded sub-projects after the district decision meetings, *i.e.* 10 % of the VNPA. For comparison, the communities requested respectively 2,721 and 4,229 VNPA for Cycles I and II, of which 248 (9%) and 431 (10%) were supported by the PRF.

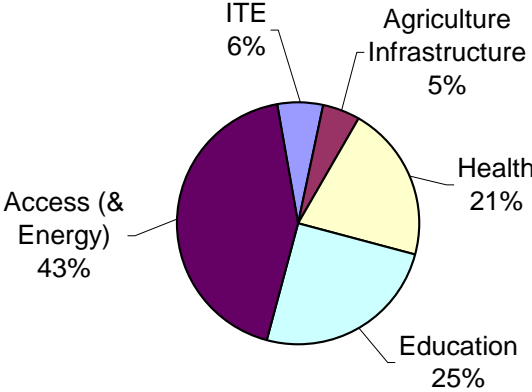
Figure 4: Priority needs expressed and selected by representatives of communities (Cycle III)



At the **District Decision Meeting**, the three major sectors of health, education and access were slightly predominant. District Decision Meetings were held in the 20 districts in November-

December 2005, representing the last step of the participatory planning process. It is noteworthy for the community (khet) representatives in Cycle I, water supply was the first concern, in Cycle II education emerged at the first rank, while in Cycle III, education and health sectors⁹ reached the first rank. *Education* sector includes 91 school sub-projects (school construction and renovation), 29 learning-teaching material sub-projects, and 23 upgrading teacher or teacher stipend sub-projects. *Health* sector includes 101 sub-projects of water supply (spring water system, drilled well, hand well), 15 dispensary sub-projects, 13 medical equipment sub-projects, while the remaining 14 deal with various health issues¹⁰.

Figure 5: Budget planned by sector (Cycle III)



According to the District Decision Meeting results, the PRF planned a budget for the sub-projects that confirmed the predominance of Access sector in terms of investment, while the others sectors were relatively down compared to Cycle II.

Data from Table 5 shows the increasing amount of total budget from 43,696,024,832 kip (as reported in the semi-annual report) to 43,722,195,272 kip. The rise of 26,170,440 kip (0.06%) deals with dispensary construction in Samoy district, where transportation costs in this remote district exceeded the forecasted costs.

Similarly, the community contribution — in kind, in work or in cash — for Cycle III was higher than initially estimated at District Decision Meetings, with an increase of 23 million kip, dealing with a gravity fed water system at Kangkok (Sepone district), where required villager labor was much higher than expected in the technical design.

⁹ 143 sub-projects for each sector.

¹⁰ Latrine, nurse stipends, village health volunteer training, village medicine box, delivery house construction, dormitory for patients construction, etc.

Table 5: Cycle III sub-project summary

Province / District	No. of Khet	Total no. of Village Primary Data sent from Province	Total Population (VNPA, 2004)	No. of Adults in VNPA	No. of Adults VNPA participating	% of Adult Pop. participating in VNPA	No. of Villages benefiting from PRF	Benefiting Villages as % of total villages	No. of Poor villages benefiting	Poor villages as % of total villages benefiting	No. of villages benefiting counted by time	No. of	No. of	% of	PRF Budget (KIP)	Village Contribution (KIP)	%
												Activities requested during VNPA	Activities requested needs covered	Priority Needs met by PRF 2nd cycle			
												3 Priority Needs per Village					
Huaphanh																	
Sobbaeo	7	70	25,195	14,110	13,855	98%	43	61%	34	60%	55	180	20	11%	2,309,988,507	503,649,900	22%
Add	12	78	26,414	14,747	13,568	92%	40	51%	32	49%	50	228	26	11%	2,078,809,387	650,755,438	31%
Xiengkhor	12	63	25,986	14,485	12,711	88%	52	83%	17	30%	103	182	31	17%	2,141,974,752	620,594,140	29%
Viengxay	19	130	35,234	19,565	15,141	77%	64	49%	42	49%	85	387	33	9%	2,619,413,310	674,974,574	26%
Huameuang	11	85	27,324	15,248	11,198	73%	39	46%	36	43%	62	241	33	14%	2,453,625,521	341,495,736	14%
Xamtay	22	172	54,213	30,411	23,423	77%	95	55%	92	54%	110	515	49	10%	5,207,948,807	1,230,982,338	24%
Sub total	83	598	194,366	108,566	89,896	84%	333	58%	253	47%	465	1,733	192	11%	16,811,760,284	4,022,452,126	24%
Savannakhet																	
Sepone	20	159	42,497	23,897	15,218	64%	44	28%	41	29%	45	458	32	7%	2,803,000,000	395,247,105	14%
Nong	10	79	27,194	18,415	16,836	91%	45	57%	31	41%	38	240	14	6%	1,775,685,000	261,696,003	15%
Vilabury	16	102	29,106	18,561	11,228	60%	63	62%	50	63%	54	274	23	8%	1,827,000,000	240,408,992	13%
Phin	15	116	49,626	27,750	21,624	78%	46	40%	27	36%	51	348	27	8%	2,667,000,000	815,273,200	31%
Sub total	61	456	148,423	88,623	64,906	73%	198	47%	149	42%	188	1,320	96	7%	9,072,685,000	1,712,625,300	19%
Champasack																	
Mounlapamok	10	67	38,142	21,443	15,080	70%	53	79%	38	73%	54	198	24	12%	1,585,500,000	164,674,808	10%
Khong	14	136	70,170	39,290	25,360	65%	40	29%	20	49%	31	414	21	5%	777,000,000	108,665,415	14%
Sukuma	10	62	46,929	26,122	15,617	60%	37	60%	17	49%	34	186	19	10%	1,071,000,000	209,772,284	20%
Pathoumphone	10	93	51,101	28,486	17,800	62%	52	56%	31	74%	55	276	22	8%	651,000,000	220,684,914	34%
Sub total	44	358	206,342	115,342	73,857	64%	182	56%	106	61%	174	1,074	86	8%	4,084,500,000	703,797,421	17%
Xiengkhoang																	
Nonghet	13	110	35,915	20,112	11,627	58%	75	68%	71	72%	106	319	32	10%	3,139,500,000	527,568,367	17%
Khoun	8	90	31,535	17,660	10,707	61%	55	61%	55	61%	96	266	40	15%	3,149,405,749	658,526,594	21%
Kham	10	120	46,040	25,782	21,341	83%	51	43%	39	45%	61	343	24	7%	2,055,118,799	937,290,479	46%
Sub total	31	320	113,490	63,554	43,675	67%	181	57%	165	59%	263	928	96	10%	8,344,024,548	2,123,385,440	25%
Saravanh																	
Samoiy	8	58	11,781	6,597	5,077	77%	30	52%	29	53%	52	168	18	11%	1,172,285,440	103,105,335	9%
ToumLan	7	67	21,785	12,200	8,997	74%	46	69%	46	70%	94	201	22	11%	1,978,915,000	200,589,017	10%
Ta Oey	5	56	22,520	12,611	7,423	59%	33	59%	33	57%	47	168	23	14%	2,258,025,000	254,384,506	11%
Sub total	20	181	56,086	31,408	21,497	70%	109	179%	108	179%	193	537	63	12%	5,409,225,440	558,078,858	10%
Grand Total	239	1,913	718,707	407,494	293,831	72%	1,003	66%	781	65%	1,283	5,592	533	10%	43,722,195,272	9,120,339,145	21%

3.2.2. ANALYZE OF THE CYCLE III SUB-PROJECT IMPLEMENTATION

Variance of sub-project changes by sector

From the District Decision Meetings hold end of 2005, the actual field implementation of Cycle III sub-projects has slightly evolved. Technical difficulties (some planned sub-projects turned out to be impossible to carry out) or organizational issues (lower community contribution than expected, difficulty to find a contractor, *etc.*) met obliged the communities, the khet teams and PRF staff to revise plans. In some cases, a selected sub-project had to be replaced by another one, in accordance with its rank in the priority list, but not necessary from the same sector.

Table 6: Comparison of sub-projects by sector from plan to implementation

	Education		Health		CTPC		Agriculture		ITE		Total
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	
Sobbao	6	6	3	3	5	5	2	2	4	4	20
Add	2	2	7	7	7	7	6	6	4	4	26
Xiengkhor	4	4	6	6	14	14	3	3	4	4	31
Viengxay	7	7	8	8	10	10	4	4	4	4	33
Huameuang	5	5	16	16	4	4	3	3	5	5	33
Xamtay	14	14	13	13	15	15	3	3	4	4	49
Huaphanh											
Nonghaed	2	2	11	11	11	11	0	0	8	8	32
Khoun	8	8	20	20	7	7	0	0	5	5	40
Kham	3	3	6	6	7	7	3	3	5	5	24
Xiengkhouang											
Toumlan	4	4	8	8	6	6	0	0	4	4	22
Taoy	6	6	8	8	5	5	0	0	4	4	23
Samoy	2	2	12	12	0	0	0	0	4	4	18
Saravanh											
Sepone	22	22	3	3	3	3	0	0	4	4	32
Nong	1	1	1	1	7	7	1	1	4	4	14
Vila	6	7	5	5	8	7	0	0	4	4	23
Phin	11	13	0	0	10	9	2	1	4	4	27
Savannakhet											
Moon	11	11	7	7	2	2	0	0	4	4	24
Khong	12	12	1	1	4	4	0	0	4	4	21
Sukuma	11	11	1	1	3	3	0	0	4	4	19
Pathoumphone	7	6	6	7	5	5	0	0	4	4	22
Champassack											
Actual Impl.	144	146	142	143	133	131	27	26	87	87	533
Variation		0.014		0.007		-0.015		-0.037		0.000	0.018

On average, the variance between the DDM plan the actual implementation is limited to 1.8% (*Cf. Table 6*) The differences come from Savannakhet province mainly, with two rural road upgrade sub-projects discarded and changed into school building sub-projects (in Vilabury and Phin districts), and a weir sub-project in Phin district, for which it was impossible to find a contractor. Thus, the investment evolved into a primary school building, the second rank priority for this khet. Another change was just formal, in Champassack: the DDM registered a school-latrine sub-project within the education sector, but the sub-project was then moved to the health sector.

Variance of budget changes by sector

Due to changes in the sub-project list, the budget by sector evolved too during Cycle III implementation.

Table 7: Comparison of budget by sector from plan to implementation

	PRF Budget planned	PRF budget actual	Changes	Variance
Education	10,845,140,479	11,230,338,876	385,198,397	0.04
CTPC	19,006,149,995	18,707,183,940	- 298,966,055	-0.02
Health	9,015,408,350	9,058,391,661	42,983,311	0.00
Agriculture	2,096,336,652	1,993,290,439	- 103,046,213	0.05
ITE	2,732,989,355	2,732,990,355	1,000	0.00
<i>Total</i>	<i>43,696,024,832</i>	<i>43,722,195,271</i>	<i>26,170,440</i>	

The budget increased by 4% for education sector, whilst CTPC and agriculture decreased by 2% and 5%, respectively. The differences are the financial implications of the physical changes previously discussed.

3.2.3. COMMUNITY CONTRIBUTION FOR CYCLE III

Community contributions and other participation are important to complete the sub-projects but also to ensure ownership and sustainable operation and maintenance of the funded facilities.

Photo 1: Samples of community contribution in labor or in kind



During survey and design, the contribution nature and level are discussed within the community and with PRF teams. The final contribution (nature, amount) depends on the sub-project, the poverty level of the community and the local conditions. Some villages located along the river would contribute more in sand and gravel, while some villages located close to forest resources would contribute more in wood¹¹, or some villages more involved in agricultural produce marketing will contribute mainly in cash.

The contribution is appraised in accordance with the quantity set up during survey and unit costs from PRF UCD.

¹¹ To preserve forest resources, if a contribution in wood is planned, the community has to request a written approval from district authorities before cutting, which will be supervised by ad hoc administration committee.

Table 8: Community contribution rate per province

	Huaphanh	Savannakhet	Champassack	Xiengkhouang	Saravanh
Skilled Labor (kip/day)	40.000	70.000	50.000	120.000	100.000
hand labor (kip/day)	20.000	30.000	25.000	25.000	25.000
Sand (kip/m ³)	50.000	120.000	70.000	65.000	300.000
Form work wood (soft wood, kip/m ³)	1.500.000	1.200.000	1.400.000	1.200.000	1.800.000
Processing wood (hard wood, kip/m ³)	2.500.000	2.800.000	1.750.000	2.700.000	2.400.000
Gravel for concrete (kip/m ³)	80.000	170.000	95.000	110.000	2.400.000
Stone masonry	50.000	135.000	90.000	120.000	2.000.000

Displayed provincial unit costs are an average of district unit costs.

For contribution in labor, two different types are appraised: skilled labor, required for technically-requiring job, and basic hand labor, appraised on a daily basis. The labor cost in Saravanh and Xiengkhouang province tend to be more expensive than in other provinces because district town and khets are farther from the provincial center, where skilled people reside.

For contribution in raw material, PRF technical advisors inspect available materials on site during the design survey, to appraise quantity required but also available quality.

Table 9: Community contribution for Cycle III

Province / District	PRF Budget (KIP)	Village Contribution (KIP)	Village contribution %
Sobbao	2,309,988,507	503,649,900	22%
Add	2,078,809,387	650,755,438	31%
Xiengkhor	2,141,974,752	620,594,140	29%
Viengxay	2,619,413,310	674,974,574	26%
Huameuang	2,453,625,521	341,495,736	14%
Xamtay	5,207,948,807	1,230,982,338	24%
Sub total Huaphanh	16,811,760,284	4,022,452,126	24%
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Nong	1,775,685,000	261,696,003	15%
Vilabury	1,827,000,000	240,408,992	13%
Phin	2,667,000,000	815,273,200	31%
Sub total Savannakhet	9,072,685,000	1,712,625,300	19%
Mounlapamok	1,585,500,000	164,674,808	10%
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Sub total Champassack	4,084,500,000	703,797,421	17%
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Khoun	3,149,405,749	658,526,594	21%
Kham	2,055,118,799	937,290,479	46%
Sub total Xiengkhouang	8,344,024,548	2,123,385,440	25%
Samoy	1,172,285,440	103,105,335	9%
Toumlan	1,978,915,000	200,589,017	10%
Taoy	2,258,025,000	254,384,506	11%
Sub total Saravanh	5,409,225,440	558,078,858	10%
Grand Total	43,722,195,272	9,120,339,145	21%

For Cycle III, the community contribution reached 21% of the PRF investment, mainly in raw materials (sand, stone, and wood) and labor. From one district to another, the community contribution varies from 9% (Samoy) up to 46% (Kham), according to the poverty level, the community involvement, the type of sub-project, and the mastering of PRF process.

Although Xiengkhouang was a new province in Cycle III, the community contribution is at the highest rank. On the contrary, the other new province, Saravanh, stayed behind, partly due to the high incidence of poverty level and access difficulties.

For Cycle I, the community contribution amounted 2.4 billion kip, *i.e.* 20% of the sub-project cost,

an involvement level that remains almost constant year after year, even if the total PRF investment has risen (respectively 1,070,000 USD; 3,101,000 USD; and 4,163,000 USD from Cycle I to Cycle III), as well as the average sub-project cost (respectively 4,300 USD; 7,200 USD; and 7,800 USD from Cycle I to Cycle III). That means the communities have increased their involvement with PRF.

Economic factors that affect the community participation

Organizing the community contribution and work in Champassack appears to be more difficult from one cycle to another and more laborious than in other provinces. A higher socio-economic differentiation in relatively better-off villages can make the community more arduous to mobilize durably on a project. For example, in some villages, the late community contribution delayed the implementation.

Moreover, villagers in Champassack had more work opportunities in dry season than other provinces, with fishing and seasonal employment in Thailand; it increases the opportunity cost for the family labor, so it contributes to delay the village contribution in work or in kind.

3.2.4. ACHIEVEMENT FOR CYCLE III

3.2.4.1. Overview of outputs and beneficiaries

Out of the 533 sub-projects in Cycle III, 376 were community infrastructure building, including 144 ones in Huaphanh, 67 in Xiengkhouang, 64 in Savannakhet, 35 Saravanh, and 66 in Champassack. Approximately 91% of the investment was planned for infrastructure.

Out of the 1,283 villages in the 20-targeted districts in Cycle III, 1,003 directly benefited from a new funded infrastructure and set up a maintenance plan.

Table 10: Built infrastructure facilities (Cycle III)

	# of sub-projects	percent of beneficiaries	% poor village benefiting	Total planned of PRF expenditure (kip)	% expenses
Huaphanh	144	57%	73%	15,223,741,097	91%
Xiengkhouang	67	62%	85%	7,608,185,098	91%
Savannakhet	64	37%	84%	8490696664	94%
Saravanh	35	60%	100%	4,782,374,482	88%
Champassack	66	33%	59%	3,824,124,924	94%
Total	376	50%	80%	39,929,122,265	91%

3.2.4.2. Access and Energy Sector

Improvements in road access and transportation systems are fundamental to support economic growth, especially to connect villages in remote areas to the district center. Access and Transportation projects constitute a large share of PRF projects (25%), and even a larger share of sub-grants budget (43% in Cycle III), as an average transportation project – such as a bridge or road rehabilitation – costs two to three times as much as other projects¹². Transportation projects are a

¹² However, an access sub-project benefit to four to five villages in average, unlike others often intended to fewer, even a single one.

priority for many poor communities, as in poor districts, villages are often spread throughout the territory, and during the rainy season, villages may lack access for several months.

Photo 2: Sample of bridge facilities funded by PRF



Xekone Submerged Bridge, Toumlan district Saravanh province



Suspended Bridge, Taoy district, Saravanh province



Viengxay district, Huaphanh province



Sobbao district, Huaphanh province

Photo 3: Sample of access roads funded by PRF



Khet Nateu, Vilabury district, Savannakhet province



Khet Nonghaed Tay, Nonghaed district, Xiengkhouang province

For Cycle III, almost 100 sub-projects dealt with access, for approximately 1.045 km of rural road upgraded to connect villages to central district. Over 40 bridges contributed to opening up and connecting them to the outside world.

For implementation, the villagers contributed in kind with labor, sometimes working with sub-contractors hired for machinery when necessary. Extensive participation reinforced the local ownership of these sub-projects. For access sub-projects, the community contribution reaches 13,600 USD, *i.e.* 20% in average, a higher level than other sectors. More than 50% of access sub-projects were entrusted to private contractors, especially for bridge renovation and construction, according to the required technicality level that goes beyond community skill.

Table 11: Access and Energy sub-projects per province (Cycle III)

	Huaphanh		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Rural Road Upgrade	50	196	6,842,774,635
Bridge Renovation and Construction	2	9	455,895,198
Main electrical line access	3	25	284,465,065
sub-total	55	230	7,583,134,898
	Xiengkhouang		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Rural Road Upgrade	22	93	3,897,335,578
Bridge Renovation and Construction	3	10	757,689,616
Main electrical line access			
sub-total	25	103	4,655,025,194
	Savannakhet		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Rural Road Upgrade	18	68	2,968,561,804
Bridge Renovation and Construction	2	5	282,756,756
Main electrical line access	6	9	532,214,440
sub-total	26	82	3,783,533,000
	Saravanh		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Rural Road Upgrade	5	22	709,621,652
Bridge Renovation and Construction	5	20	1,329,843,230
Main electrical line access	1	1	26,447,115
sub-total	11	43	2,065,911,997
	Champassack		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Rural Road Upgrade	4	13	146,587,428
Bridge Renovation and Construction	10	44	461,067,921
Main electrical line access			
sub-total	14	57	607,655,349

Impact of Access and Energy Sub-projects

Taoy, in Saravanh province, is one of the poorest 21-PRF targeted districts, where activities started for Cycle III. Villagers from Laxaeng village in Khet Taloung are pleased with the recent completion of the suspension bridge across the river. Previously, the local people faced great difficulties during rainy season when the water rose and the river reached 30 meters width, with a strong current, preventing them to go to the district town for weeks. Now, these problems are past:

“Thanks to the generous assistance of the PRF; our lives are much easier, we can deliver our products to market, our children can cross to school and sick people can get to hospital in both dry and rainy seasons, and we set up a village fund to maintain the bridge to ensure the sustainability of completed project” Said the chief of Laxaeng village, Mr. Thitwa.

3.2.4.3. Education sector

School construction reached the first rank of sub-projects for Cycle III, with 26% of the budget, including equipment and teaching material, *i.e.* tables, benches, board, text books for teachers and students etc. In average, communities contributed up to 12% of the total cost (average 7,200 USD) for these sub-projects.

Photo 4: School facilities funded by PRF



Teayor Primary School, Toumlan district, Saravanh province



School Material, funded by PRF

In Cycle III, more than 90 schools were built for almost 340 benefiting village; 29 kits of school teaching materials and equipments were allocated to existing schools¹³; and more than 30 teachers were trained and upgraded to ensure the efficiencies and qualification of teaching in concern communities.


Table 12: Education sub-projects per province (Cycle III)

	Huaphanh		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
School Construction and Renovation	18	65	2,759,130,826
School Teaching Material	17	39	666,030,259
Teacher Upgrading	3	3	10,650,509
sub-total	38	107	3,435,811,594
	Xiengkhouang		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
School Construction and Renovation	5	12	344,436,288
School Teaching Material	3	26	33,425,091
Teacher Upgrading	5	9	36,400,189
sub-total	13	47	414,261,568
	Savannakhet		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
School Construction and Renovation	27	68	3,811,217,287
School Teaching Material	1	1	11,520,940
Teacher Upgrading	15	22	93,290,582
sub-total	43	91	3,916,028,809
	Saravanh		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
School Construction and Renovation	7	10	876,917,528
School Teaching Material	5	11	84,108,623
Teacher Upgrading			
sub-total	12	21	961,026,151
	Champassack		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
School Construction and Renovation	37	72	2,470,901,071
School Teaching Material	3	3	36,389,042
Teacher Upgrading			
sub-total	40	75	2,507,290,113

¹³ Kits were also included into the package "new school building".

By the end of 2006, almost sub-projects involved with school construction and renovation have been completed and opened for the first semester of the 2006-07 academic year, started in September 2006. The new facilities accommodate over 10,000 pupils with access to education.

Photo 5: Primary school before PRF support



Story of the Poor
In the village of Sabongkokhai (Taoy district) in Saravanh province, the primary school was limited until 2006 to a poor hut, with one room shared by two classes. While the P1 pupils sat faced to North, the P2 ones faced south and the sole teacher used to share her time between the two groups.

From the community request (VNPA), the PRF funded and supported the building of a new building, completed in August and opened in September 2006. When PRF team visited the site in October, all villagers are pleased with the appearance of the new building, and all pupils were excited with their new classroom.

3.2.4.4. Health and Water Supply Sector

For the first two cycles, the second most common request from poor villagers in Savannakhet and Champassack Provinces was water supply. Nevertheless, the PRF faced difficulties with digging wells in rock, purchasing suitable hand pumps for drilled wells and finding local contractors. The PRF has proposed to the World Bank that in Cycle III and onwards support will not be given for drilled wells with hand pumps, due to the weakness of data on groundwater and low reliability of hand-pump. However, the PRF has continued to support clean water through the funding of dug wells and spring gravity fed systems at suitable sites.

Photo 6: Village water supply schemes funded by PRF



Teayor Primary School
 Toumlan district, Saravanh province



Teayor Primary School
 Toumlan district, Saravanh province

Photo 7: Dispensary and medical equipment funded by PRF



*Dispensary Construction
Toumlan district, Saravanh Province*



*Medical Equipment
Mounlapamok district, Champassack province*

Table 13: Health sub-projects per province (Cycle III)

	Huaphanh		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Dispensary construction	1	10	200,196,702
Gravity Fed System/ Water System	46	52	3,090,496,321
Medicine equipments	2	9	17,785,608
Nurse upgrading and training	2	6	52,552,811
Latrine	2	2	115,303,976
sub-total	53	79	3,476,335,418
	Xiengkhouang		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Dispensary construction	1	9	104,599,461
Gravity Fed System/ Water System	31	50	1,901,036,516
Medicine equipments	2	8	22,217,926
Nurse upgrading and training	2	8	22,557,226
Latrine	1	1	22,817,538
sub-total	37	76	2,073,228,667
	Savannakhet		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Gravity Fed System/ Water System	3	3	362,678,476
Drilled well and hand drug wells	6	16	275,322,495
sub-total	9	19	638,000,971
	Saravanh		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Dispensary construction	10	48	1,140,545,239
Delivery house/dormitory for patient	2	14	159,552,618
Gravity Fed System/ Water System	2	4	426,535,854
Drilled well and hand drug wells	3	3	112,911,246
Medicine equipments	11	57	284,005,874
sub-total	28	126	2,123,550,831
	Champassack		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Dispensary construction	3	11	242,505,502
Drilled well and hand drug wells	11	29	486,249,131
Nurse upgrading and training	1	3	8,204,904
Latrine	1	11	16,813,871
sub-total	16	54	753,773,408

Nevertheless, village water supply remains in Cycle III the main activity for the Health sector, with 102 sub-projects out of 143 (70%); the remaining sub-projects comprise providing medicine box at village level and building/equipping dispensaries.

According to the environment conditions, spring fed (gravity) water systems are dominant in the northern provinces (75 sub-projects in Huaphanh and Xiengkhouang), while wells (drilled or hand dug) are dominant in the South (26 sub-projects in Savannakhet, Saravanh and Champassack provinces).

Almost of sub-projects dealing with building and equipping dispensary were requested from the villagers in Saravanh province.

3.2.4.5. Agricultural infrastructure Sector

Note: the PRF-called "agricultural sector" concerns only infrastructures for farming activities (irrigation schemes, ponds, etc.). Agricultural activities supported by the PRF belong to the Income-Generating ones, treated in the Income-generating activities, Training and Environment ITE sector chapter.

During Cycle III, there were 26 sub-projects for agricultural irrigation, including scheme construction/renovation (17 sub-projects), weirs (6), and dams (3). Most of the work has been carried out by the villagers. Approximately 5% of total budget was spent for this sector; in average, on sub-project benefited to two villages.

Photo 8: Dams and Weirs funded by PRF



*Irrigation Dam, Kham district
Xiengkhouang province*

*Irrigation Weir, Kham district
Xiengkhouang province*

Photo 9: Irrigation canals funded by PRF



Irrigation Canal, Sobbao district, Huaphanh province

Table 14: Agricultural infrastructure sub-projects per province (Cycle III)

	Huaphanh		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Irrigation	17	28	1,094,899,288
Weir	4	5	250,190,797
sub-total	21	33	1,345,090,085
	Xiengkhouang		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Weir	2	7	294,340,289
Dam	1	5	95,914,655
sub-total	3	12	390,254,944
	Savannakhet		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Dam	2	4	257,945,409
sub-total	2	4	257,945,409

3.2.4.6. Income-generating, Training and Environment activities¹⁴

By design, the PRF focuses on community infrastructures. Income-Generating Activities are on the fringes of the PRF, but they quickly appear as a recurrent and strong requests from the poor communities as well as a strong demand from the Government: they are a direct tool to alleviate poverty, with immediate effects, unlike the small-scale infrastructures — *necessary but with mid or long-term impact* — on which the PRF focuses by design.

Photo 10: Mushroom Growing Training funded by PRF



Mushroom growing training, Pathoumphone district, Champassack province

For Cycle I, the PRF proposed only IGA training courses to address the villager demands. Various assessments showed a limited impact of such training, because of the lack of capital for the beneficiary villagers to implement the new knowledge, quickly lost without practice. Nevertheless, working with private goods on household-based activities requires often different approaches and processes than working with public goods on community-based activities, which are the core of the PRF.

¹⁴Note: the PRF uses the term "IGA" in a much wider sense than commonly; it is much more an open "other than infrastructure (and related)" sector than a precise definition. To more clearly define the sector and avoid any future misunderstanding, the PRF decided to change the sector title from IGA to ITE, meaning: IGA, Training, and Environment.

Photo 11: Weaving training, funded by PRF



To develop IGA, the PRF prepared an Action Plan to seek the support of the social organizations in the Lao PDR¹⁵, which has been agreed by the President of the PRF Board on December 2005 and non-objected by the World Bank beginning of 2006. This plan has organized the coordination between the social organization and the PRF to implement ITE sub-projects.

To answer the Poor's demand, the PRF has experimented different kind of activities:

Training activities

- Awareness and general training on IGA
- Specially requested training courses: cropping and animal raising
- Local authorities capacity enhancement
- Khet representative financial training

Income-Generating Activities, strictly speaking

- Building of marketing infrastructures (markets)¹⁶
- Village saving groups

Environmental Activities

- Natural resources environment protection.

Table 15: ITE sub-projects per province (Cycle III)

	Huaphanh		
	sub-projects	#Village benefiting	PRF Budget
Agriculture and handicraft market	1	1	118,464,785
Village saving group	6	31	335,065,201
Natural resources environment protection	6	32	251,804,591
Capacity enhancement for local authority	6	71	127,065,104
Income generation activity	6	46	127,065,104
sub-total	25	181	959,464,785
	Xiengkhouang		
	sub-projects	#Village benefiting	PRF Budget
Agriculture and handicraft market	2	19	256,482,046
Village saving group	4	10	137,384,585
Natural resources environment protection	3	17	166,950,000
Capacity enhancement for local authority	3	319	125,212,500
Income generation activity	3	51	62,606,250
sub-total	3	416	62,606,250

¹⁵ Lao Woman's Union (LWU), Lao People's Revolutionary Youth (Lao PRY), Lao National Front for Reconstruction (LNFC).

¹⁶ The PRF support to marketing consists mainly in building markets. Even the PRF has no yet implemented any training for communities to strengthen marketing of local produce, some awareness were provided to promote commercial agriculture or crafting in link with the communication network funded by the PRF.

	Savannakhet		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Agriculture and handicraft market	4	0	179,333,475
Village saving group	4	16	151,186,971
Natural resources environment protection	4	30	73,328,182
Capacity enhancement for local authority	4	452	73,328,182
Income generation activity	16	10	477,176,810
sub-total	4	508	179,333,475
	Saravanh		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Agriculture and handicraft market	3	0	107,730,000
Village saving group	3	9	80,797,500
Natural resources environment protection	3	70	40,398,750
Capacity enhancement for local authority	3	179	40,398,750
Income generation activity	12	3	269,325,000
sub-total	3	261	107,730,000
	Champassack		
	<i>sub-projects</i>	<i>#Village benefiting</i>	<i>PRF Budget</i>
Agriculture and handicraft market	4	0	82,612,119
Village saving group	4	22	62,420,814
Natural resources environment protection	4	29	29,404,765
Capacity enhancement for local authority	4	358	41,343,432
Income generation activity	16	10	215,781,130
sub-total	4	419	82,612,119

The portfolio needs to be extended, especially with support to animal raising for the poor households. To that end, a proposal for a new type of sub-project will be soon submitted to the PRF regulatory authorities.

3.2.5. TRAINING AND CAPACITY BUILDING

One of the primary objectives of the Poverty Reduction Fund Project is the empowerment of local communities, building the capacity of villagers to improve their own livelihood and developing grassroots demand for services and greater transparency. Thus, training and capacity building for villagers, local authorities and PRF local staff are a key component of PRF.

The training delivered by PRF are both pre-service and in-service, both formal and on-the-job. Every opportunity to impart knowledge, to share experiences, is used. In Cycle III, various trainings were carried out to concerning people with PRF activities, therefore, to ensure the efficiencies and sustainability effectively.

3.2.5.1. Development and use of ITE Materials

Since 2003, IEC tools are an important component to capture the community/villagers awareness's concerning with PRF, to motivate them in participating. In 2006, various Media tools were developed to improve the information distribution, such as:

Television

- Preparation and broadcasting of a spot of PRF on the Lao National Television, during evening news report on Monday, Wednesday and Friday.
- Release of documentaries on PRF activities in Huaphanh, Xiengkhouang, and Savannakhet provinces, broadcasted on special programmes.
- Preparation of documentaries on PRF in Champassack and Saravanh provinces, to be soon broadcasted.

- Preparation of an English version of those documentaries.

Radio

- Collaboration with radio stations in the five targeted provinces to broadcast news on PRF.
- Release of PRF news in ethnic minority languages such as Katang and Pakok in Taoy and Samoy districts (Saravanh province).
- Release of PRF news in Lao and Bru languages in Savannakhet province.
- Live interviews of villagers, khet teammates, and PRF officials at provincial and district levels about PRF process and achievements, broadcasted by the national radio.
- Release of a spot about PRF, broadcasted every day by the national radio on morning and evening news report.

Publications and newspapers

The PRF published various documents in 2006, including 8,850 copies of the magazine quarterly III, 1,000 copies of PRF brochure for the Poverty Eradication Week celebrations, and 1,000 calendars 2007.

Khet Information board

In 2006, PRF teams at provincial and district level were aware to improve the use of the khet information board, aiming to:

- Improve the board localization, to meet potential readers;
- display and update regularly news in each khet;
- provide local news, and not only national level information;

Photo 12: Khet Information Board in Taoy district, Saravanh province



3.2.5.2. Training

Training on Maintenance and Management of sub-projects

Aiming, to insure sustainable use and availability of the facilities funded by PRF, the training on sub-project maintenance and management have been improved and provided in each district in 2006.

Trainers were selected from concerning offices/organizations in target districts; they spent one day for training in each sub-project sites.

Table 16: Training on Sub-project Maintenance and Management

No	Title	Numbers of Sub-projects	Participants	
			Total	Females
1	Huaphanh:			
1.1	Clean water systems	34	1,471	308
1.2	Irrigation System	17	1,009	282
1.3	Rural road	46	1,783	401
1.4	Primary school	16	622	165
1.5	Electricity	1	56	10
	Sub-total	114	682,263	1166
2	Xiengkhouang:			
2.1	Clean water systems	6	335	141
2.2	Rural roads	5	202	49
2.3	Dispensaries	1	36	13
	Sub-total	12	573	203
3	Savannakhet			
3.1	Rural road	18	340	87
3.2	Primary school	26	827	244
3.3	Electricity generator	6	123	36
3.4	Irrigation systems	2	36	12
3.	Clean water	11	278	48
	Sub-total	63	1604	427
4	Champassack			
4.1	Kindergarten school	1	38	7
4.2	Primary school	27	627	117
4.3	Drained culvert	1	25	3
4.4	Clean water systems	13	288	78
4.5	Dispensary	3	90	19
4.6	Rural road	5	122	39
4.7	Bridge	3	105	24
4.8	Secondary school	4	91	16
	Sub-total	57	1386	303
	Grand total:	246	8,504	2,099

However, PRF still encounters difficulties, particularly the low ratio of women attending to the training sessions. Despite some noticeable progress, operating and maintenance of infrastructures has to be improved; it remains a priority for PRF.

Vocational training

Along with the VSG, PRF contributes to increase the household income by supporting vocational training aiming to promote new economic activities in villages. Trainers from different origins (agricultural services, private consultants, *etc.*) provided training sessions in animal raising production, handicraft production, planting production and so on. Duration varies according to the topics.

If these training are necessary to develop the technical skill of villagers to enhance their capacity to grasp new economic opportunities, the impact remains often limited whilst investment capacity is still the main limiting factor.

Table 17: Vocational training courses funded by PRF (Cycle III)

	Animal raising			Agriculture			Handicraft		
	# sub-projects	# Participants	# Females	# sub-project	# Participants	# Female	# sub-project	# Participants	# Female
Savannakhet	7	128	21	2	53	6	1	11	3
Champassack	7	122	82	1	6	4	2	20	12
Xiengkhouang				45	1,675	679			
Huaphanh	38	177	16	37	279	75	19	188	187
Saravanh	1	12	2				2	40	37
TOTAL	39	439	121	599	2,013	764	24	259	239

Training on Natural Resource Protection

The training on natural resource protection consists in a two-day session at village level, with trainers from district forestry office. In 2006, 82 sessions were provided, concerning more than 4,500 people in 82 villages.

Table 18: Training on Natural Resource Protection Area (Cycle III)

	Numbers of Sub-projects	Participants	
		Total	Females
Savannakhet	18	1,130	437
Champassack	31	804	304
Xiengkhouang	16	1,219	494
Huaphanh	14	1,366	495
Saravanh	3	57	11
TOTAL	82	864,715	1741

Training on Village Saving Group

For Cycle II, the PRF Administrative Board approved the proposition to launch microfinance sub-projects on a pilot basis¹⁷.

To support the VSG operation, the PRF organized training courses on financial administration and management. The classical session takes three days to introduce basic knowledge on principles and administration method of a VSG. Trainers belong to the district Lao Women Union service.

¹⁷ Refer to semi-annual report, annex 6 (9/2006), for a more detailed presentation and an assessment of the VSG approach developed by the PRF.

Table 19: Village Saving Groups funded by PRF

	Numbers of VSG schemes	Participants	
		Total	Females
Savannakhet	9	337	81
Champassack	16	269	76
Xiengkhouang	14	595	205
Huaphanh	44	146	55
Saravanh	9	130	43
TOTAL	92	1477	460

3.2.6. CONCLUSION: MAJOR CHALLENGES FACED BY PRF DURING CYCLE III

During the Cycle III implementation, PRF faced some difficulties and challenges, causing some delays or defaults in sub-project implementation:

- In some especially remote khets, it is difficult to attract contractors to build PRF-funded facilities;
- To answer to unexpected events, PRF had to redesign some sub-projects late in the Cycle III, thus delaying the implementation.
For example, in Khet Ahvao (Samoy district, Saravanh province), the projected school was downsized from three to two rooms to keep the costs within the budget when the community was unable to provide the planned quantity of wood.
Others example, some gravity fed water supply scheme plans in Huaphanh and Xiengkhouang were revised while implementing when it appear that design, made at the end of the former rainy season, overestimate water availability in dry season.
- In few cases, the selected sub-projects appeared not to be technically feasible at the time of implementation, despite a former design study. They were then discarded and new sub-projects were selected according to their rank in the priority list, but it induced a delay.
- Training sessions for maintenance are supposed to conclude the sub-project implementation, but lack of skilled human resources at district technical services led, in some cases, to postponed the process, yet crucial.
- For Saravanh, the delay could be deplored, but it is easily explainable. It is a province newly involved in PRF – the communities and the PRF staff are acquiring their experience and skill in managing the process – and the local conditions are especially difficult: poor communication network¹⁸, lack of banking facilities, *etc.* Combined, these factors explain the delay in launching implementation, but the work progressed normally after an initial wavering start.

Working in Saravanh is very challenging for the PRF due to not only transportation problems, but also communication problems. Most villagers speak minority languages, thus some districts teams and most of the khet ones do not understand Lao, especially in Samoy district. It is a major day-to-day challenge for PRF staff to communicate with villagers for socialization and cycle planning. That explains misunderstanding in sub-project implementation, notably some delays for community contribution. Despite of these difficulties, the PRF has received good collaboration from the local authorities and the communities in the three target districts. Almost all sub-projects have been completed by the end of 2006.

¹⁸ It is notably difficult for the village communities to find contractors able and interested in building the selected infrastructures.

Photo 13: difficult access to poor remote villages



3.3. LAUNCH OF CYCLE IV

3.3.1. EXTENSION OF THE PRF PROJECT INTO ONE NEW DISTRICT

In accordance with Administrative Board decision (2/2006), the PRF is expanding investments in the district of Viengthong (Huaphanh province), one of the NGPES priority 47 poor districts; the region comprises 13 khets, 71 villages where live 25,433 people (12,874 females).

The district socialization meeting was held in Viengthong end of April 2006. In early June, the three-staff PRF district team was recruited and trained. In August 2006, the district team received training on specific skills, including financial management, use of MIS forms, technical assistance for survey and design of sub-projects.

The initial training of the Khet Facilitators was organized in Viengthong from in June. 39 people attended to the training focusing on carrying out the VNPA and Khet prioritization meetings. Training of the PRF district team, district services, khet facilitators, khet representatives, and villagers on planning and implementing PRF sub-projects continues on an on-the-job basis, along the Cycle IV.

3.3.2. PRF COVERAGE FOR CYCLE IV

For Cycle IV (July 2006 – June 2007), the PRF covers 21 districts in five provinces, comprising 252 khets, 1,984 villages, and 744,140 people.

Table 20: Number of villages per Khet in the 21 PRF-targeted districts (Cycle IV)

Provinces / Districts	Number of Villages	Number of khets	Ave. number of villages per khet	Number of villages	
				Smallest khet	Largest khet
Huaphanh					
Sobbao	70	7	10	6	16
Add	78	12	7	4	9
Xiengkhor	63	12	5	4	7
Viengxay	130	19	7	5	9
Huameaung	85	11	8	3	11
Xamtay	172	22	8	4	11
Vienthong	71	13	5	3	8
Sub-total Huaphanh	669	96	7	3	16
Xeinglhoang					
Nonhaed	110	13	8	6	14
Khoun	120	10	12	5	21
Kham	90	8	11	6	28
Sub-total Xiangkhoaung	320	31	10	5	28
Savannakhet					
Sepone	159	20	8	5	11
Nong	79	10	8	6	9
Vilabury	102	16	6	4	10
Phin	116	15	8	5	11
Sub-total Savannakhet	456	61	7	4	11
Saravanh					
Samoy	58	8	7	9	6
Toulan	67	7	10	7	12
Taoy	56	5	11	9	14
Sub-total Saravanh	181	20	9	7	14
Champasack					
Moonlapamok	67	10	7	4	10
Khong	136	14	10	6	13
Sukuma	62	10	6	5	9
Pathoumphone	93	10	9	6	11
Sub-total Champasack	358	44	8	4	13
Grand total	1,984	252	8	3	28

3.3.3. DISTRICT ALLOCATION FOR CYCLE IV

The PRF allocates fund each year to targeted districts according to:

- The population of the district, based on 2005 census;
- The *District poverty level*, based on Decree 010/PM;
- The *Province poverty level*, based on LECS III results;
- The *Government's district investment priorities*, based on NGPES;

- The past *Championship of the poor*, based on the share of the district administration budget spent for the poor villages;
- The past *Spending capacity* for the PRF investments in each district, based on the comparison of the funds transfer and physical progress;
- The past *Good management and quality control* for the PRF investments in each district, based on the commitment of the local communities in preparing, implementing and managing PRF activities;
- The Past *good environmental management*, based on the involvement of local communities in implementing PRF environment protection and management optional sub-projects.

The total budget district allocation is computed as follows:

- (1) Basic resource allocation
Based on Instruction 010/PM
X (multiplied by)
- (2) LECS 3 factor
Poverty levels of the surrounding area, based on LECS III findings, 2003
X (multiplied by)
- (3) NGPES factor
Government investment priority, based on NGPES priority district list
X (multiplied by)
- (4) Championship-of-the-poor factor
Involvement of district authorities in channel their resources to the most vulnerable communities
X (multiplied by)
- (5) Spending Capacity factor
Proved capacity of district stakeholders to manage efficiently the PRF budget flows
X (multiplied by)
- (6) Good management factor
Proved capacity of district communities to follow procurement, disbursement, and quality control efficient procedures
X (multiplied by)
- (7) Environment factor
Involvement of village communities in management of conservation area

The PRF based the district allocation computation on village poverty level. Thus, the contribution of *not-poor* villages into the district allocation is null. Nevertheless, once the cycle district allocation is approved by the PRF Administrative Board, all villages in a PRF-targeted district are eligible for fund activities, including *not-poor* villages if the forum of khet representatives so wishes.

A district that is composed of a large population of poor people and that has been identified as a Government investment priority should logically receive more than a district that is wealthier and/or represents a lower investment priority for the Government. Moreover, due consideration is given to the percentage of district budget spent in poor villages. A district that diverts a large portion of its budget to the benefit of the wealthiest communities does not side with the poor. Districts that channel most of their budget to the poor should be encouraged. Therefore, PRF district allocations must also be function of a district ability to channel most of the resources to the most vulnerable communities: their *Championship of the poor*.

Furthermore, district allocation is commensurate with the capacity of PRF stakeholders in a district to spend the allocated budget in the previous cycles. However, actual causes of low expenditure levels must be investigated to determine whether major reasons may lay with PRF's own lack of efficiency, with late cycle of activities starting date, natural disasters, *etc.*

Lastly, while the PRF must be satisfied that more funds are channeled to (i) the poorest areas, (ii) the GoL district investment priorities, (iii) the districts that have shown that most of the funding is channeled to the most precarious communities, (iv) the districts that have demonstrated adequate capacity to actually absorb the budgets, it would still remain a questionable achievement without being satisfied at last with adequate management capacity. For instance, failure to fulfill past commitments and meet agreed objectives, serious unresolved complaints, not-accounted-for funds, proved corrupt or fraudulent malpractices or other embezzlements would constitute major reservations while considering future district allocations.

However, a kind of discrepancy can be noticed in the PRF procedures. While the district budget allocation is proportional to the population of poor villages, the sub-project selection process is open to all villages in a district, whatever the poverty level. Thus, non-poor villages in poorest areas (*e.g.* Huaphanh or Saravanh provinces) are relatively favored compared to poor villages in less poor areas (*e.g.* Champassack).

In July 2006, the PRF drafted an updated district allocation from the March 2006 version. The World Bank gave no-objection on 28 July and the Administrative Board endorsed it. The district allocation budget for Cycle IV reaches 4,580,000 USD, including 0.9 million USD to invest in Savannakhet province, 0.4 million in Champassack, 1.9 million in Huaphanh, 0.9 million in Xiengkhouang, and 0.5 million in Saravanh.

Table 21: District Allocation budget for Cycle IV

Provinces & Districts	Basic Allocation			LECS 3 Factor (B)	NGPES Factor (C')	Championship-of-the-poor factor (D)	Spending Capacity Factor (E)	Good Management factor (F)	Environment factor (G)	District Allocation (USD, raw computation) $\frac{\text{Basic allocation} \times B \times C \times D}{x E \times F \times G}$	District Allocation (USD, rounded computation) $\frac{\text{Basic allocation} \times B \times C \times D}{x E \times F \times G}$	Provincial distribution of resources (%)	District distribution of resources (%)
	Population	Villages	Basic Allocation										
Savannakhet	132,293	438	526,685	1.4						914,759	915,000	100%	20%
Nong	19,308	79	94,587	1.4	1.2	1.0	1.1	1.15	0.90	180,915	181,000	20%	4%
Sepone	39,224	157	177,276	1.4	1.2	0.9	1.1	1.05	0.95	294,108	294,000	32%	6%
Vilabouly	25,774	96	103,301	1.4	1.2	1.1	0.9	1.11	0.95	181,174	181,000	20%	4%
Phin	47,987	106	151,521	1.4	1.2	0.9	1.1	1.14	0.90	258,562	259,000	28%	6%
Champassack	203,639	359	378,717	1.0						391,554	392,000	100%	9%
Khong	70,271	136	89,727	1.0	1.0	0.8	1.1	1.05	0.90	74,617	75,000	19%	2%
Mounlapamok	37,228	67	123,793	1.0	1.1	1.0	1.1	1.10	0.90	148,291	148,000	38%	3%
Phathoumphone	49,392	93	73,165	1.0	1.1	0.9	0.9	1.16	0.90	68,058	68,000	17%	1%
Sukuma	46,748	63	92,033	1.0	1.2	0.8	1.1	1.15	0.90	100,588	101,000	26%	2%
Huaphanh	218,807	691	966,912	1.4						1,878,049	1,878,000	100%	41%
Add	26,020	79	110,214	1.4	1.1	1.1	1.1	1.08	0.90	199,622	200,000	11%	4%
Siengkho	25,570	66	94,475	1.4	1.2	1.1	1.1	1.17	0.90	202,227	202,000	11%	4%
Sobbao	25,540	76	126,438	1.4	1.1	0.9	1.1	1.08	1.05	218,598	219,000	12%	5%
Xamtay	54,833	176	248,219	1.4	1.2	1.1	1.1	1.18	0.90	535,862	536,000	29%	12%
Viengkay	34,692	131	130,949	1.4	1.2	1.0	1.1	1.08	0.95	248,285	248,000	13%	5%
Huameuang	27,130	87	126,632	1.4	1.2	1.0	1.0	1.09	1.10	255,076	255,000	14%	6%
Viengthong	25,022	76	129,987	1.4	1.2	1.0	1.0	1.00	1.00	218,377	218,000	12%	5%
Xiengkhouang	113,490	320	476,358	1.4						852,739	852,000	100%	19%
Kham	46,040	120	124,919	1.4	1.1	1.0	1.0	1.12	1.00	215,459	215,000	25%	5%
Khoun	31,535	90	173,342	1.4	1.2	1.0	1.1	1.10	0.90	317,133	317,000	37%	7%
Nonghaed	35,915	110	178,097	1.4	1.2	1.0	1.0	1.07	1.00	320,147	320,000	38%	7%
Saravanh	56,463	179	329,051	1.4						543,545	543,000	100%	12%
Taoy	22,999	56	129,326	1.4	1.2	1.0	0.9	1.09	1.10	234,453	234,000	43%	5%
Toumlian	21,664	66	131,708	1.4	1.1	1.0	0.9	1.11	1.00	202,627	203,000	37%	4%
Samoy	11,800	57	68,018	1.4	1.2	1.1	0.7	1.10	1.10	106,465	106,000	20%	2%
TOTAL	724,692	1,987	2,677,722							4,580,645	4,580,000	100%	100%

The Cycle IV District Allocation increases 10% from Cycle III, with 21 PRF-targeted districts rather than the 20 districts in the previous cycle. At a local level, the evolution from Cycle III to Cycle IV is slightly different from one province to another one. Without considering the new district added for Cycle IV (Viengthong, budget of 218,000 USD), the District Allocation increases 5% from Cycle III, but the budget is reduced for five districts (25%), according to (but not exclusively):

- the *Championship-of-the-poor* factor for the latest fiscal year, *i.e.* the commitment of local authorities in poverty alleviation during the latest fiscal year; and
- The execution factors from Cycle III (*Spending Capacity, Good Management, Environment* factors), *i.e.* the commitment of local communities and PRF teams in implementing the sub-projects.

Table 22: District Allocation evolution from Cycle III to Cycle IV

	District allocation Cycle III	District allocation Cycle IV	Difference Cycle IV - Cycle III	Difference Cycle IV - Cycle III (%)
	A	B	B-A	(B-A)/A
Savannakhet	866,000	915,000	49,000	6%
Nong	171,000	181,000	10,000	6%
Sepone	267,000	294,000	27,000	10%
Vilabouly	174,000	181,000	7,000	4%
Phin	254,000	259,000	5,000	2%
Champassack	389,000	392,000	3,000	1%
Khong	74,000	75,000	1,000	1%
Mounlapamok	151,000	148,000	-3,000	-2%
Phathoumphone	62,000	68,000	6,000	10%
Sukuma	102,000	101,000	-1,000	-1%
Huaphanh	1,602,000	1,878,000	276,000	17%
Add	198,000	200,000	2,000	1%
Siengkho	204,000	202,000	-2,000	-1%
Sobbao	220,000	219,000	-1,000	0%
Xamtay	496,000	536,000	40,000	8%
Viengxay	250,000	248,000	-2,000	-1%
Huameuang	234,000	255,000	21,000	9%
Viengthong		218,000		
Xiengkouang	795,000	852,000	57,000	7%
Kham	196,000	215,000	19,000	10%
Khoun	300,000	317,000	17,000	6%
Nonghaed	299,000	320,000	21,000	7%
Saravanh	513,000	543,000	30,000	6%
Taoy	215,000	234,000	19,000	9%
Toumlan	189,000	203,000	14,000	7%
Samoy	109,000	106,000	-3,000	-3%
TOTAL	4,165,000	4,580,000	415,000	10%

3.3.4. CYCLE IV IMPLEMENTATION IN 2006

3.3.4.1. Annual Review and Strengthening Workshop

To enhance the qualification and efficiency of PRF staff, an annual workshop of experience sharing and training is organized every year. In 2006, it took place from 26 to 30 June, 2006 in Thalat (Vientiane province). 177 people attended the meeting, including government and local administration representatives, PRF board members and the complete PRF team from the different offices in each level (141 people). The Annual Meeting aimed to:

- review the annual achievement; constraints and challenges of PRF implementation,
- discuss and design improvements for Cycle IV,
- Strengthen staff capacity and skills by sharing experience and lessons learned.

Photo 14: Annual Review and Strengthening Workshop 2006



The participants discussed successes and issues of PRF implementation, and then gave recommendations to improve the execution. It was a good opportunity for all PRF staff (national, provincial and district levels) to meet each other, exchange experience and strengthen the team. The participants self-appraised (147 questionnaire forms) the meeting very positively and satisfactory compared with previous years.

3.3.4.2. Village Socialization and Village Need Assessment (VNPA)

To base the Cycle IV of investment, the first step — Village Socialization and VNPA meetings — were conducted by Khet Facilitators with PRF staff support in June and July 2006.

After introducing the PRF Project to as many people in the village as possible (Village Socialization Meeting), a VNPA exercise is conducted in every village of every participating district. Villagers are divided into separate men's and women's groups and asked about their problems and priorities for village development / poverty reduction. The people are guided to choose their priorities keeping in mind the PRF objectives and principles and also the Negative List of activities that PRF cannot support.

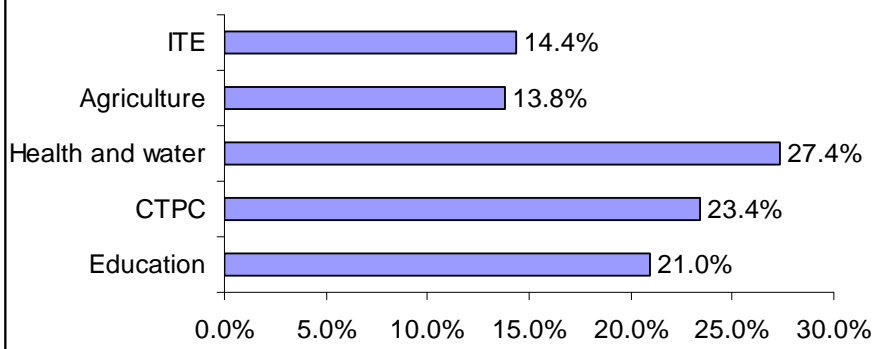
The women's group records their 3 priorities for development on a VNPA form, and the men do the same. The groups then come together as the whole village, and a decision is made on which 3 priorities will be presented on behalf of the village at the khet (group of villages, sub-district) level.

Three Village Representatives are elected to present and defend their village’s needs and ideas at a khet forum.

Photo 15: Socialization and VNPA meetings



Figure 6: Village Needs Assessment for Cycle IV



For Cycle IV, as well as former cycles, health and water supply are the first priorities in the targeted villages, followed by access and education.

3.3.4.3. Sub-project selection

Following the VNPA, Khet Prioritization Meetings and District Prioritization Meetings (July-August 2006) were organized to let community representatives to arbitrate between the different priorities raised by villagers and fit the investment within the allocated budget. It led to a formal proposal for each qualified sub-project (Sub-project Proposal Form), combining the expected outputs, costing and design, as well as procurement method and unexploded ordnance and environmental assessments.

The Final District Decision Meetings (November 2006) are the last step of the participatory planning process. It involved community representatives and district administration executives in dealing in finding a final compromise according to the list of qualified sub-projects and design study results. DMM are organized by district PRF team, with backup from provincial and national staff.

Out of the 5,604 VNPA expressed by villagers, 546 sub-projects (10%) were selected for implementation, to compare to the 2,721 VNPA and 248 sub-projects (9%) in Cycle I; 4,229 VNPA and 431 sub-projects (10%) in Cycle II; and 5,592 VNPA and 533 sub-projects (10%) in Cycle III.

Table 23: Sub-project plan for Cycle IV

Sector	VNPA	# sub-projects	% sub-projects	PRF Budget	% budget	Contribution
Education	1,176	134	25%	12,922,589,395	29.9%	1,769,714,283
Access & Energy	1,311	97	18%	16,086,895,778	37.3%	2,822,417,845
Health and water	1,535	102	19%	8,191,442,096	19.0%	2,163,271,604
Agriculture	776	35	6%	1,451,480,113	3.4%	861,289,522
ITE	806	178	33%	4,515,327,499	10.5%	211,956,150
Total	5,604	546	100%	43,173,277,054	100.0%	7,828,649,404

Even if education sub-projects (school building and teaching material providing mainly) are the most numerous (134, 25%), access sub-projects, as for former cycles, remains the main investment post with 38% of the budget, due to higher average cost per site.

4. ASSESSMENT AND PROSPECTS

4.1. MONITORING OF OUTPUTS

4.1.1. TECHNICAL ISSUES

4.1.1.1. *Construction design*

In Cycles I and II, district and provincial PRF offices were responsible for designing construction sub-projects. In Cycle III, the PRF had reviewed the different local experiments and developed standard designs to apply in the five provinces, aiming to ease local team work and improve quality level¹⁹. For Cycle IV, the PRF plans to review the standards and co-operate with involved government sectors on survey and design with emphasis on the quality of construction²⁰.

All construction sub-projects follow the standard design drawing, and participatory process of the community during construction period. Prior handing-over sub-projects to communities, PRF provided training and guidelines for operation and maintenance, with emphasizing on the roll and responsibility share between communities and local administration services.

According to the annual workshop meeting 2006, all the PRF team agreed upon improving design and drawing to increase the efficiency of the investment: e.g. survey design of sub-project, reference to Unit Cost database (UCD) for appraising the sub-project cost, suppression of unnecessary components, colors, community supervisor, and community contribution.

4.1.1.2. *Quality control*

To anticipate difficulties in building process and solve them as they arise, the PRF intends to establish community supervisors to follow up construction process. They are technician with background and experience in civil engineering, selected by PRF to support khet team on supervising sub-project technical implementation. At the approximate ratio of one supervisor for three sub-projects (depending on the complexity level), the supervisors are selected by PRF and trained briefly on PRF principles and regulations, but contracted by khet teams for the duration of the sub-project implementation (January to June).

Regularly inspecting the work, the community supervisors certify progress or completion of the sub-projects into the field inspection forms and at the khet accountability meetings. The last quality control step is the final inspection, carried out by a mixed team consisting in the district PRF technical advisor, the khet facilitator, the khet team, representatives of local administration services, and the community supervisor.

The quality control was useful for the PRF in Cycle III to improve standard designs and adapting them to local conditions, as well as to measure the quality and sustainability of the construction.

For example, in Toumlan district (Saravanh province), the quality control led to improve the design of the Sekone submerged bridge. The initial design did not paid enough attention to soil structure issue, with no test planned. At the beginning of the implementation, the quality control proceeds to more detailed survey and concluded to a risk. Thus, the design was modified after soil test to ensure the sustainability of the investment. Moreover, the PRF procedures have been revised and

¹⁹ However, the PRF TA team still has some concerns about designing complex infrastructures, like bridges that require local survey for sizing the foundations, while local staff lack of skills and equipment.

²⁰ In complement, the PRF got additional budget from the MCTPC to upgrade from class 8 (track improvement) to class 5 (road gravelling surface) some PRF-funded roads built from Cycle I to Cycle III in Huaphanh, Xiengkhouang, Savannakhet, Saravanh, and Champassack provinces.

laboratory tests for concrete and soil have been included in the contractual obligations for main investments, like bridges, for the Cycle IV.

4.1.1.3. Final sub-project inspection

The PRF organized a final inspection of sample of sub-projects from May to June 2006, after the completion of the investment and just before their hand-over. It aims to appraise the quality of the sub-projects, but also the process of implementation (community involvement, transparency, accountability and procurement procedures). The inspections were carried out by multi-sectoral teams (TA, CD, M&E and FA) from central and provincial levels, to appraise the following points:

- Technical issues,
- Sub-project financial issues,
- Community development issues,
- Khets monitoring and evaluation issue.

Photo 16: Final inspection in Toumlan district (6/2006)



For each province, the team consisted of PRF technical advisor (national, province or district levels for TA, FA, CD and M&E), khet facilitators, a khet teams, local authorities for concerned sectors, and community supervisors. The sample of sub-projects was randomly selected by PRF at national office.

4.1.2. ASSESSMENT OF VILLAGE SAVING GROUPS

PRF supported income generation activities for pilot test since Cycle II (2004-2005). Up to now PRF supported 105 VSGs (13 VSGs were implemented in Cycle II and 92 new ones in Cycle III) in 20 districts.

Table 24: PRF-supported Village Saving Groups status end of 2006

Province	# VSG	VSG members	VSG saving	PRF grant to VSG capital
Huaphanh	50	2,533	168,101,900	404,492,000
Xiengkhouang	14	537	44,684,250	128,684,250
Savannakhet	12	515	71,220,884	215,655,384
Saravanh	9	333	19,427,000	33,667,000
Champassack	20	2,005	314,163,400	444,733,400
Total	105	5,653	617,597,434	1,227,232,034

In August 2006, the PMT conducted an assessment of VSG in four villages of Huaphanh province; the main findings follow.

Management

At village level, the Village Saving Groups (VSG) appear creditably managed, by a committed and aware committee. However, some differences in skill level exist from one VSG to another: some seem very tonic and autonomous, while some still need strong support before to get enough autonomy to face some forthcoming but unavoidable problems.

Lao Women's Union support

The PRF requested the Lao Women's Union (LWU) at district level to provide training and support to villages to set up and manage the VSG. This support is one of the weakest points of the VSG microfinance system.

Initial villager awareness appears to have been limited to one meeting with the whole community. Those who were absent, who understood with more difficulty or remained unsure were *de facto* excluded from the VSG. The following visits from LWU focused mainly on the training of the committees to manage the VSG (accounting especially), but neglected community awareness. If the lack of means (budget, staff) for the district LWU partially explains such incomplete support, it raises questions about the long-term involvement of the LWU in the system, beyond PRF.

PRF support

The PRF support to the VSG microfinance system has been limited by design, and it is logical according to the lack of skill/experience, the work overload and the useful separation between grant and loan activities²¹. Nevertheless, the district PRF staff had sometimes to directly visit VSG to support or complete the LWU mission. The PRF support to VSG is supposed to be (i) *methodological*, by providing guidelines and training to LWU); (ii) *logistic*, by providing accounting tools: books and booklets; and (iii) *financial*, by funding the capital of the VSG.

Major methodological issues

If the methodology of the VSG seems acquired at village level (at least for the committees), three major grey areas exist and may jeopardize the future of the VSG microfinance system:

- The village selection is not based on objective criteria, common to all districts. If the Cycle II pilot villages (one per district) were selected according to PRF guidelines, it seems that local authorities (LWU, district) selected the villages for expansion in Cycle III in accordance to their own agenda (production plan, access, main district town, other more disreputable standards) without necessary considering the PRF objectives and positions, unclear or unexpressed.

²¹ "Social funds should not provide financial services directly, but instead should work through partner microfinance institutions and support institutions that can provide such services on a sustainable basis. Since effective microfinance requires a commercial relationship between Microfinance Institutions (MFI) and their clients (note use of the term clients rather than beneficiaries), social funds are not an appropriate vehicle for direct lending. MFIs should be selected as partners, and funding to those MFI partners should be based on good performance" (Microfinance and Social Funds: Guidelines for Microfinance in Poverty-Focused, Multi-sectoral Projects, Microfinance and Rural Finance Operational Notes For World Bank Staff n°1, CGAP 8/2003 p 2).

- The credit allocation by the VSG committee to some of the members is also based on variable reasons, more or less clear and changing, but generally unknown by the villagers. In some cases, the committee declared to prioritize the poorest members, but it was contradicted by some villagers; in other cases, the VSG committee claimed to prioritize the members who have saved the more. Clear, fair, and publicized rules of turnover are a necessity to insure the confidence of the members and their long-time involvement.
- The conditions for the PRF contribution to a VSG capital seems unclear and, at the very least, totally unknown by villagers (members, non members or VSG committee). For them, they are waiting for the goodwill of the PRF, giving charity at it likes²². The PMT set up guideline criteria for the allocation, but they remain totally unknown at village level, while they are supposed to raise commitment of villagers in the VSG...

These three major breaches endanger the PRF-supported VSG microfinance system: by leaving room for opacity, favoritism (nepotism) and even corruption, these breaks may quickly jeopardize the villager confidence in the system, putting it into a crisis (savings drying up, credit non-repayment, *etc.*) that usually sprays over very quickly in a microfinance system, without a chance to solve it.

Economic assessment

For all borrowers interviewed in the four VSG, the operation is very profitable, with benefit rate generally over 100% (benefit = capital borrowed) in six or twelve months. The credit economic impact is very positive for these households, which can easily support higher interest rates to cover inflation, capital increase and microfinance operating costs.

The saving economic effect is less obvious to appraise, because of the lack of hindsight and of unpredictable results: savings are supposed to be remunerated by sharing the annual VSG benefit between members (dividend), not by a fixed interest rate.

Sustainability

In the current state, the sustainability of the PRF-supported VSG microfinance system is nil. The limited LWU support will vanish with the end of the PRF financial support²³. The methodological defaults are an open door for a forthcoming confidence crisis.

Even if the system collapses, some VSG may remain and continue to run on their own, autonomously managed by efficient committees, but a failure would be another bad example/experience in microfinance for villagers, giving them bad tricks and a poor impression, complicating the future implementation of an efficient microfinance institution (MFI) in the same region (pollution effect).

Social assessment

It is probably possible to solve the issues raised above by technical measures to improve the process, but the main questioning about the PRF-supported VSG microfinance lies in the

²² For example in Kang That, the VSG committee explained that the LWU announced a 20 million kip PRF grant in three months, but they complained to have received only 5 millions, without explanation.

²³ For example, 25 VSG are supposed to exist according to Viengxay LWU; they continue to supervise only 12 of them, those supported by the PRF that grant operating budget to LWU.

beneficiary typology: VSG have been set up in relatively better-off villages, and there the poorest households are more or less excluded from the system²⁴.

By purpose of the community/committee in the best managed VSG, the poorest families are not welcome for membership²⁵; it can be also a recommendation from LWU. In all the visited villages, the non-members raised the issue of lack of cash for a regular monthly saving deposit. For credit, the VSG committees seem also to reluct to grant the poor members. The VSG system does not appear to be a tool designed for the poorest, even if it shows impressive economic results for better-off households. This is a classical conclusion on microfinance, locally confirmed in Huaphanh.

From such a statement, is it legitimate that the *Poverty Reduction Fund* mobilizes part of its limited resources (human and financial) to support an activity that tends to exclude the poorest?

Synthesis

- Relevance:* Is it legitimate that the *Poverty Reduction Fund* mobilizes part of its limited resources (human and financial) to support an activity that tends to exclude the poorest?
- Efficacy:* The economic efficacy of microfinance to increase the family income is once again displayed with the PRF-supported VSG system in Huaphanh. Microcredit borrowers may forecast a high profit return from pig raising or small trade, but with some risks.
- Efficiency:* With a limited cost and human support from PRF, the VSGs brought out interesting economic results, thus the PRF investment displays an efficient benefit/cost ratio.
- Impact:* The PRF-supported microfinance activity contributes to quickly increase the income of the beneficiaries, but it affects only a part of the households within village communities, generally the better-off. So, the VSG system may contribute to increase socio-economic differentiation within villages.
- Sustainability:* very limited (only for few VSGs), even nil, unless deep and costly reform of the process.

Technical recommendations to quickly implement

Without prejudging the strategic options that will be discussed about the VSG future, some simple and quickly to implement improvements can be provided to the existing system to remove some of the identified issues:

- The PRF contribution to a VSG will be revised and design on an impartial, clear and public method.
- To open the range of investment opportunities and strengthen the joint guarantee, the guarantee group constitution will be freely decided by the borrowers²⁶.
- The conditions of access to credit will be discussed within each VSG with the PRF/LWU support to set up clear, fair, and publicized rules of turnover that are necessary to raise the confidence of the members and their long-time involvement.
- To increase the poor membership, principle of providing loan to the poorest families before saving will be proposed for discussion to the VSGs.

²⁴ It is a general trend, not an absolute rule: some poor families are member of VSG, while some better-off ones may have decided to stay out.

²⁵ Example in Nam Neun: 10% of the "poor" households (according to the VSG committee) are members of the VSG when the membership rate reaches 53% for the "non-poor" ones.

²⁶ Thus, they will be relative/friendly-based groups, instead of activity groups.

Prospective options for the PRF

Many options are possible for the PRF to deal with the supported VSG microfinance:

- a Continue with the same approach but improved method and expand the system, until the end of the PRF.
The PRF may thus show its commitment toward improving the rural household income with IGA. The failure is foreseeable, but may occur after the end of the PRF if there is no extension. It is somehow a fool's game proposed to communities, and field pollution for any potential MFI aiming to work in the same area in the future.
- b Stop PRF support and leave the VSGs as they are.
It is the easiest option, but not fair for the villagers involved in VSG on PRF's initiative.
- c Improve the microfinance process towards a sustainable MFI.
That implies to find efficient and microfinance-skilled partners, and a strong financial investment from the PRF in the mid-term.
- d Consolidate the existing VSG towards their autonomy with minor methodology changes, without expanding the system.
That implies enhanced PRF investment in awareness, training (on-the-job, study tours), but also in funding the VSG capital.

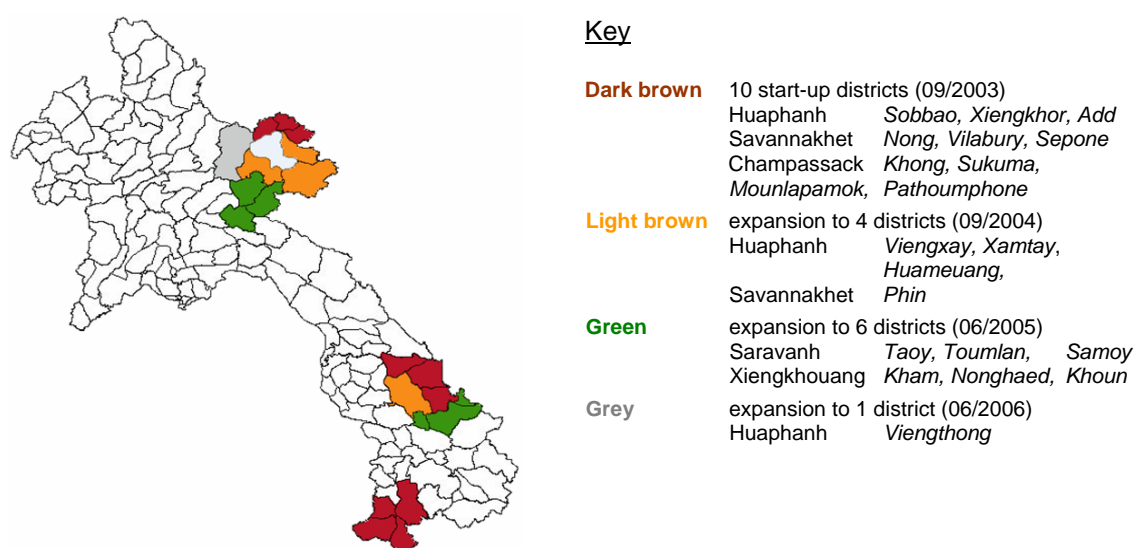
The PMT has begun to implement of the option (d).

4.2. PROVISIONAL ASSESSMENT OF PRF IMPACT

4.2.1. PRF PROGRESSIVE EXPANSION SINCE 2003

In 2002, the Government assigned three provinces to launch the PRF activities: *Huaphanh*, *Savannakhet*, and *Champassack*. Two more provinces were added in 2005: *Saravanh* and *Xiengkhouang*. In these provinces, the PRF operates in the poorest districts, ranked according to the criteria of the Prime Minister Decree 010/PM.

Figure 7: Map of PRF expansion (2003-2006)



For the Cycle I (2003-2004), the PRF invested in 10 districts: *Sobbao, Xiengkhor, and Add* in Huaphanh; *Nong, Vilabury, and Sepone* in Savannakhet; *Khong, Sukuma, Mounlapamok, and Pathoumphone* in Champassack.

For the Cycle II (2004-2005), the PRF operated in 14 districts: *Sobbao, Xiengkhor, Add, Viengxay, Huameuang, and Xamtay* in Huaphanh; *Nong, Vilabury, Sepone, and Phin* in Savannakhet; *Khong, Sukuma, Mounlapamok, and Pathoumphone* in Champassack.

For the Cycle III (2005-2006), the PRF invested in 20 districts: *Sobbao, Xiengkhor, Add, Viengxay, Huameuang, and Xamtay* in Huaphanh; *Nong, Vilabury, Sepone, and Phin* in Savannakhet; *Khong, Sukuma, Mounlapamok, and Pathoumphone* in Champassack; *Taoy, Toumlan, and Samoy* in Saravanh; *Kham, Nonghaed, and Khoun* in Xiengkhouang.

For the current Cycle (Cycle IV, 2006-2007), the PRF is expanding to one new district: *Viengthong* (Huaphanh), which brings the target districts to 21.

Table 25: PRF progressive expansion

Poverty rank	Provinces Districts	Poverty incidence LECS3	72 Poor Districts		47 Poor Districts		PRF starting dates & total number of districts			
			ID	Name	ID	Name	10	14	20	21
1	Saravanh	49.1					0	0	3	3
	Taoy		58	Taoy	38	Taoy				
	Toumlan		59	Toumlan						
	Samoy		60	Samoy	39	Samoy				
2	Huaphanh	48.9					3	6	7	7
	Xiengkhor		23	Xiengkhor	19	Xiengkhor				
	Viengthong		24	Viengthong	20	Viengthong				
	Viengxay		25	Viengxay	21	Viengxay				
	Huameuang		26	Huameuang	22	Huameuang				
	Xamtay		27	Xamtay	23	Xamtay				
	Sobbao		28	Sobbao						
Add		29	Add							
6	Savannakhet	40.2					3	4	4	4
	Phin		51	Phin	34	Phin				
	Sepone		52	Sepone	35	Sepone				
	Nong		53	Nong	36	Nong				
	Vilabury		56	Vilabury	37	Vilabury				
7	Xiengkhouang	39.7					0	0	3	3
	Kham		36	Kham						
	Nonghaed		37	Nonghaed	26	Nonghaed				
	Khoun		38	Khoun	27	Khoun				
18	Champassack	18					4	4	4	4
	Pathoumphone		64	Pathoumphone						
	Sukuma		65	Sukuma	43	Sukuma				
	Mounlapamok		66	Mounlapamok						
	Khong									
							10	14	20	21

Even the needs are huge in the 72 poorest districts, the PRF expansion is limited by the required time to set up new structures, but also train local authorities, PRF staff, and villagers to implement the process. The geographic expansion of PRF is also limited by the available budget.

However, the coverage raised from 238,000 villagers potentially involved in Cycle I (913 villages) to 718,700 people (1,913 villages), *i.e.* a 200% increase, for Cycle III. For the current cycle IV, the PRF works in 5 provinces, 21 districts, and 1,984 villages with potentially 742,000 people involved.

4.2.2. PRF OVERALL OUTPUTS SINCE 2003

Since the beginning, the PRF has carried out investment in more than 1,300 villages; 1,212 sub-projects and approximately 87 billion kip have been planned; at the end of 2006, 1,170 were completed (96.5%). More than 900 villages have now access to clean water supply. Out of the 1,913 targeted villages, more than 1,000 directly benefited from PRF investment. PRF funded over 240 schools, providing access to education to more than 100,000 pupils. 1,950 km of upgraded rural roads and more than 40 bridges connect now remote villages to markets and services. Over 40 new dispensaries allow more than 200,000 people to access to close care.

Table 26: Summary of sub-project implementation since 2003

<i>Statement 31/12/2006</i>	Cycle I	Cycle II	Cycle III	Total
Number of Districts	10	14	20	20
Number of Villages with VNPA	913	1,431	1,913	1,913
Number of Direct Beneficiary Villages	558	849	1,283	1,283
Number of Indirect Beneficiary Villages ²⁷	...	<i>approx. 1,050</i>	<i>approx. 1,350</i>	<i>approx. 1,350</i>
Number of Sub-projects planned	248	431	533	1,212
Number of Sub-projects initiated	248	431	533	1,212
Number of Sub-projected completed	248	431	491	1,170
Funds Planned (kip)	11 billion	32 billion	44 billion	87 billion
Funds disbursed to Khet bank accounts	11 billion	31.5 billion	42 billion	84.5 billion

Table 27: Key performance indicators

I. Improve Infrastructure and Services	Cycle I	Cycle II	Cycle III
Provinces	3	3	5
Districts	10	14	20
Poor districts (72 poorest districts' list)	9	13	19
Sub-projects approved	248	431	533
Completed sub-projects	215	315	376
Access sub-projects	39	89	133
Share of poor village in targeted areas	71%	75%	80%
Share of PRF fund invested in poor villages	76%	84%	70%
Share of sub-projects established in poor villages	71%	76%	78%
Communities with maintenance plans for sub-projects	100%	100%	100%
Mean sub-project cost (USD)	4,300	7,200	7,800
ii. Empower Communities through Capacity Building	Cycle I	Cycle II	Cycle III
Community force account procurement	103	322	346
% of community procurements being undertaken	42%	75%	76%
Contractor procurement	145	109	109
Mixed Community and contractor procurement	0	0	78
% Villagers participating in VNPA	48%	71%	72%

²⁷ One village can receive more than one sub-project or one sub-project can benefit to more than one village.

iii. Strengthen Local Institutions to support Participatory Decision-making	Cycle I	Cycle II	Cycle III
VNPA submitted by women	53 (8.1%)	20(5%)	24(5%)
VNPA submitted by men	75 (9.9%)	15(3%)	22(4%)
VNPA submitted by both women and men	474 (80%)	396(92%)	487(91%)
VNPA submitted by women converted into sub-projects	7.1%	6%	4%
VNPA submitted by men converted into sub-projects	12.1%	5%	5%
VNPA submitted by both converted into sub-projects	80.8%	90%	91%
Community contribution into investment	20%	22%	21%
GoL contribution into PRF budget	2%	1%	0

4.2.3. ASSESSMENT OF PRF INVESTMENT SHARING

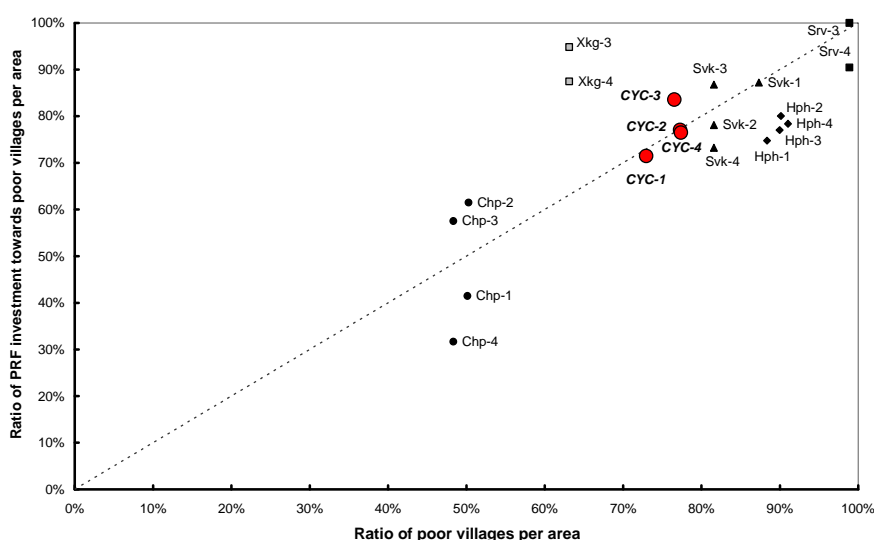
Within the 1,913 villages²⁸ in the 20-targeted districts for Cycle III, 50% were directly involved in implementing a construction sub-project and 1,283 (64%) benefit from the investment. 80% of them are poor villages, according to PM/010 decree's conditions, with some variations from one province to another one: 100% of the beneficiary villages are poor in Saravanh, 85% in Xiengkhouang, 84% in Savannakhet, 73% in Huaphanh and only 59% in Champassack. From the beginning, the PRF directed almost 80% of the investment towards poor villages.

Table 28: PRF Investment to Poor Villages

	Villages	Poor Villages <i>mean Cycles I-IV</i>	Poor villages Share	PRF Sub-Projects <i>Cumul. Cycles I-IV</i>	PRF Investment <i>Cumul. Cycles I-IV (kip)</i>	Budget to poor villages %
Champassack	358	177	49%	416	14,046,000,000	49%
Savannakhet	427	353	83%	413	32,470,000,000	80%
Huaphanh	520	469	90%	795	55,114,000,000	78%
Xiengkhouang	320	202	63%	173	16,692,000,000	91%
Saravanh	181	179	99%	144	10,752,000,000	95%
Total	1,806	1,380	76%	76%	129,074,000,000	79%

Nevertheless, the PRF investment appears more equally shared between all villages in targeted areas than preferentially directed towards the poorest villages. That is the result of both PRF procedure (all villages emit a VNPA, whatever the poverty situation) and arbitration at khet and district levels between village representatives and local authorities.

Figure 8: PRF Budget Steering



²⁸ 1,464 (77%) of the villages are classified as poor.

4.3. EXTERNAL ASSESSMENT AND SURVEY MISSION

4.3.1. BENEFICIARY ASSESSMENT 2006

4.3.1.1. Aims and course

In accordance with the loan agreement and project appraisal document, the PRF organized in 2006 a Beneficiary Assessment undertaken by independent consultants, with the following objectives:

- (i) Appraise the level of participation and community satisfaction in, and the sense of ownership of PRF-supported sub-projects, in order to ensure the sustainability of assets rehabilitated/constructed and processes initiated through training and that they meet the priority needs of the communities.
- (ii) Appraise the procurement process in sub-projects, *i.e.* the efficiency, the transparency and the accountability of the procurement with external contractors or with community force account.

The first BA was carried out during the last quarter of 2005, with inadequate results. The second round of survey for 2006 aimed to get data that are more reliable and more comprehensive analyses.

In July and August, the PRF selected the consultant team for BA. The PRF utilized a *Quality and Cost-Based Selection* (QCBS), process based on the "*Guidelines for selection and employment of consultants by World Bank borrowers*" (the World Bank, May 2004). Four consultancy companies applied for the assessment. The PRF hired the Mixay's consultant team, led by Mr. Oudet Souvannavong with three teammates.

The survey was carried out in more than 100 villages to assess 128 sub-projects within the 20 districts involved in Cycles I, II or III. The field survey began in September and ended in November 2006, and the consultants submitted the draft report to PRF in December.

4.3.1.2. Key findings

The following information have been extracted and summarized from the consultants' report.

Community Organization and Participation

Local communities have been organized and trained for the preparation, implementation, and maintenance of sub-projects. Khet facilitators who have participated in two to three sub-project cycles have the capacity to conduct prioritization meetings at village and khet level, to negotiate the allocation of sub-projects and funds at district meetings.

Identification of sub-projects is based on the community real needs. Women have their priorities specified at village, khet, and district levels. The efficiency of focus groups meetings depends largely on the capacity of khet coordinators. It is very variable from places to places depending on their level of education and experience in community development.

Sub-project selection follows the prioritization process and rules specified in the manual of operations. All selections are made in relation to PRF's budget allocation per district. The annual budget provided to districts is not sufficient to cover all "necessities" prioritized by khets. Decision

is made at district level on which activity need to come first or which village need to be supported first²⁹.

Sub-project appraisal is made by the PRF' Technical Team. Sub-projects that cost estimation exceeded original budget are subject to negotiation. The khet and the district decide if the sub-project has to be canceled or be established with additional contribution from the community or with an implementation within a longer period (two cycles). Sub-project survey and design works are appropriate to local condition in general.

The assistance agreement is signed between the PRF and the Khet. It defines the quantity of works to be undertaken by contractors or by small procurement and defines the work and contribution to be made by the community. The agreement gives the khet team full responsibility for the management of funds and the construction/installation of sub-project provided and supported by PRF.

Impact of Sub-projects

The sub-projects are very significant for the livelihood of the communities in both economic and social aspect. During the construction of rural infrastructures, local villagers are hired and have generated income from construction companies. PRF provides opportunities for small local entrepreneurs/contractors to be engaged in civil works. PRF provides capacity-building opportunities for government officials and local communities.

PRF's sub-projects benefit the most to communities in areas where they lack of rural infrastructures. The benefit from the installation of rural infrastructures is immediate and remarkable especially in non-accessible areas. Benefit from social support in term of primary education and primary health care follows the installation of rural infrastructures. Benefit from income generating activities, training and environment activities are variable and are not noticeable because the activities has just been promoted and there are few results.

4.3.1.3. Key recommendations

The following information have been extracted and summarized from the consultants' report.

Short Term Recommendations

1. During sub-project design and appraisal, it is important for the PRF team to analyze the social composition of villages that have been institutionally re-organized. Support need to be channeled to the group of satellite household in the village that needs the most. During the sub-project selection process, in village where group of households are located far from each other it is important that all villagers both male and female are presented in the sub-project identification meetings.
2. It is recommended to keep the population factor for the allocation of Social funds in order to allocate funds for education and health to highly populated areas. In non-accessible areas, focus should be on providing access road and provide "to scale" social support to avoid under-utilization of the rural facilities. Research needs to be made to support rice deficit and increase food security in non-accessible areas that have food insecurity. It is recommended

²⁹ However, the consultants noticed and orally reported that in some cases district authorities have interfered with the community participatory process of sub-project selection.

to introduce rice banks and large animal revolving scheme in the menu of option specifically for those locations.

3. It is important that the final evaluation is done properly with proper account reconciliation, which defines clearly the contribution from each village or household. The hand over document shall be made and signed between PRF and the “owner” of the asset with witnesses from districts officials. The handover documents shall summarize the whole sub-project process from its selection to its completion.
4. Targeting principles defined in the manual of operation are relevant. However, at khet level there should be priority to less accessible villages. In term of fund allocation, it is recommended to keep the population factor for the allocation of social funds to education and health in the highly populated areas. In remote areas focus should be on providing access road and provide “limited and to scale” social support to avoid under-utilization of the rural facilities.
5. Efficiency and effectiveness of sub-project delivery depend largely on the capacity of each individual district’s PRF team and district’s official in assisting and supervising the preparation and implementation of sub-project activities. The coordination between district team and province authority is crucial. It is remarked that good coordination between PRF and the administration improve changing attitude towards the implementation of rural development project.
6. Sustainability relies on the capacity of local organizations to operate and maintain rural infrastructures delivered by the project. PRF has not yet provided enough capacity building support to village volunteers, village administration committee, village O&M groups. In general, capacity building of villages’ O&M is the responsibility of different district offices. Nevertheless, the districts have limited funds, capacity, and limited staff to provide regular support to the communities. It is recommended to review the O&M practice for each type of rural infrastructure and plan additional O&M strengthening activities at village and khet level before the end of the project.
7. It is recommended to PRF to be more careful in developing village saving funds in remote poor areas. Other pro-poor revolving village funds need to be developed instead of the credit funds. Good example can be taken from other donor projects such as the livestock revolving funds, rice bank, NTFP marketing funds, etc.
8. Training in agriculture and livestock productions and handicraft productions were appreciated by villagers but they lack resources and funds to undertake the activities that are initiated by training. However, the project should not be involved directly in farm and household production because PRF intervention process fits well with the delivery of rural infrastructures but is not appropriate for market based agriculture and agro-based production. This will require a more integrated and holistic intervention approach. It is recommended that PRF focus more on developing long-term effectiveness by strengthening the O&M organization and operation of already build rural infrastructure sub-projects.
9. Environment protection and conservation activities need to be pursued because they are highly appreciated by the communities and they have long-term impact to the preservation of natural resources and food. Additional activities such as NTFP management, NTFP domestication and the promotion of NTFP marketing funds could be introduced.
10. PRF intervention covers all villages of the target districts. A large number of donors and NGOs are operating in those districts with similar type of support. However, different rules and mode of operation are applied by each donor- supported projects. The existing mode of operation and participatory rules need to be known by the PRF district team and considered

by PRF Team during sub-project appraisal i.e. requirement (%) for community participation.

Long Term Recommendations

11. Asset ownership and the rights to use the rural infrastructure assets need to be clearly defined and understood by the stakeholders. The beneficiaries/users such as the water users, school-children parents, and others need to be provided legal right on the assets so they can operate and maintain the asset and arbitrate dispute by themselves. Issuing operation and maintenance regulations for rural road, schools, dispensary, and irrigation would be not be enough without legal framework.
12. The planning process of the PRF need to be improved in relation to the project cycles of each khet. Sub-projects identified during the first cycles must be considered in longer period of time (3 years covering cycle 1 to 3). Selection of sub-projects need to be made from Cycle I to Cycle III since the beginning so the communities know which sub-projects they requested would be implemented. By doing this, there will be more time available for the survey and design of rural infrastructures that are not standardized.
13. Cost effectiveness can be improved by better planning sub-project intervention in a longer period within at least 3 cycles. Therefore, activities are planned in logical sequences *i.e.* road are build first before other infrastructures are introduced, *etc.*

4.3.2. TECHNICAL ASSESSMENT 2006

4.3.2.1. Aims and course

In accordance with the loan agreement and project appraisal document, the PRF organized a Technical Assessment undertaken by independent consultants, with the objectives to appraise the quality of the civil works, the manner, and the management of their implementation, and the value of community participation in its implementation.

The first TA was carried out during the last quarter of 2005, with inadequate results. The second round of survey for 2006 aimed to get data that are more reliable and more comprehensive analyses.

In July and August, the PRF selected the consultant team for TA. The PRF utilized a *Quality and Cost-Based Selection* (QCBS), process based on the "*Guidelines for selection and employment of consultants by World Bank borrowers*" (the World Bank, May 2004). Four consultancy companies applied for the assessment. The PRF hired the ACCMIN/MEK's consultant team, led by Mr. Phasakone Thavonsouk, with four teammates.

The survey was carried out in more than 100 villages to assess 128 sub-projects (identical to BA ones, see above) within the 20 districts involved in Cycles I, II or III. The field survey began in September and ended in November 2006, and the consultants submitted the draft report to PRF in December.

4.3.2.2. Key findings

The following information have been extracted and summarized from the consultants' report.

Design Compliance

The TA consultants consistently found many numbers of building elements not conforming completely to the drawings plans and specification provided by the PRF guidance. Where they deviated from the plans, the majority of cases were not significant; most were to with the followings elements: gable end roof, ceiling project, timber wall was caused by timber used. Also wall plastering and the crucial floor finishing issue however was workmanship error.

However these deviations should have been caught and acted upon by the supervisors. This raises the question of the procedures and practices for supervision. However, more improvement is need in the supervision processes and procedures.

Satisfaction with projects

63% of the sub-projects are appraised as satisfactory by the interviewed people and the consultants. Roughly 25% of their own fund and involving the sub-project were from local communities. Additionally most of the project had involved communities providing labor as part of their contribution for project implementation. Most other projects provide materials such as aggregate, sand, timber, services in-kind for implementation.

Scale of work

The consultants found that as the scale of projects increased, in some cases the quality of work appears to decline. Complex project such as large irrigation projects require more in-depth study, research, documentation, and evaluation in order to improve the nature and quality of work undertaken.

Work quality

The quality of work may have been affected by:

- The limited capability of relevant personnel to effectively evaluation large-scale applications monitors and supervises the progress by contractors during project implementation.
- The limited available time for implementing sub-projects usually (6 months per cycle, by PRF designed).
- The limited available budgets for supervisions, with the PRF operating costs limited to 25 % of total budgets (referred to Prim Minister degrees 073/PM and 222/PM).

4.3.2.3. Key recommendations

The following information have been extracted and summarized from the consultants' report.

Rural Roads

1. Improve on typical drawing for longitudinal and cross-section profile
2. Improve on typical drawing for pipe and box culvert as well as closely follow up on the pre-cast production from concrete factory.
3. Improve on concrete production on site, provide recommendation on formworks, bracing and vibrating.
4. Ensure continuously pouring concrete with out segregation.

Buildings

5. Improve timber usage by drying for minimum requirement at least 2 months prior using. Either identifies alternative materials locally by selecting hard wood to suit with the actual need.
6. Ensure adequate treatment of timber work prior to installation.
7. Foundation should carefully stand on good sound soil.
8. The watering on brick is needed at least 4 hours before plastering.
9. Compacting soil or sand where floor is concreting and the most important things should be carefully followed the construction drawings

Irrigations

10. Mostly, develop and improved internal capacities to appraise and use modern survey equipment and supervise closely. Closely followed up during the implementation period.

Design and skills

11. Review and adapt plans in use by other agencies and organization that seem necessary.
12. Improve on information provision to contractors and supervisors, by building their capacities.

Management and partnership

13. Improve information and understanding by communities of their roles and responsibilities, basic supervision and maintenance.
14. Improve documentation in appraisals and supervision.
15. Contractors should be more discussion between contractor and applicant communities.

4.3.3. FINAL SURVEY

4.3.3.1. Principles and aims

One important aspect of overall evaluation of the PRF is to ensure the measurement of PRF impact on poverty and welfare. To that purpose, the PRF designed a two-steps process³⁰:

- A *Baseline Survey*, carried out in November-December 2003.
- By interviewing 1,500 households across all 10 PRF start-up districts (treatment group), and 1,500 households in non-PRF areas (comparison or control group), the baseline survey data and report are the image of the situation before/without PRF, to be compared with the result of the final survey (after/with PRF).
- A *Final Survey*, carried out in 2007 with the same sampling as the baseline survey, and utilizing the same methods.

The comparison of the results between baseline and final surveys for treatment and comparison groups combines a "with and without" approach with a "before and after" one, allowing an in-depth assessment of the evolution of household welfare and the impact PRF has had on it.

The PRF impact on poverty is based on the comparison between baseline and final surveys. To combine a "with and without" approach, and a "before and after" one, the final survey must follow the method and the sampling used for the baseline survey in 2003, for both "treatment" area (where the PRF has implemented activities) and "control" one (without PRF investments).

4.3.3.2. Sampling

The sample from the baseline survey is used.

For the treatment group, the survey will use the 10 start-up districts within the 3 provinces of Huaphanh (*Sobbao, Xiengkhor, Add*), Savannakhet (*Sepone, Nong, Vilabury*) and Champassack (*Mounlapamok, Khong, Sukuma, Pathoumphone*) as a sample of the total targeted PRF districts (21 districts in 5 provinces from 2003 to 2008). In each of the three PRF start-up provinces, a sample of 500 households will be randomly selected within the current PRF area (*treatment*) composed of the three or four districts as above. More specifically, 20 randomly selected households will be interviewed in each of the 25 villages randomly selected for Baseline Survey within each provincial PRF project area. Groups of villages were randomly selected for the baseline survey in the proportions representing urban/rural and the two accessibility conditions in each provincial PRF project area. In total, the overall sample will be 1,500 interviewed households for project areas (*treatment*), as for baseline survey.

A control group of 1,500 randomly selected households in non-PRF areas (*control*) will be constructed as a comparison group in the 25 villages randomly selected for baseline survey. Accessibility was used for stratification, in the same proportions as for the treatment group. The consultant will apply "Proportion Probability Sampling" (PPS) and "Linear Systematic Sampling" (LSS) in the selection of the numbers of households and villages in each survey area.

³⁰ Originally, the PRF worked on a three-step process, including a Follow-up Survey, supposed to be carried out by the end of 2005. According to the PRF work load and the little time interval between the three surveys, it was decided to downsize the process to the Baseline and Final surveys only.

The provinces (districts) targeted as control for the baseline survey were Phongsaly (Mai and Khua), Savannakhet (Xonnabuli, Phalanexai and Atsaphone), and Champassack (Bachieng, Phonethong, Sanasomboun and Champassack). As much as possible these control districts were selected to provide a reasonable comparison. As for the treatment group, households in any small satellites/annexes to the selected control sample of villages must be included in the random households sampling.

Villages selected for sampling thus are of six different sample types:

1. PRF project area (*treatment*) urban,
2. Non-PRF area (*control*) urban,
3. PRF project area (*treatment*) rural with road access,
4. Non-PRF area (*control*) rural with road access,
5. PRF project area (*treatment*) rural without road access,
6. Non-PRF area (*control*) rural without road access.

4.3.3.3. Managing sample changes since Baseline Survey

The baseline survey took place in 2003, four years before the final survey. Many evolutions may have affected the treatment and control samples: vanished or merged villages, new villages or households, resettled villages or households, *etc.* To allow an accurate comparison between the two sets of samples, the consultants will apply the following method for the sampling:

1. If the villages still exist, the villages surveyed in the final survey should be the same as the ones surveyed in the baseline survey.
The consultant will try to replace the missing villages with ones that have similar, observable characteristics (same region, similar demographics, wealth, distance from the road, and access to infrastructure, *etc.*) as the missing villages. For the treatment group, it is also important that the proportion of replacement villages that received a PRF sub-project corresponds to the proportion of villages that received a PRF sub-project in the original sample. Equal villages should have the same village ID, while the replacement villages should have a new village ID. The village IDs in the treatment group should be the IDs used in the administrative data, so that the merging of information will be possible.
2. When possible, the households surveyed in the final survey should be the same as the ones surveyed in the baseline survey. If it is not possible to interview the same households, the replacement households should be randomly selected among households in the village that have similar characteristics than the replaced households.

4.3.3.4. Questionnaire

The same questionnaires as the Baseline Survey will be used, heavily drawn upon the NSC's LECS III survey instruments. This will allow a) direct comparison between baseline and final surveys; and b) easy comparison between PRF data and the Lao PDR's National Statistics.

4.3.3.5. Organization and program

The National Statistics Center (NSC) has been chosen to operate the Final Survey, as NSC performed the baseline, and because it is the only organization currently operational in Lao PDR with experience in carrying out household surveys of this magnitude. The NSC has a widely

recognized and unique capacity for data collection and analysis, and has agreed to provide cost-effective assistance to the PRF. The NSC will perform the following tasks:

1. In consultation with PRF, prepare tools, derived from the baseline survey, for the field survey and data entry and cleaning.
2. Recruit/sub-contract enumerators to conduct the survey, develop appropriate training materials and strategy, and provide training to the enumerators.
3. Conduct fieldwork and provide adequate supervision and oversight for survey operation in PRF districts (*treatment*) and other districts (*control*) as agreed.
4. Recruit/sub-contract data entry personnel, enter the final survey data.
5. Check, clean and correct the keyed data, with the support of the World Bank team.

The World Bank team performed the following tasks:

1. Support the NSC for the data cleaning during entry.
2. Process and analyze the data of the final survey, and compare the results with the baseline survey's ones in order to appraise the evolution within three years (11/2003 – 1/2007) and the PRF impact on the household livelihood.
3. Prepare the report (in English) for the final survey, the comparison between baseline and final survey, and the analysis of the PRF impact.

The PRF team performed the following tasks:

1. Organize the process of final survey (ToR and contract preparation).
2. Supervise the final survey, especially to smooth the implementation of the fieldwork and ensure the timing respect.
3. Finance the NSC for the field survey and the data entry, in accordance with the contract's terms of payment. The World Bank team will directly fund its task (support mission to data cleaning, data processing and reporting).
4. Facilitate the communication between each party, to ensure a quick and smooth implementation of the final survey process.
5. Translate the English version of reports into Lao.

The contract for the final survey was signed the 20 September 2006 between the PRF. The next step will be the preparation of the survey tools (questionnaires, entry form interface, and database) by the end of 2006, by NSC with the PRF and World Bank support. With potential minor adaptations to determine, the tools will be those of the 2003 baseline survey. Then, the NSC organized a team of about 100 to 200 enumerators by the end of December 2006, train them (1-20/01/2007), and carry out data collection (21/1-15/2/2007). Data will be checked and entered at NSC headquarter in Vientiane (28/2-10/5/2007), with the support from Thai consultants (SRI) to deliver the file to the World Bank team beginning of May. The final report is expected for June 2007.

4.4. RECOMMENDATIONS FROM THE PRF ADMINISTRATIVE BOARD

4.4.1. THE SEVENTH ADMINISTRATIVE BOARD MEETING

The seventh PRF Administrative Board meeting took place on 6-9 February 2006 at Xamneua District Huaphanh Province. The meeting was chaired by Mr. Somdy DUEANGDY, Deputy Minister of Finance, Vice-President and Standing Member of PRF Administrative Board. Mr. Phankham VIPHAVANH, Provincial Governor of Huaphanh, welcomed the participants and Mr. DUEANGDY opened the meeting. The Executive Director of PRF presented the achievements and problems of the PRF and proposed recommendations at the meeting. On the second day, all participants visited some sub-projects implemented in Sobbao district, including a road upgrading, the newly built Namterb Dispensary, the Sobbao school construction and community environmental management of the Mark River's catchments area.

4.4.1.1. Changes in PRF Administrative Board

1. Approval of new membership to the Board:
 - Mr. Sonexay SIPHANDONE, Vice-Governor of Champassack Province, instead of Mr. Sengkham PHOMKHEH;
 - Dr. Khampheuy PHANTHACHONE, Vice-Governor of Savannakhet Province, instead of Mr. Souckaseum PHOTHISANH;
 - Mr. Tamla AMKHATHONGKHAM, Vice-Governor of Huaphanh Province, instead of Mr. Phonekeo LATSACHANH.
2. Approval of the extension of Mr. Sivixay SAYSANAVONGPHET as the Executive Director of the PRF, to ensure the efficiency and continuity in the PRF progress.
3. The Eighth PRF Administrative Board Meeting is set to be held in August 2006 in Saravanh province.

After the Party Congress and election of a new National Assembly, the GoL composition changed as well as many positions within provincial and district administrations. Thus, the list of the PRF Administrative Board is about to evolve in the coming weeks, with official approval during the next meeting.

4.4.1.2. Recommendations

1. The PRF will develop Income Generating Activities (IGA) and promote gender-balanced activities for the remaining cycles³¹.
2. The village saving group activity should be extended to about 100-120 groups, with a budget of 870,000,000 kip for Cycle III.
3. The PRF will set up an integrated IGA pilot experiment in Phin District, Savannakhet province, in collaboration with local authority, monitor the test, and prepare an extension to at least one district in each province.

³¹ However, the World Bank no-objected the credit use only for IGA on a pilot basis, within a limited framework that was reprecised during the October-November 2006 supervision mission.

4. The PRF will cooperate with Ministry of Foreign Affairs for collecting information about the German Cooperation and Raiffeisen Confederation (DGRV) to present a more detailed proposal of cooperation to the next board meeting.
5. The PRF can cooperate with Lao universities and other related bodies to develop the quality control of sub-projects.
6. For Cycle IV (2006-2007), the PRF may extend to Viengthong District (Huaphanh Province). The Board strongly recommends to also expanding to Saravanh District (Saravanh Province). The PRF will develop a well-argued proposal to submit to the World Bank. In Cycle V (2007-2008), the PRF will extend to the two remaining districts. The PRF will negotiate with the provincial authorities in Sekong and Saravanh to find a reasonable solution for the PRF provincial offices.
7. The PRF should reformulate the calculation on district allocation and sub-project cost and submit to the Administrative Board for approval. The PRF must increase allocation to districts to raise the efficiency of the investments and ensure the quality of the built infrastructure. The administrative cost per sub-projects must be recalculated and modulated according to the variable cost of access to the villages. Altering sub-project administrative costs from 2% to 4% should be considered according to the circumstances.
8. The training costs should be considered as an investment and excluded from the operating costs. The PRF will develop a well-argued proposal to submit to the World Bank³².

In accordance with the Administrative Board recommendation (number 6), the PMT attempted to negotiate with the World Bank an agreement on funding the expansion of activities to two districts for Cycle IV (Viengthong in Huaphanh province, Saravanh). Due to the restrained available budget to end the current PRF phase and to the difficulties met in expanding during Cycle III, the World Bank did not change its position and maintain an expansion to only one district (Viengthong).

4.4.2. THE EIGHTH ADMINISTRATIVE BOARD MEETING

The eighth meeting of the PRF Administrative Board took place on 19 October 2006 in Vientiane capital. Thirty-eight people attended the meeting, including seven women:

- Board members of PRF;
- Vice-Governors and Provincial government coordinators from five provinces (Huaphanh, Xiengkhouang, Savannakhet, Champassack, and Saravanh);
- Representatives from the Ministry of Foreign Affairs, the Ministry of Finance, and the Committee for Planning and Investment;
- PRF Provincial Coordinators from five provinces;
- Some PRF national office staff.

The meeting was conducted in two steps. Firstly, the meeting was officially opened at 08.30 am by Mr. Somsavat Lengsavad, Deputy Prime Minister, and Standing Member of the Government Member, Chair of the National Committee for Rural Development and Poverty Alleviation, and new Chair of the PRF Administrative Board. Then, Mr. Sivixay Saysanavongphet, Executive Director of the PRF, presented the achievements and problems of the PRF since previous meeting

³² Such proposal was rejected by the World Bank; training costs, as well as all capacity building costs, remain included within Operating Costs, but this point may be revised for a potential phase 2 of the PRF.

in Huaphanh and proposed recommendations for future PRF activities that were adopted by the Administrative Board.

Photo 17: The Eighth PRF Administrative Board Meeting



4.4.2.1. Report of activities to the Administrative Board

1. Presentation of the Cycle III achievements, in accordance with the decision from the seventh Administrative Board meeting (February 2006, Huaphanh province), focusing especially on efficiency and sustainability of sub-project implementation.
2. Results of the Annual Review and Strengthening Workshop 2006 for PRF staff after completing the Cycle III and preparing the Cycle IV.
3. Preparation and planning for the Cycle IV (2006-07), for a district allocation budget of US\$ 4,580,000 was designated for the 21-targeted districts in five provinces, covering 1,984 potentially beneficiary villages with 744.140 people. For Cycle IV, 596 sub-projects were prioritized at district prioritization meetings hold in August 2006.
4. Financial statement on the PRF budget up to September 2006 (Fiscal year 2006), including Government and IDA contributions.
5. Evaluation of PRF approaches/methods and lesson learned, strong points, challenges, and difficulties encountered by the PRF in implementing activities.
6. The provincial representatives (Vice-Governors and PRF government coordinators) concluded the report of activities by commenting and giving voice from the field about PRF implementation.

4.4.2.2. Recommendations and administrative board decisions

The PRF Administrative Board adopted the following decisions:

Composition of the PRF Administrative Board

1. After the Party Congress and election of a new National Assembly, the GoL composition changed as well as many positions within provincial and district administrations. The PRF, established by a Prime Minister's Decree in 2002 (073/PM), was amended in September 2006 (222/PM), as an autonomous organization, overseen by an Administrative Board were sat Government and province representatives, chaired by the Deputy Prime Minister, Standing Member of the Government, Chair of the National Committee for Rural Development and Poverty Alleviation. The PRF Administrative Board accepted the new PRF board members for each vacant position, as follow:

- H.E. Mr. Somsavat Lengsavad, Deputy Prime-Minister, Standing Member of the Government, president of the National Committee for Rural Development and Poverty Alleviation, new Chair of The PRF Administrative Board;
- Mr. Onneua Phommachanh, Vice-President and Standing Member of the National Committee for Rural Development and Poverty Alleviation, Vice-Chair and Standing Member of PRF Administrative Board;
- Ms. Khemphet Pholsena, Vice-Chair and Senior PRF Administrative Board Member;
- Mr. Somdy Douangdy, Vice-Minister of Finance;
- Mr. Thongmy Phomyxay, Vice-President of the Committee for Planning and Investment;
- Ms. Bandith Parthumvanh, Vice-President of the Lao Women’s Union;
- Mr. Somphao Phaysith, Vice-President of the Bank of Lao PDR;
- Ms. Buavone Onchanhorm, Vice-President of the Lao National Front for Reconstruction;
- Mr. Vilayvong Boudakham, Secretary of the Lao Youth Union;
- Mr. Bounpeang Buaphan, Representative of the civil society;
- Mr. Tamla Amkathongkham, Vice-Governor of Huaphanh Province;
- Mr. Khamsouk Xayasone, Vice-Governor of Xiengkhouang Province;
- Dr. Khampheuy Phanthachone, Vice-Governor of Savannakhet Province;
- Mr. Bounthiem Phommasathit, Vice-Governor of Saravanh province;
- Mr. Somsanith Bouttivong, Vice-Governor of Champassack province.

PRF implementation

2. Add more PRF staff at national level to address the work overload and maintain operating capacities (three positions: Technical Assistant, Procurement Assistant, and community development).
3. Despite limited resources, the PRF will continue to work in each of the 21-targeted districts in the five provinces for the Cycle V. Due to budget limitation for Cycle V (2007-08), the PRF will cooperate with provincial and district authorities to find reasonable solutions for efficient implementation. For Cycle V, the PRF should focus only on villages below a poverty level to define. The threshold is to be chosen such as to maintain the average investment per village at a similar level than for Cycle IV. With such a strategy, the PRF will sustain high investment level in poor villages, while limiting some operating costs (VNPA, transportation, *etc.*) in better-off villages.
4. The PRF is authorized to cooperate with rural development projects in Vietnam, to organize study tours and exchange experiences about the poverty alleviation strategy, which is one of the most efficient programs in Vietnam.
5. Fund Raising for extending and expanding the PRF toward a phase II (2008-2013) after completing the current phase (2003-2008) is a necessity. The PRF must collaborate with Ministry of Foreign Affairs and the Committee for Planning and Investment to prepare a proposal for fund raising and approach donors at the ninth Roundtable that will be held in November 2006.
6. The PRF has to cooperate with the National Committee for Rural Development and Poverty Alleviation to accomplish the modeling of sustainability development that

combines the Prime Minister Decree No. 09/PM and the National Plan for natural resources preservation.

7. To comply with the rules of the Ministry of Finance, the contractors working with the PRF must pay the tax profit. However, the PRF may collect the tax for the Government.
8. The ninth PRF Administrative Board meeting is expected to be held beginning of April 2007 in Saravanh province.

Other issues

9. The Chair of the PRF administrative board recommended to the board members from each province to communicate more in order to mobilize the communities in expressing their needs and improve their participation in sub-project management and maintenance, to ensure the investment sustainability. It should be better if the maintenance funds can be set up before any problem was encountered for each sub-project.

4.5. WORLD BANK MISSIONS IN 2006

4.5.1. IN THE FIRST QUARTER

A World Bank Mission took place the 27-30 March 2006. The mission was composed of Ms. Jennica LARRISON (from Washington), with Ms Emiko NAKA (from Vientiane office).

The main objectives of the mission were *"to review concerns and issues faced by the Monitoring and Evaluation units at the provincial and national level, analyze progress made on the MIS system, review procedures for the district allocation report, and discuss constraints in the hiring of a monitoring and evaluation unit head for the national office"*³³.

The report's conclusion stipulated, *"While operating for an extended period of time without a unit head, the M&E unit is progressing. The leadership provided by Mr. Sivilay has allowed the unit to continue in a forward-looking manner. The issues faced today are far less severe than 2 years ago, and once the database is up and running properly, the M&E unit should be able to begin analyzing the available data properly. As the project has passed the mid-way point, it is important to begin focusing on the outcomes of the various sub-projects on the villages, and ultimately the impact PRF has made"*.

4.5.2. IN THE SECOND QUARTER

To launch the process of the Final survey, a World Bank Mission came to Vientiane the 19-20 June 2006, composed of Ms. Jennica LARRISON, Mr. Jamele REGOLINI (from Washington DC), and Ms. Emiko NAKA (from Vientiane office). The main objectives of the mission were *"To discuss with the representatives of National Statistic Center (NSC) for the insight and cooperation especially to design how to organize the PRF final following-up survey which would be started at the beginning of 2007 and address any concerns the Monitoring and Evaluation Unit had in regard to the progress made on the MIS system and general activities"*.

According to the urgent need to raise fund for extending and expanding the PRF, but also to the tight schedule for a comparative survey on social funds impact in different countries, the World

³³ Jennica Larrison's Back to Office Report, page 1.

Bank proposed in June to bring forward the Final survey to the first quarter of 2007, instead of end of 2007 (*Cf. p. 60*).

4.5.3. IN THE FOURTH QUARTER: THE ANNUAL SUPERVISION MISSION

Course of the supervision mission

A World Bank team visited PRF for a supervision mission 25 October to 7 November 2006, composed of Mr. Jamele Rigolini (Mission Leader and substitute of Ms. Maryam Salim, Task Team Leader), Ms. Oithip Mongkolsawat (Procurement), Ms. Tasanee Chokwatana (Procurement Program Assistant), Ms. Nipa Siribuddhamas (Financial Management), Ms. Jennica Larrison (Implementation and M&E), Mr. Kwanchai Niyomthamkit (M&E).

The team reviewed progress in meeting the development objectives; overall implementation since the mid-term review; and discussed the future of PRF.

From 25 to 31 October, the mission worked in Vientiane, before to go to visit PRF activities in Saravanh province from 1 to 5 November. On the 6 November, Mr. Luis Benveniste (Country Sector Coordinator) joined the acting Country Manager and the mission for courtesy visits to Mr. Somdy Douangdy, Vice-Minister of Finance and member of the PRF Administrative Board; and to H.E. Mr. Somsavat Lengsavad, Deputy Prime-Minister, Standing Member of the Government, president of the National Committee for Rural Development and Poverty Alleviation, new Chair of The PRF Administrative Board.

Key findings (extract from the mission's aide-mémoire)

The mission is pleased with the continued hard work of the PRF staff, resulting in strong progress toward meeting development objectives and overall implementation. In Cycle III, 533 sub-projects were selected and planned for implementation in the 20 districts (1,283 villages benefited), with approximately 4,163,000 USD budgeted for implementation. As of the end of September 2006, 424 subprojects were complete and 4 million USD had been disbursed to khet-level accounts. While implementation of Cycle III projects are wrapping-up, the Cycle IV is currently being prepared. One additional district (Viengthong in Huaphanh province) has been added for PRF activities in Cycle IV, bringing the total number of districts to 21 and an estimated implementation budget of 4,580,000 USD for the upcoming cycle.

Cycle III contributed greatly to meeting the first development objective of improving access to public infrastructure and services by building 376 infrastructure facilities, with 1,003 villages of the 1,283 served possessing a maintenance plan. Although slower, the second development objective of empowering villages to manage implementation is also progressing. In Cycle III, about 72% of villagers participated in the village needs priority assessment meeting. Community procurement sub-projects accounted for 346 of the 533 sub-projects, while contracted procurement sub-projects numbered 109. Similarly, the final development objective of capacity building continues to progress through the life of PRF. Khet facilitators, district facilitators, and all staff gain experience and knowledge with each cycle of the project.

While participatory and village demand-driven approaches are among the main emphases of PRF, one-third of approved sub-projects were not necessarily part of original village needs, but were added at the khet or district level. While this was partly because some village priorities were not

aligned with districts' development plans³⁴, in some cases personality influence played a part in final sub-project selection (*e.g.* retired civil servants or strong ideologists were present at DDMs). PRF's provincial, district and khet staff should aim to minimize such circumstances where village needs are distorted.

Key recommendations from the aide-mémoire

- Continue honoring commitment with existing VSGs, without extension.
- Launch a pilot test for animal raising for the poor sub-project, on a pilot basis:
 1. As discussed, the GoL should contribute 18,000 USD to the pilot for Cycle IV.
 2. PRF may mobilize up to 100,000 USD from the World Bank credit to that purpose in Cycle V. To reduce the costs of training and supervision, the pilot as a whole will be conducted in a single province, and will not exceed 20 villages.
 3. PRF will submit to the WB team a clear proposal clarifying the selection of villages, how training will be performed, how animal raising activities will be run, and a detailed budget of the pilot.
 4. A preliminary evaluation of animal raising activities will be completed by the end of Cycle V.
 5. For each step, the WB team will be informed. PRF will also prepare and send a no objection request to the WB team before implementing the pilot beyond the scope of the GoL 18,000 USD.
- The PRF should review the list of medical health care supplies needed at a dispensary provide by the ministry of Health, and revise it slightly based on the situation witnessed in Saravanh.
- To sustain the roads linkage villages to Khets, The PRF should be impending access to large truck, and should remain large enough to allow the passage of hand tractors and pick-up truck.
- The WB team also discussed with PRF the possibility of reducing the dimension of rehabilitated roads linking villages to Khets. This would reduce rehabilitation costs, and at the same time prevent an excessive degradation of village roads by impeding access to large trucks. Rehabilitated roads, however, should remain large enough to allow the passage of hand tractors and pick-up trucks.
- PRF should monitor the XDR-USD exchange rate frequently, updating the budget projection table monthly.
- Further delays to deploy the MIS are expected, and Excel expert should be sought to I) modify current PRF's Excel spreadsheets to be more user-friendly, *i.e.* utilizing Excel functions such as "drop down list", "forms" or even some simple macros to improve efficiency, and ii) provide a one-week training course on intermediate/advanced Excel to key M&E or PRF staff.
- In Cycle V, PRF should concern only the villages whose poverty level remains threshold.

³⁴ For instance, a health dispensary was asked for when one already exists in a nearby village. In such case, the mission was informed that the Ministry of Health has clear guidelines on the extent of vicinity that a health dispensary should cover. Also, for example, a village asked for a bridge when one already exists either upstream or downstream or sometimes the number of potential beneficiaries is too small to justify economic returns.

4.6. COOPERATION WITH OTHER INSTITUTIONS

The cooperation with other institutions, Lao or international ones, is an asset to improve the effectiveness of the PRF effort.

4.6.1. COOPERATION WITH NATIONAL ASSEMBLY

On 27 September 2006, Dr. Thongphanh Chanthalanone, President of the Ethnic Committee of The National Assembly and his team visited the Poverty Reduction Fund Office in Vientiane to be informed and to exchange experiences and lesson learned on project implementation and poverty alleviation approaches. The PRF Executive Director reported on PRF's background, objectives, methodology, principles, and progress.

Dr. Thongphanh Chanthalanon congratulated PRF achievement and expressed that "during my field trips to remote areas where PRF intervenes, I was so delighted to observe many poor villages with new access to clean water to district central town in both dry and rainy seasons". Moreover, she also advised PRF to enhance cooperation with the Ethnic Committee as well as other GoL organizations involved in social development.

4.6.2. COLLABORATION WITH MASS ORGANIZATIONS

Mass organizations (Lao National Front for Reconstruction, Lao Women Union, and Lao People's Revolutionary Youth) actively participates to the promotion and coordination of PRF activities at village and district levels.

Moreover, PRF regularly seeks Mass organizations technical support for vocational training for villagers, management training for khet teams; more precisely, Lao Women Union is directly in charge of supervising and training the VSGs.

4.6.3. COOPERATION WITH DEVELOPMENT ORGANIZATIONS

At local or national levels, PRF has frequent contacts with various organizations involved in poverty alleviation and rural development throughout Lao PDR. It includes departments of technical ministries, international development agencies, NGOs, and ODA-funded projects.

Such contacts are useful for a better coordination at field level (enhance investment synergies and avoid duplication), as well as for improving PRF processes by exchange of experience.

Over case-by-case co-operations, the World Food Program (WFP) contacted PRF in June 2006 for a wider collaboration, which may lead to a co-funding of some sub-projects during Cycle IV. In villages targeted both by PRF and WFP food-for-work project³⁵, sub-projects eligible to WFP criteria may be funded partly in rice from WFP, partly in cash from PRF, in accordance with agreement to find with the communities. Such collaboration can contribute to increase PRF investment budget, a critical issue for Cycle V (*Cf. p. 76*), but potential issue would be fitting the complex and rigid WFP procedures with the quick pace of PRF activities.

³⁵ WFP will launch in 2007 a new food-for-work project working in selected villages, including notably 10 districts where PRF is investing in Huaphanh, Xiengkhouang, Savannakhet, Saravanh and Champassack provinces.

4.7. PROSPECTS FOR AN EXTENSION OF PRF

4.7.1. AN EFFORT TO PURSUE TOWARDS POVERTY ELIMINATION IN LAO PDR

After the three first years of implementation, the PRF has shown interesting capacities to invest at large scale in remote villages. In providing community infrastructures (roads and bridges, schools, water supply systems, dispensaries, irrigation schemes, *etc.*) to poor farmers, the PRF contributes strongly to improve their livelihood and build the basis of their future economic development. However, the needs remain huge to achieve the GoL aims of eradicating mass poverty by 2010 and freeing the country from the status of least-developed country by 2020. It requires continuous efforts and investments in the poorest rural districts of the country.

Even if the PRF cannot address alone the complex and holistic issue of poverty (coordination with administration services and other specialized institutions is required), the Fund has shown some proven capacities to intervene quickly and efficiently in poor rural districts. It may be more consistent to pursue the effort and extent/expand the PRF, than shift for a new approach that will need time for test and tuning.

The PRF officially ends in March 2008, but will be probably extended to September 2008 to complete Cycle V (*Cf. p. 78*). At that time, the budget will be exhausted (*Cf. p. 76*), and the PRF will not be able to carry through investment in the already five provinces (21 districts) involved, nor to expand to new districts or provinces.

Continuing the PRF, moreover expanding to new provinces, requires an extension of the Fund, *i.e.* new source of budget. At mid-term, the Government should mobilize resources from the Nam Theun 2 exploitation to fund the PRF and other State poverty-alleviation programmes. Nevertheless, external support is required on a temporary basis, until the operating of the hydroelectric infrastructure will generate benefits on a routine basis (over 2010-2012).

4.7.2. BUDGET ESTIMATION FOR EXTENDING AND EXPANDING PRF

To sustain the thoughts, a rough appraisal of the budget required for expanding the PRF is hereafter provided, based on the following hypotheses:

- the current PRF principles and organization will be maintained for community-based investment (public goods);
- the new transitory phase will run from 2008 to 2012;
- a progressive expansion is required to set up and train district and provincial teams, but also for the process of socialization into the villages, when introducing the PRF concept, principles and process to poor communities.

The expansion plan (*Cf. hereafter*) exposed was designed only for computing the first budget simulations, but does not foretell GoL decisions.

Table 29: Sample expansion plan for PRF (2008-2012)

Province	District	Year 1 2008	Year 2 2009	Year 3 2010	Year 4 2011	Year 5 2012
Vientiane Capitale	Sangthong					
Phongsaly	Nhot Ou					
	Samphanh					
Luang Namtha	Long					
	Viengphoukha					
	Nalae					
Oudomxay	Namor					
	Nga					
	Beng					
	Houn					
	Pakbeng					
Bokeo	Meung					
	Pha Oudom					
Luang Prabang	Pakseng					
	Phonsay					
	Viengkham					
	Phoukhoun					
Huaphanh	Xieng Khor					
	Viengthong					
	Viengxay					
	Huameuang					
	Xamtay					
Xayaboury	Xayaboury					
	Xienghong					
Xiengkhouang	Nong Het					
	Khoun					
	Thathom					
Vientiane Province	Hom					
	Saysomboun					
Bolikhamxay	Bolikhan					
	Khamkeuth					
	Viengthong					
Khammouan	Bualapha					
	Nakay					
Savannakhet	Phin					
	Sepon					
	Nong					
	Vilaboury					
Saravanh	Ta Oey					
	Sa Moiy					
Sekong	Ka Lerm					
	Duk Chuang					
Champassack	Bachiang					
	Sukuma					
Attapeu	Sanxay					
	Phouvong					

With a reallocation of the PRF staff in year 1 to cover only top priority districts, then a progressive expansion over the four first years, a budget of 66 million USD is required to implement and operate the PRF over the 47 poor districts³⁶ set up in priority in the NGPES.

Table 30: Budget Plan to expand PRF over the 47 NGPES priority poor districts

	Year 1 2008	Year 2 2009	Year 3 2010	Year 4 2011	Year 5 2012	TOTAL
<i>USD</i>						
Coverage						
Provinces	10	15	17	17	17	
Districts	26	39	46	46	46	
Villages	2,150	2,960	3,480	3,480	3,480	
Population	710,000	1,090,000	1,352,000	1,352,000	1,352,000	
Sub-Grants Investment	5,690,000	9,123,000	11,360,000	11,360,000	11,360,000	48,893,000
Community Capacity Building	308,000	413,000	463,000	440,000	440,000	2,064,000
Operating Costs	2,525,000	3,047,000	3,298,000	3,092,000	3,186,000	15,148,000
District Level	666,000	940,500	1,014,000	972,000	966,000	4,558,500
Provincial Level	909,000	1,041,500	1,060,000	896,000	896,000	4,802,500
National Level	690,000	885,000	1,044,000	1,044,000	1,044,000	4,707,000
Technical Assistance & Evaluation	260,000	180,000	180,000	180,000	280,000	1,080,000
TOTAL	8,523,000	12,583,000	15,121,000	14,892,000	14,986,000	66,105,000

For a target population of 1.36 million people living in 3,480 villages, 80% of the budget will be invested in the villages (only 20% for operating costs).

The forecasted budget is just a rough appraisal. Introduction of new sectors into PRF, especially household-based Income Generating Activities (private goods) would require additional funds.

³⁶The Nam Nhu Special Region in Bokeo Province was broken up, reducing the list from 47 to 46 districts.

4.7.3. PLAN FOR FUND RAISING

In November 2006, H.E. Mr. Somsavat Lengsavad, Deputy Prime-Minister, Standing Member of the Government, Chairman of the NCRDPA and PRF Administrative Board requested to the World Bank to support an extension of the PRF.

Such request launched official discussion between the two parties, as well as informal exchanges and brain-storming between World Bank and PRF teams. Nevertheless, the World Bank is likely not to be able to address the budget required (66 million USD) and a panel of donors must be set up. To insure that funds will be available in time to avoid any gap (June 2008), the following fund-raising process will be implemented in 2007:

- informal contacts with potential donors (1-4/2007);
- PRF presentation meeting to potential donors (3/5/2007);
- PRF field trip for interested donors (July-August 2007);
- Donors roundtable (October 2007);

5. FINANCIAL AND ADMINISTRATIVE ISSUES

5.1. STAFFING ISSUES

End of December 2006, 141 staff (full-time "consultants") are employed by the PRF. 25 people are based at the national office in Vientiane, while there are 7-10 people for each provincial office and 3-6 people based in each district.

Table 31: Table 26: PRF staff end of 2006

Level	Total	Males	Females	% female
Central Office	24	18	6	25%
Huaphanh	37	27	10	27%
Xiengkhouang	19	15	4	21%
Savannakhet	24	18	6	25%
Saravanh	16	12	4	25%
Champassack	20	13	7	35%
Total	140	103	37	26%

However, PRF implementation does not rely only on this limited staff, but also on hundreds of village and khet volunteers. Approximately 714 "Khet Facilitators" (3 people per khet) facilitate activities, represent the PRF at village level and bridge village communities to the Fund. Over 900 "Khet Representatives" (4 people per khet, including two men and two women) and many other khet and village people work with and represent the communities in the PRF process. In total, more than 3,800 people form the khet teams and are the core of the PRF.

In 2006, the PRF continued to sustain a high rate of staff turnover, with 12% of change in twelve months (comparable level to 2005). The PRF faced major difficulties in attracting and keeping qualified staff due to work overload and compensation slightly lower than the employment market references.

Table 32: PRF staff³⁷ turnover in 2006

Positions		Gender	Reasons for leaving	Replaced	%
National	Training officer	Female	agreed for separation	yes	16%
	Personnel officer	Female	agreed for separation	yes	
	IEC	Male	agreed for separation	yes	
	Procurement	Male	agreed for separation	no	
National office Total staff : 25					
Savannakhet	DCD Vilabury	Female	to be provincial finance	yes	17%
	DCD Sepone	Female	agreed for separation	yes	
	PFA	Male	agreed for separation	yes	
	M&E officer	Male	agreed for separation	yes	
Savannakhet office Total staff : 24					
Champassack	DCD Sukuma	Male	position terminated	yes	25%
	DCD Pathoumphone	Male	position terminated	yes	
	DTA Mounlapamok	Male	position terminated	yes	
	DF Mounlapamok	Male	position terminated	yes	
	DCD Mounlapamok	Female	position terminated	yes	
Champassack office Total staff: 20					
Huaphanh	PCD	Male	position terminated	Yes	11%
	DTA	Male	Agreed for separation	yes	
	Financial Assistant	Female	Agreed for separation	yes	
	DCD	Female	Position terminated	yes	
Huaphanh office Total staff :37					
Xiengkhouang	Provincial Accountant	Male	Agreed for separation	yes	6%
Xiengkhouang office Total staff :19					
Saravanh					0%
Saravanh office Total staff : 16					
Grand Total: 140 Staff					
Average of Percent of change: 12.3%					

³⁷ DCD: District Community Development staff; DTA: District Technical Assistant staff; DF: District Facilitator; IEC: Information Education and Communication

5.2. FINANCIAL REPORT

5.2.1. ANNUAL AUDIT FOR FISCAL YEAR 2005

The third financial audit for the PRF began in February 2006 and the contracted company, Price Waterhouse Coopers (Lao) *Ltd* finalized its report by the end of March 2006. The main findings of the audit stated that the accompanying financial statements gave a true and fair view of the financial position for the fiscal year 2005 (01/10/2004-30/09/2005). The audit report found PRF's financial processes to be acceptable. They saw no major accountability or internal control issues and proposed some specific and minor improvements.

The fourth annual audit for 2006 will be held in February 2007 and the contracted with the same company.

5.2.2. MONITORING AND INTERNAL AUDIT

During the second quarter of 2006 (March to June), the FA unit carried out internal audit of accounting process at community and district level, during the final inspection of sub-projects. The monitoring showed that the PRF's financial processes are well implemented and mastered, but some improvements are required in some provinces and will be promoted for the Cycle IV.

The internal audit was renewed in December, at Provincial and district levels.

5.2.3. PROJECT EXPENDITURES

IDA credit

In 2006, the project spent 5,453,966.66 USD from the IDA credit. During the period, the replenishments from the World Bank reached 4,992,2004.94 USD, leaving 6,989.99 USD from the initial advance.

Table 33: IDA Credit Funding and Expenditures in Fiscal Year 2006

Credits to PRF A/C	4,992,204.94 USD
Expenditures	5,453,795.51 USD
Advance	6,989.99 USD

Table 34: Details for Expenditure from IDA loan in Fiscal Year 2006

Categories	IDA
Sub-project Grants	4,413,414.50 USD
Consulting Services (Internal)	607,823.92 USD
Goods & Vehicles	74,651.62 USD
Civil Works	1,511.75 USD
Incremental Operating cost	303,380.27 USD
Training, IEC, Socialization	53,013.45 USD
Total Project Cost	5,453,795.51 USD

At the end of the fiscal year 2006 (30/09/2006), the PRF has expended over 11.5 million USD.

Table 35: Project expenditure from IDA loan since 2002 up to 30/09/2006

Categories	IDA (Start to Sep06)
Sub-project Grants	8,169,870.74 USD
Consulting Services (Internal)	1,772,813.36 USD
Goods & Vehicles	410,049.85 USD
Civil Works	59,519.20 USD
Incremental Operating cost	917,309.40 USD
Training, IEC, Socialization	177,508.26 USD
Total Project Cost	11,507,070.81 USD

Governmental contribution

In July 2005, the GoL and the World Bank agreed to amend the Project Agreement, including a revision of the GoL contribution (reduced to zero). Then, the PRF has stopped submitting a fund request to the GoL.

For fiscal year 2006 (1/10/2005-30/09/2006), expenditures from GoL contribution amounted 171.15 USD for bank commission fees.

Table 36: GoL Funding and Expenditures in Fiscal Year 2006

GOL Contribution	175.19 USD
Expenditures from GoL budget	171.15 USD

Table 37: Project expenditure from GoL contribution since 2002 up to 30/09/2006

Categories	GoL (Start to Sep06)
Sub-project Grants	0.00 USD
Consulting Services (Internal)	129,722.23 USD
Goods & Vehicles	3,131.19 USD
Civil Works	6,561.97 USD
Incremental Operating cost	28,091.75 USD
Training, IEC, Socialization	0.00 USD
Total Project Cost	167,507.14 USD

5.2.4. BUDGET PROSPECTSBudget balance end of 2006

At the end of December 2006, the PRF has expended 12.4 million USD, *i.e.* 54% of the IDA credit (47% of Sub-Grant budget and 74% of Operating Cost one).

Table 38: PRF expenditures & Balance end of 2006

	Budget juin-05	Expenditures USD 31/12/2006	Expenditures XDR 31/12/2006	Balance XDR 31/12/2006	Balance USD 31/12/2006
Sub-Grant	11,690,000 XDR	8,341,906 USD	5,545,005 XDR	6,144,995 XDR	9,244,530 USD
Consultant's Service	1,780,000 XDR	2,068,692 USD	1,375,094 XDR	404,906 XDR	609,140 USD
Goods	333,000 XDR	415,779 USD	276,375 XDR	56,625 XDR	85,187 USD
Work	72,000 XDR	66,318 USD	44,083 XDR	27,917 XDR	41,999 USD
Incremental Operation Costs	915,000 XDR	1,002,189 USD	666,172 XDR	248,828 XDR	374,337 USD
PPF Expenditures	195,405 XDR	293,967 USD	195,405 XDR	0 XDR	0 USD
Training	314,595 XDR	186,365 USD	123,880 XDR	190,715 XDR	286,912 USD
Total Operating Costs	3,610,000 XDR	4,033,310 USD	2,681,009 XDR	928,991 XDR	1,397,574 USD
TOTAL	15,300,000 XDR	12,375,215 USD	8,226,014 XDR	7,073,986 XDR	10,642,105 USD
31/12/2006 exchange rate	1.504400 USD for 1 XDR				

Seven million XDR remain to complete Cycle IV implementation and carry out Cycle V.

Budget projection to the end of Cycle V

With a district allocation amounting to 4.58 million USD and 0.55 million of operating costs forecasted³⁸ to implement the Cycle IV, 4.8 million USD would be available for the Cycle V (1/7/2007-30/6/2008) and the closing period.

At the current rhythm of expenditures, 0.87 million USD of Operating Costs are required to implement Cycle V and 0.22 million USD more for the closing period, leaving 3.76 million USD for Cycle V district allocation, *i.e.* 82% of the Cycle IV's one³⁹.

Table 39: PRF Budget Prospect December 2006 – September 2008

Option 1: without STA position extended over June 2007

	Budget juin-05	Expenditures up to 31/12/2006 XDR	Balance 31/12/2006 USD	Expenditures Cycle IV USD	Balance 30/06/2007 USD	Expenditures Cycle V USD	Expenditures closing period USD	Balance USD
Sub-Grant	11,690,000 XDR	5,545,005 XDR	9,244,530 USD	4,725,000 USD	4,063,142 USD	3,757,635 USD		305,507 USD
Consultant's Service	1,780,000 XDR	1,375,094 XDR	609,140 USD	370,429 USD	208,638 USD	513,891 USD	130,158 USD	-435,412 USD
Goods	333,000 XDR	276,375 XDR	85,187 USD	11,863 USD	69,118 USD	23,725 USD	5,931 USD	39,461 USD
Work	72,000 XDR	44,083 XDR	41,999 USD	564 USD	39,362 USD	1,128 USD	282 USD	37,952 USD
Incremental Operation Costs	915,000 XDR	666,172 XDR	374,337 USD	141,234 USD	214,623 USD	282,468 USD	70,617 USD	-138,462 USD
PPF Expenditures	195,405 XDR	195,405 XDR	0 USD	0 USD	0 USD	0 USD	0 USD	0 USD
Training	314,595 XDR	123,880 XDR	286,912 USD	23,370 USD	249,378 USD	46,740 USD	11,685 USD	190,953 USD
Total Operating Costs	3,610,000 XDR	2,681,009 XDR	1,397,574 USD	547,460 USD	781,119 USD	867,952 USD	218,674 USD	-305,507 USD
TOTAL	15,300,000 XDR	8,226,014 XDR	10,642,105 USD	5,272,460 USD	4,844,261 USD	4,625,587 USD	218,674 USD	0 USD

Option 2: with STA position extended over June 2007

	Budget juin-05	Expenditures up to 31/12/2006 XDR	Balance 31/12/2006 USD	Expenditures Cycle IV USD	Balance 30/06/2007 USD	Expenditures Cycle V USD	Expenditures closing period USD	Balance USD
Sub-Grant	11,690,000 XDR	5,545,005 XDR	9,244,530 USD	4,725,000 USD	4,063,142 USD	3,667,635 USD		395,507 USD
Consultant's Service	1,780,000 XDR	1,375,094 XDR	609,140 USD	370,429 USD	208,638 USD	585,891 USD	148,158 USD	-525,412 USD
Goods	333,000 XDR	276,375 XDR	85,187 USD	11,863 USD	69,118 USD	23,725 USD	5,931 USD	39,461 USD
Work	72,000 XDR	44,083 XDR	41,999 USD	564 USD	39,362 USD	1,128 USD	282 USD	37,952 USD
Incremental Operation Costs	915,000 XDR	666,172 XDR	374,337 USD	141,234 USD	214,623 USD	282,468 USD	70,617 USD	-138,462 USD
PPF Expenditures	195,405 XDR	195,405 XDR	0 USD	0 USD	0 USD	0 USD	0 USD	0 USD
Training	314,595 XDR	123,880 XDR	286,912 USD	23,370 USD	249,378 USD	46,740 USD	11,685 USD	190,953 USD
Total Operating Costs	3,610,000 XDR	2,681,009 XDR	1,397,574 USD	547,460 USD	781,119 USD	939,952 USD	236,674 USD	-395,507 USD
TOTAL	15,300,000 XDR	8,226,014 XDR	10,642,105 USD	5,272,460 USD	4,844,261 USD	4,607,587 USD	236,674 USD	0 USD

³⁸ Based on hypotheses that (i) the rhythm of expenditures for Operating Costs will be similar to those of the last twelve months; and (ii) the USD/XDR exchange rate will remain over 1.43 USD/XDR.

³⁹ Based on the same hypotheses and considering that the STA position is not renewed over June 2007. If the assistance continues over the end of the project, Operating Costs will reach 0.94 million USD for Cycle V plus 0.24 million USD for the closing period, leaving 3.67 million USD for Cycle V district allocation, *i.e.* 80% of the Cycle IV's one.

5.3. EXTENSION OF PRF IN 2008 TO COMPLETE CYCLE V

The PRF was officially established in May 2002 (decree 073/PM) and the World Bank credit agreement came into force in October 2002. However, for different administrative issues classical for a project launch, the PRF effectively begun only in February 2003, with four months delay, while the official end for the World Bank credit remain unchanged to 31 March 2008.

In accordance with the manual of operations approved by the PRF Administrative Board, the PRF works on a basis of an annual cycle of activities, starting in July and closing end of June the next year. Thus, the PRF completed the first cycle of investment in June 2004, the second cycle in June 2005, the third cycle in June 2006 and the cycle IV is now implementing, to be achieved end of June 2007. However, the nine months available after completing the current cycle will not allow us to implement the cycle V and complete procedures for closing the project. Without starting the Cycle V, some fund from the World Bank credit would remain unused in March 2008: approximately 4.2 million USD.

To contribute to the poverty alleviation in Lao PDR, it would be logical to mobilize those remaining funds in implementing another round of field investment, *i.e.* the Cycle V. To that end, the project duration has to be extended from March 2008 to end of September 2008, comprising three more months for field activities (to end of June 2008, allowing to implement Cycle V from July 2007 to June 2008) and three months for completing few delayed sub-projects, close activities and accounts. For the six months of extension, the provisional available budget can be broken down as follow:

Table 40: Required budget to complete Cycle V

Option 1: STA position not extended over June 2007

	Cycle V completion <i>April – June 2008</i>	Closing Period <i>July – September 2008</i>	Total <i>April – September 2008</i>
Sub-Grants	3,759,000 USD	0 USD	3,759,000 USD
Operating Costs, <i>comprising:</i>	218,000 USD	218,000 USD	436,000 USD
<i>Consultant's Service</i>	132,000 USD	132,000 USD	264,000 USD
<i>Goods</i>	6,000 USD	6,000 USD	12,000 USD
<i>Work</i>	0 USD	0 USD	0 USD
<i>Incremental Operation Costs</i>	80,000 USD	80,000 USD	160,000 USD
<i>Training & Capacity Building</i>	0 USD	0 USD	0 USD
Total	3,977,000 USD	218,000 USD	4,195,000 USD

Option 2: with STA position extended over June 2007

	Cycle V completion <i>April – June 2008</i>	Closing Period <i>July – September 2008</i>	Total <i>April – September 2008</i>
Sub-Grants	3,723,000 USD	0 USD	3,723,000 USD
Operating Costs, <i>comprising:</i>	236,000 USD	236,000 USD	472,000 USD
<i>Consultant's Service</i>	150,000 USD	150,000 USD	300,000 USD
<i>Goods</i>	6,000 USD	6,000 USD	12,000 USD
<i>Work</i>	0 USD	0 USD	0 USD
<i>Incremental Operation Costs</i>	80,000 USD	80,000 USD	160,000 USD
<i>Training & Capacity Building</i>	0 USD	0 USD	0 USD
Total	3,959,000 USD	236,000 USD	4,195,000 USD

According to the projected expenditures from March 2007 to March 2008 and the above simulation, the budget breakdown in the Credit Project Agreement signed with the World Bank (last amendment June 2005) has to be revised as follow:

Table 41: Required budget reallocation to complete Cycle V*Option 1: with STA position extended over June 2007*

	IDA Budget Breakdown <i>XDR</i>	Ratio
Sub-Grants	11,413,000 XDR	74.6%
Operating Costs, <i>comprising:</i>	3,887,000 XDR	25.4%
<i>Consultant's Service</i>	2,148,000 XDR	
<i>Goods</i>	306,000 XDR	
<i>Work</i>	45,000 XDR	
<i>Incremental Operation Costs</i>	1,012,000 XDR	
<i>PPF expenditures</i>	195,405 XDR	
<i>Training & Capacity Building</i>	180,595 XDR	
Total	15,300,000 XDR	100%

Option 2: TA position not extended over June 2007

	IDA Budget Breakdown <i>XDR</i>	Ratio
Sub-Grants	11,476,000 XDR	75.0%
Operating Costs, <i>comprising:</i>	3,824,000 XDR	25.0%
<i>Consultant's Service</i>	2,085,000 XDR	
<i>Goods</i>	306,000 XDR	
<i>Work</i>	45,000 XDR	
<i>Incremental Operation Costs</i>	1,012,000 XDR	
<i>PPF expenditures</i>	195,405 XDR	
<i>Training & Capacity Building</i>	180,595 XDR	
Total	15,300,000 XDR	100%

Annex 1

Completion and disbursement for Cycle III

Type (and target numbers) of sub-Projects / activities	Unit	Quantity		No. of villages benefiting		No. of sub-projects		% of work progress as of	No. Sub-projects completed	% completion	PRF Total planned expenditure (KIP)	PRF Fund transferred to date (KIP) from Prov.-Khet	as %			
		Plan	Actual	Plan	Actual	Plan	Actual									
HUAPHANH																
Sobba: 70 villages											Sobba	Sobba				
Spring gravity fed system	site	9		2		2		2sub 100%	2		2,309,988,507	2,317,991,507	100%			
Clean water upgrade	site	1		2		1		100%	1							
Rural road upgrade	km	8		15		4		3 sub 100%, 1sub100%	4							
Continue irrigation channel renovation	site	1		2		1		100%	1							
Primary school construction	room	3		7		2		2sub 100%	2							
Lower ISecondary school construction	room	2		17		2		2 sub 100%	2							
Learning-teaching material	set	2		6		2		2 sub 100%	2							
Main electrical line access	site	1		2		1		100%	1							
Wier (irrigation system construction)	site	1		2		1		100%	1							
Capacity enchancement for local authority						1		100%	1							
Village saving group						1		100%	1							
Natural and envi. Protection training						1		100%	1							
Income generation activities						1		100%	1							
Total:				55		20		100%	20	100%						
Add: 78 villages														Add	Add	
Spring fed gravity system	site	7		10		7		7 sub 100%	7		2,078,809,387	2,088,949,387	100%			
Main electrical line access	site	1		21		1		100%	1							
Continue Rural road upgrade	km	5		4		5		5 sub 100%	5							
Lower Secondary school construction	site	1		1		1		100%	1							
Learning-teaching material	set	1		1		1		100%	1							
subspension bridge construction	site	1		1		1		85%	0							
Continue Irrigation channel renovation	site	3		9		3		3 sub 100%	3							
Wier	site			3		3		3 sub 100%	3							
Capacity enchancement for local authority						1		75%	0							
Village saving group						1		70%	0							
Natural and envi. Protection training						1		100%	1							
Income generation activities						1		100%	1							
Total:				50		26		97%	23	88%						
Xiengkhor: 63 villages														Xiengkhor	Xiengkhor	
Spring gravity fed system	site	3		3		3		100%	3					2,141,974,752	2,151,720,752	100%
Clean water upgrade	site	1		1		1		100%	1							
Continue Rural road upgrade	Km	5.0875		37		8		100%	8							
Rural road upgrade	Km	6.15		35		6		100%	6							
Learning-teaching material	set	3		13		3		100%	3							
Nurse upgrading	person	2		6		2		100%	2							
Primary school construction	site	1		1		1		100%	1							
Irrigation survey	site	1		5		1		100%	1							
Irrigation system construction	site	1		1		1		100%	1							
Irrigation system maintenance	site	1		1		1		100%	1							
Capacity enchancement for local authority						1		100%	1							
Village saving group						1		100%	1							
Natural and envi. Protection training						1		100%	1							
Income generation activities						1		100%	1							
Total:				103		31		100%	31	100%						

Type (and target numbers) of sub-Projects / activities	Unit	Quantity		No. of villages benefiting		No. of sub-projects		% of work progress as of	No. Sub-projects completed	% completion	PRF Total planned expenditure (KIP)	PRF Fund transferred to date (KIP) from Prov.-Khet	as %			
		Plan	Actual	Plan	Actual	Plan	Actual									
Viengxay: 130 villages												Viengxay	Viengxay			
Spring gravity fed system	site	8		8		8		8 sub 100	8		2,619,413,310	2,631,492,310	100%			
Continue Rural road upgrade	Km	6.625		4		1		100%	1							
Rural road upgrade	Km	6.6024		27		7		7sub 100%	7							
Over flooded bridge construction	site	1		8		1		100%	1							
Primary school construction	room	1		1		1		100%	1							
Learning - teaching material	set	4		19		4		4 sub 100%	4							
Lower Secondary school construction	site	1		9		1		100%	1							
Irrigation system construction	site	4		4		4		4 sub 100%	4							
Kindergaten construction	site	1		3		1		100%	1							
Main electrical line access	site	1		2		1		100%	1							
Capacity enchancement for local authority						1		100%	1							
Village saving group						1		100%	1							
Natural and envi. Protection training						1		100%	1							
Income generation activities						1		75%	0							
Total:				85		33		98%	32	97%						
Huameaung: 85 villages														Huameaung	Huameaung	
Spring gravity fed system	site	9		10		9		9 sub 100%	9		2,453,625,521	2,463,706,021	100%			
Clean water system upgrade	site	3		3		3		3 sub 100%	3							
Rural road upgrade	km	5.78		17		4		4 sub 100%	4							
Agriculture and handiaft market	site	1		1		1		100%	1							
Continue Primary school renovation	site	1		10		1		100%	1							
Learning material	set	1		1		1		100%	1							
Village medicine box	set	1		2		1		100%	1							
Irrigation system construction	site	1		1		1		100%	1							
Continue irigation channel renovation	site	2		1		1		100%	1							
Latrine	site	2		2		2		2 sub 100%	2							
Continue Irrigation system maintenance	site	1		1		1		100%	1							
Teacher stippend	pers.	2		2		2		2 sub 100%	2							
Primary school construction	site	1		1		1		100%	1							
Dispensary construction	site	1		10		1		100%	1							
Capacity enchancement for local authority						1		100%	1							
Village saving group						1		70%	0							
Natural and envi. Protection training						1		50%	0							
Income generation activities						1		100%	1							
Total:				62		33		98%	31	94%						
Xamtay: 172 villages												Xamtay	Xamtay			
Spring gravity fed system	site	11		11		11		10 sub 100%_1sub 100%	11		5,207,948,807	5,220,308,807	100%			
Clean water system upgrade	site	1		1		1		100%	1							
Rural road upgrade	km	8.16		43		10		10sub 100%	10							
Primary school construction	unit	5		10		5		5 sub 100%	5							
Village medicine box	set	1		9		1		100%	1							
Learning - teaching material	set	6		9		6		6sub 100 %	6							
Teacher stippend	pers.	1		1		1		100%	1							
Continue Irrigation channel renovation	site	1		1		1		100%	1							
Culvert	site	1		1		1		100%	1							
Continue Rural road upgrade	Km	9.894		14		4		4 sub 100%	4							
Cable fo water pipe	site	1		1		1		100%	1							
Continue Primary school renovation	site	1		1		1		100%	1							
Continue Irrigation construction	site	1		4		1		100%	1							
Lower Secondary school construction	site	1		4		1		100%	1							
Capacity enchancement for local authority						1		100%	1							
Village saving group						1		70%	0							
Natural and envi. Protection training						1		50%	0							
Income generation activities						1		83%	0							
Total:				110		49		98%	46	94%						
Total HUAPHANH:				465	0	192		99%	183	95%	16,811,760,284	16,874,168,784	100%			

Type (and target numbers) of sub-Projects / activities	Unit	Quantity		No. of villages benefiting		No. of sub-projects		% of work progress as of	No. Sub-projects completed	% completion	PRF Total planned expenditure (KIP)	PRF Fund transferred to date (KIP) from Prov.-Khet	as %			
		Plan	Actual	Plan	Actual	Plan	Actual									
XIENGGHOUANG																
Nonghet: 110 villages											Nonghet	Nonghet				
Spring gravity fed system	site	7		16		7		7 sub 100%	7		3,139,500,000	3,072,230,656	98%			
Rural road upgrade	km	5,2157		54		11		10sub 100%,1sub 70%	10							
Primary school construction	site	1		1		1		100%	1							
Agriculture and handicraft market	site	1		14		1		100%	1							
Nurse's stipend	Person	2		3		1		0%	0							
Dispensary construction	site	1		9		1		100%	1							
Community water supply construction	site	1		1		1		100%	1							
Medical equipment+furniture	set	1		3		1		100%	1							
Teacher's stipend	Person	2		2		1		100%	1							
Animal raising Training	course	3		3		3		3 sub 100%	3							
Capacity enchancement for local authority		1				1		100%	1							
Village saving group		1				1		100%	1							
Natural and envi. Protection training		1				1		100%	1							
Income generation activities		1				1		100%	1							
Total:				106		32		96%	30	94%						
Khoun: 90 villages											Khoun	Khoun				
Gravity fed water systems	site	17		28		17		17 sub 100%	17		3,149,405,746	2,953,253,965	93%			
Rural road upgrade	km	3		8		3		3sub100%	3							
Primary school construction	site	3		5		3		3 sub 100%	3							
Village medicine box	set	1		1		1		100%	1							
Learning - teaching material	set	3		26		3		3 sub 100%	3							
Teacher upgrading	Person	2		2		2		1 sub100%,1sub 40%	1							
Concrete steel wooden bridge	site	3		10		3		2sub 100%,1sub 40%	2							
Medical equipment+furniture	set	1		4		1		100%	1							
Culvert	site	1		2		1		100%	1							
Village health volunteer Training	person	4		5		1		100%	1							
Agriculture and handicraft market	site	1		5		1		100%	1							
Capacity enchancement for local authority		1				1		100%	1							
Village saving group		1				1		100%	1							
Natural and envi. Protection training		1				1		100%	1							
Income generation activities		1				1		100%	1							
Total:				96		40		97%	38	95%						
Kham: 120 villages											Kham	Kham				
Gravity fed water systems	site	5		5		5		5 sub 100%	5		2,055,118,800	1,986,664,353	96%			
Latrine	site	1		1		1		100%	1							
Rural road upgrade	km	7,655		31		7		7 sub 100%	7							
Primary school construction	site	1		6		1		100%	1							
Dam	site	1		5		1		0%	0							
Cropping & animal raising Training	Person	1		1		1		100%	1							
Teacher upgrading	Person	2		2		1		100%	1							
Wier	site	2		7		2		2 sub 100%	2							
Teacher stipend	pers.	2		3		1		100%	1							
Capacity enchancement for local authority		1				1		100%	1							
Village saving group		1				1		100%	1							
Natural and envi. Protection training		1				1		100%	1							
Income generation activities		1				1		100%	1							
Total:				61		24		96%	23	96%						
Total Xiengkhouang														Total of		
				263	0	96		96%	91	95%	8,344,024,546	8,012,148,974	96%			

Type (and target numbers) of sub-Projects / activities	Unit	Quantity		No. of villages benefiting		No. of sub-projects		% of work progress as of	No. Sub-projects completed	% completion	PRF Total planned expenditure (KIP)	PRF Fund transferred to date (KIP) from Prov.-Khet	as %				
		Plan	Actual	Plan	Actual	Plan	Actual										
SARAVAN																	
Samoi: 58 villages												Samoi	Samoi				
Spring gravity fed system	site	2		4		2		100%	2		1,172,284,440	853,674,694	72%				
Dispensary construction	site	4		20		4		3sub 100 %,1sub75%	3								
Primary school construction	site	1		2		1		0%	0								
Learning - teaching material	set	1		2		1		100%	1								
hand pump dug well construction	site	1		1		1		0%	0								
Medical equipment+furniture	set	5		23		5		5 sub 100%	5								
Capacity enhancement for local authority						1		50%	0								
Village saving group						1		100%	1								
Natural and envi. Protection training						1		100%	1								
Income generation activities						1		100%	1								
Total:				52		18		83%	14	78%							
Toumlan: 67 villages														Toumlan:	Toumlan:		
Dormitory for patients construction	site	1		11		1		100%	1					1,978,914,999	1,604,652,361	81%	
submerge brige construction	site	2		14		2		2 sub 100%	2								
Rural road upgrade	km	5		16		3		2 sub 100%, 1sub 100%	3								
Learning - teaching material	set	2		7		2		2 sub 100%	2								
Primary school construction	site	2		4		2		100%	2								
brige maintenance	site	1		3		1		100%	1								
Medical equipment+furniture	set	3		20		3		100%	3								
Dispensary construction	site	3		16		3		100%	3								
Delivery house construction	site	1		3		1		100%	1								
Capacity enhancement for local authority						1		50%	0								
Village saving group						1		75%	0								
Natural and envi. Protection training						1		100%	1								
Income generation activities						1		100%	1								
Total:				94		22		97%	20	91%							
Ta oey: 56 villages												Ta oey:	Ta oey:				
Hand dug well	site	2		2		2		2sub 80%	0		2,258,025,000	1,974,773,836	87%				
Rural road upgrade	km	8.8		6		2		2 sub 80%	0								
submerge brige construction	site	1		3		1		100%	1								
Primary school construction	site	4		4		4		3 sub 100%,1 sub 65%	3								
Medical equipment+furniture	set	3		14		3		3sub 100%	3								
subspension brige construction	site	1		3		1		100%	1								
Electricity network	site	1		1		1		100%	1								
Dispensary construction	site	3		12		3		2sub 100%, 1 sub 75%	2								
Learning - teaching material	set	2		2		2		2sub 100%	2								
Capacity enhancement for local authority						1		50%	0								
Village saving group						1		100%	1								
Natural and envi. Protection training						1		100%	1								
Income generation activities						1		100%	1								
Total:				47		23		91%	16	70%							
Total Saravan:											Total of saravanh:						
				193		63		90%	50	79%	5,409,224,439	4,433,100,891	82%				

Type (and target numbers) of sub-Projects / activities	Unit	Quantity		No. of villages benefiting		No. of sub-projects		% of work progress as of	No. Sub-projects completed	% completion	PRF Total planned expenditure (KIP)	PRF Fund transferred to date (KIP) from Prov.-Khet	as %
		Plan	Actual	Plan	Actual	Plan	Actual						

SAVANNAKHET

Sepone: 159 villages											Sepone	Sepone	
Spring gravity fed system	site	3		3		3		3sub 100%	3		2,803,000,001	2,685,753,575	96%
Rural road upgrade	km	6.5		4		2		2sub 100%	2				
Primary school construction	site	12		27		12		100%	12				
Primary school renovation	site	2		2		2		2sub 100%	2				
Teacher's stipend	Person	8		8		8		3 sub 100%, 5sup10 0%	8				
main electrical line access	site	1		1		1		100%	1				
Capacity enchancement for local authority		1				1		100%	1				
Village saving group		1				1		85%	0				
Natural and envi. Protection training		1				1		100%	1				
Income generation activities		1				1		70%	0				
Total:				45		32		99%	30	94%			

Nong: 79 villages											Nong	Nong				
Hand dug well	site	1		1		1		100%	1		1,775,684,998	1,741,091,930	98%			
Dam renovation	site	1		1		1		100%	1							
Rural road upgrade	km	8.857		34		7		100%	7							
Primary school construction	site	1		2		1		100%	1							
Capacity enchancement for local authority		1				1		100%	1							
Village saving group		1				1		70%	0							
Natural and envi. Protection training		1				1		70%	0							
Income generation activities		1				1		0%	0							
Total:				38		14		89%	11	79%						

Vilabury: 102 villages											Vilabury	Vilabury	
Hand dug well construction	site	5		15		5		5 sub 100%	5		1,827,000,000	1,725,848,807	94%
Rural road upgarde	km	6.033		17		6	5	5 sub 100%	5				
Concrete steel wood bridge construction	site	1		4		1		100%	1				
brige maintenance	site	1		1		1		70%	0				
Primary school construction	site	5		16		5	6	6sub 100%	6				
furniture	Set	1		1		1		100%	1				
Capacity enchancement for local authority		1				1		100%	1				
Village saving group		1				1		100%	1				
Natural and envi. Protection training		1				1		100%	1				
Income generation activities		1				1		100%	1				
Total:				54		23		99%	22	96%			

Type (and target numbers) of sub-Projects / activities	Unit	Quantity		No. of villages benefiting		No. of sub-projects		% of work progress as of	No. Sub-projects completed	% completion	PRF Total planned expenditure (KTP)	PRF Fund transferred to date (KTP) from Prov.-Khet	as %
		Plan	Actual	Plan	Actual	Plan	Actual						
Phin: 116 villages											Phin	Phin	
Rural road upgrade	km	6.46		13		5	4	4sub 100%	4		2,667,000,000	2,509,529,067	94%
Primary school construction	site	3		12		3	5	5 sub 100%	5				
Lower Secondary school construction	site	1		9		1		100%	1				
Dam	site	2		3		2	1	100%	1				
Teacher's stipend	pers.	7		6		7		100%	7				
main electrical line access	site	5		8		5		5 sub 100%	5				
Capacity enchancement for local authority		1				1		100%	1				
Village saving group		1				1		80%	0				
Natural and envi. Protection training		1				1		60%	0				
Income generation activities		1				1		50%	0				
Total:				51		27		96%	24	89%			
Total SAVANNAKHET:				188		96		96%	87	91%	9,072,684,999	8,662,223,379	95%

CHAMPASACK																
Mounlapamok: 67 villages											Mounlapamok	Mounlapamok				
Drilled well	site	5		18		5		1sub 100%,4 sub 60%	1		1,585,500,000	1,376,430,634	86%			
primary school renovation	site	1		1		1		100%	1							
Primary school construction	site	7		7		7		6 sub 100%, 1 sub 100%	7							
Continue Primary school construction	site	2		2		2		2sub 100%,	2							
Lower Secondary school construction	site	1		10		1		100%	1							
Bridge construction	site	2		9		2		2sub 100%	2							
Dispensary constuction	site	1		4		1		100%	1							
Village health volunteer Training	person	1		3		1		100%	1							
Capacity enchancement for local authority		1				1		100%	1							
Village saving group		1				1		100%	1							
Natural and envi. Protection training		1				1		100%	1							
Income generation activities		1				1		100%	1							
Total:				54		24		94%	20	83%						
Khong: 136 villages											Khong	Khong				
Continue Primary school construction	site	3		3		3		3 sub 100%	3		777,000,000	785,070,001	100%			
Primary school construction	site	7		7		7		6 sub 100%,1 sub 95%	6							
Concrete steel wood bridge construction	site	4		18		4		100%	4							
primary school renovation	site	2		2		2		2 sub 100%	2							
Dispensary	site	1		1		1		100%	1							
Capacity enchancement for local authority		1				1		100%	1							
Village saving group		1				1		100%	1							
Natural and envi. Protection training		1				1		100%	1							
Income generation activities		1				1		100%	1							
Total:				31		21		100%	20	95%						

Type (and target numbers) of sub-Projects / activities	Unit	Quantity		No. of villages benefiting		No. of sub-projects		% of work progress as of	No. Sub-projects completed	% completion	PRF Total planned expenditure (KIP)	PRF Fund transferred to date (KIP) from Prov.-Khet	as %
		Plan	Actual	Plan	Actual	Plan	Actual						
Sukuma: 62 villages											Sukuma	Sukuma	
Primary school construction	site	5		5		5		2sub 100%, 3 sub 100%	5		1,071,000,000	1,016,029,867	94%
upper Secondary school construction	site	1		8		1		100%	1				
Dispensary constuction	site	1		6		1		100%	1				
Lower Secondary school construction	site	1		1		1		100%	1				
Continue Primary school construction	site	3		3		3		3sub 100%	3				
Learning-teachning material	set	1		1		1		100%	1				
Rural road upgrade	km	1		1		1		100%	1				
Concrete steel wood bridge construction	site	1		1		1		100%	1				
brige maintenance	site	1		8		1		100%	1				
Capacity enchancement for local authority		1				1		100%	1				
Village saving group		1				1		100%	1				
Natural and envi. Protection training		1				1		100%	1				
Income generation activities		1				1		100%	1				
Total:				34		19		100%	19	100%			
Pathoumphone: 93 villages											Pathoumphone	Pathoumphone	
Drilled well	site	5		10		5		2 sub 100%, 3sub 100%	5		651,000,000	570,936,493	86%
repair Drilled well	site	1		1		1		100%	1				
Rural road upgrade	km	3		3		3		3sub 100%	3				
Primary school construction	site	2		2		2		100%	2				
Continue Primary school construction	site	1		1		1		100%	1				
Learning-teachning material	set	2		2		2		2 sub 100%	2				
Continue Lower Secondary school construction	site	1		10		1		100%	1				
Concrete steel wood bridge construction	site	2		16		2		1 sub 100%, 1sub 75%	1				
Latrine of lower secondary school construction	site	1		10		1		100%	1				
Capacity enchancement for local authority		1				1		100%	1				
Village saving group		1				1		100%	1				
Natural and envi. Protection training		1				1		100%	1				
Income generation activities		1				1		100%	1				
Total:				55		22		99%	21	95%			
Total CHAMPASACK:													
				174		86		98%	80	93%	4,084,500,000	3,748,466,995	91%
Grand Total:=													
				1283		533		96%	491	92%	43,722,194,268	41,730,109,023	95%
											26,169,440		
Total sub-projects competed: 491 Total sub-projects > 50% 35 Total sub-projects < 50% 7 Grand Total: 533													

Annex 2

Sub-Project Progress by Sector for Cycle III

Sector	Progress(%)	Huaphan	Xiengkhoaung	Savanakhet	Saravan	Champasack	Total
Education	0			0	1		1
	<50		1				1
	>=50	0			1	1	2
	100	38	12	43	10	39	142
CTPC	0						
	<50		1				1
	>=50	1	0	1	2	1	5
	100	54	24	25	9	13	125
Health	0		1		1		2
	<50					0	0
	>=50				4	4	8
	100	53	36	9	23	12	133
Agriculture	0		1				1
	<50						
	>=50						
	100	21	2	2			25
ITE	0		0	1			1
	<50		0	0			0
	>=50	8	0	8	4	0	20
	100	17	18	7	8	16	66
Total SP		192	96	96	63	86	533
No.Complement		183	92	86	50	80	491
% complement		95%	96%	90%	79%	93%	92%

Annex 3

Procurement Plan for Cycle IV

No	Description	PRF Central				Houaphan					Xiengkhuang				Savanakhet				Saravan				Champasak					Total Amount	Unit cost USD	Total Price USD	Procurement Type																									
		Vientiane				Prov	Sobbo	Xiengkhor	Add	Viengxay	Xumtay	Houamueng	Viengthong	Prov	Kham	Khoon	Nonghad	Prov	Sepone	Nong	Phin	Vilabouli	Prov	Toumlan	Taoy	Samoy	Prov					Kong	Moonlapamok	Patoumphone	Sukuma																					
		CD	ME	FA	TA																																																			
Packet 1 (Procurement in Vientiane)																																																								
1	Desk Top Computer							1														1								2	800	1,600	NCB																							
2	Battery for Lap Top	1																												1	200	200	NCB																							
3	USB/Handy Drive 512	1		1	1							1	1			1	1														7	50	350	NCB																						
4	Key Broad													1	1																2	20	40	NCB																						
5	Memory Card (For Digital Camera)					1								1																	2	40	80	NCB																						
6	Mouse											4				2															7	10	70	NCB																						
7	Printer														1					1								1			3	400	1,200	NCB																						
8	UPS (Unit Power for System)													4								1					1	1	1	1	9	60	540	NCB																						
9	Ram for Lap Top 512MB		1																												1	100	100	NCB																						
10	Ram for Desk Top 512MB	1																													1	80	80	NCB																						
11	Hard Drive for Dask Top		1																												1	100	100	NCB																						
12	Lincense AntiVirus Software		1																												1	100	100	NCB																						
13	CD Rom													1	2																3	40	120	NCB																						
14	Box for External Hard Disk		2																												2	30	60	NCB																						
15	Stabilizer for Computer										1																				1	300	300	NCB																						
Other (Procurement in Vientiane)																																																								
16	Tape Measure(50m)														1																1	20	20	Shoping																						
17	Calculator (Casio 12 Digit)															1						1									2	20	40	Shoping																						
18	Calculator FX 4500			1	1										1								1		1	1					6	50	300	Shoping																						
19	Motor Cycle (Honda Wave 100)						1	1	1	1	1	1	1																		7	1,500	10,500	NCB																						
20	Compass			1																											2	40	80	Shoping																						
21	Tape Recorder	1																													1	150	150	Shoping																						
22	Win Phone																								1						1	100	100	Shoping																						
23	Snrkel																														1	460	460	Shoping																						
24	Deep Breather (Front and Rear)																														1	100	100	Shoping																						
Other (Procurement in Province)																																																								
25	Ceiling Fan												2																		2	30	60	Shoping																						
26	3-Metallic Filling Cabinet																				1	1									2	100	200	Shoping																						
27	Plastic Chair																				5	5									10	10	100	Shoping																						
28	Wooden Bookshelves									1																					1	50	50	Shoping																						
Grand Total (US Dollar)=																																																								17,100

Annex 5

Districts at a Glance (31/12/2006)

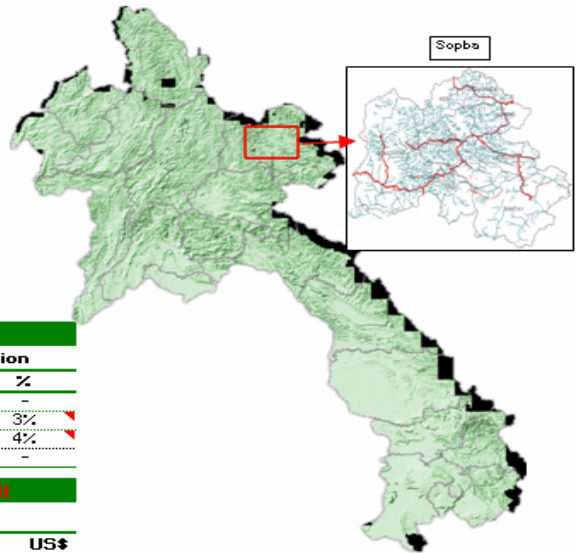
HUAPHANH

Progress activity of Sobbao District, as of December 2005-2006 for Cycle III

General Information

	Total	Women
Huaphanh Province:		
Population of Province (NSC, year 2005):	280,780	139,334
Total Number of districts:	8	
<i>Xiangkho, Abd, Sobbao, Xiengxay, Xiengthong, Xamtay, Houameuang, Xamnoou</i>		
Total Number of districts covered by PRF:	6	
<i>Xiangkho, Abd, Sobbao, Xiengxay, Xamtay, Houameuang</i>		
Sobbao District:		
District Population (VNPA, PRF, 2005):	25,195	13,060
Total Number of Khets:	7	
Total Number of Villages:	70	
Total Number of "Poor" Villages*:	65	
% of villages without access to health services:	5%	
% of villages without safe water supply:	88%	
% of villages without road:	29%	
% of villages without access to School:	3%	
Main ethnic groups in the district: (NSC Census 95 in former Xiengkho District)		
<i>Phutai, Lao, Hmong, Xingmoon, Khmu, Yao, Other</i>		

Maps of Lao PDR showing Huaphanh & Sobbao



Initially requested village needs

Results after Village Needs and priorities Assessment(VNPA) and Prioritization

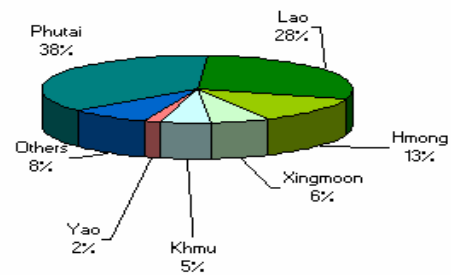
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	180	-
Number of Village Needs (activities) expressed by women by 3 priorities	5	3%
Number of Village Needs (activities) expressed by men by 3 priorities	7	4%
Village Needs after consolidation at Khet level (Khet Priorities)	34	-

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

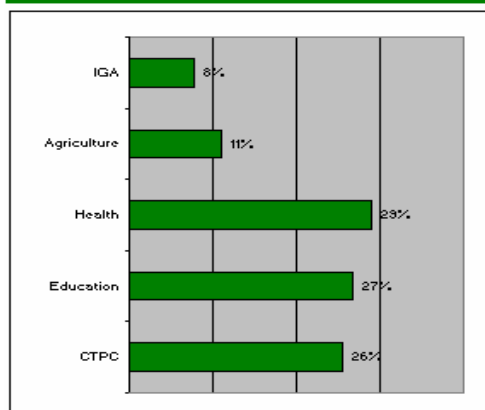
Description	Total	Kip	US\$
PRF Sobbao budget allocation 2005-2006	2,310,000,000		220,000
PRF Contribution to sub-project implementation	2,309,988,507		219,999
Village Contribution (cash / kind) to project implementation	503,649,900		47,967
Total Cost for Sub-Projects:	2,813,638,407		267,966
% of village contribution compared to total cost for sub-projects	18%		-
Average PRF contribution per Sub-project	115,499,425		11,000
Average PRF contribution per participating village	32,995,836		3,143
Number of Villages benefiting from 2005-2006 funding round**:	43	61%	
Number of Poor Villages benefiting from 2005-2006 funding round	34	-	
Number and percentage of beneficiaries in 2005-2006 funding round	14,345	57%	
Number and percentage of Khets benefiting from 2005-2006 funding round	7	-	
Number of Sub-Projects to be implemented in 2005-2006 funding round	20	-	
Percentage of selected sub-projects proposed by women	0	0%	
Average Number of Sub-projects / Khet	3	-	
Average Number of Village activities / Khet	2	-	
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %	
Agriculture	101,879,343	4.4%	
IGA	115,500,000	5.0%	
Health	150,990,936	6.5%	
Education	1,149,138,156	49.7%	
CTPC	792,480,072	34.3%	
Total:	2,309,988,507	100%	

Main ethnic groups in the district: (NSC)

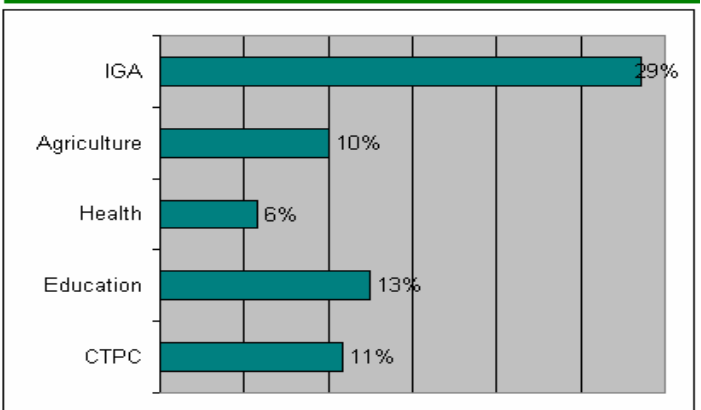


Comparing Chart of Request and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used at the day of District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

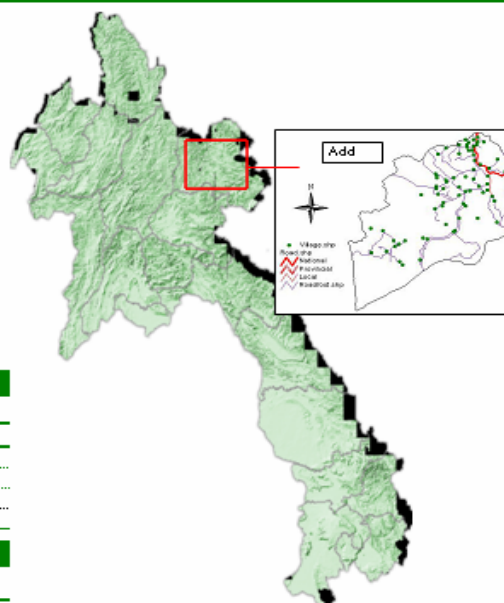
** village benefiting are village implementing and village get indirect benefiting

Progress activity of Add District, as of June 2005-2006

General Information

Huaphanh Province:		
Population of Province (NSC, year 2005):	Total	Women
Total Number of districts:	280,780	139,334
Xiangkho, Add, Sobbas, Viengkay, Viengkong, Xamtay, Houameuang, Xamneua		
Total Number of districts covered by PRF:	6	
Xiangkho, Add, Sobbas, Viengkay, Xamtay, Houameuang		
Add District:		
District Population (VNPA, PRF, 2005)	Total	Women
Total Number of Khets:	26,414	13,321
Total Number of Villages:	12	
Total Number of "Poor" Villages*:	78	
% of villages without access to health services	65	
% of villages without safe water supply	25%	
% of villages without road	49%	
% of villages without access to school	51%	
% of villages without access to school	24%	
Main ethnic groups in the district: (NSC Census 95 in)		
Data is not available		

Maps of Lao PDR showing Huaphanh and Add



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

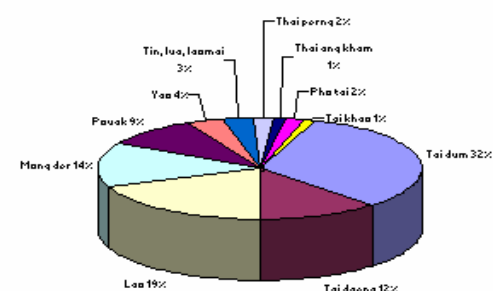
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	228	100%
Number of Village Needs (activities) expressed by women by 3 p	2	1%
Number of Village Needs (activities) expressed by men by 3 priorities	7	3%
Village Needs after consolidation at Khet level (Khet Priorities)	62	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

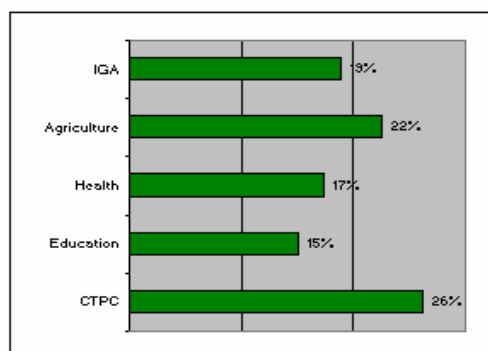
Description	Total	Kip	US\$
PRF Add budget allocation 2005-2006	2,079,000,000	198,000	
PRF Contribution to sub-project implementation	2,078,809,387	197,982	
Village Contribution (cash / kind) to project implementation	650,755,438	61,977	
Total Cost for Sub-Projects:	2,729,564,825	457,959	
% of village contribution compared to total cost for sub-projects	23.8%	-	
Average PRF contribution per Sub-project	79,954,207	7,615	
Average PRF contribution per participating village	26,651,402	2,538	
Number of Villages benefiting from 2005-2006 funding round**:	40	51%	
Number of Poor Villages benefiting from 2005-2006 funding round	32		
Number and percentage of beneficiaries in 2005-2006 funding round	14,735	56%	
Number of Khets benefiting from 2005-2006 funding round	12	-	
Number of Sub-Projects to be implemented in 2005-2006 funding round	26	-	
Percentage of selected sub-projects proposed by women	0	0%	
Average Number of Sub-projects / Khet	2.2	-	
Average Number of Village activities / Khet	1.7		
Sub-project budget allocation per sector			
	Allocation (Kip)	Percentage %	
Agriculture	294,538,863	14%	
IGA	103,950,000	5%	
Health	325,205,678	16%	
Education	261,942,703	13%	
CTPC	1,093,171,943	53%	
Total:	2,078,809,387	100%	

Main ethnic groups in the district: (NSC)

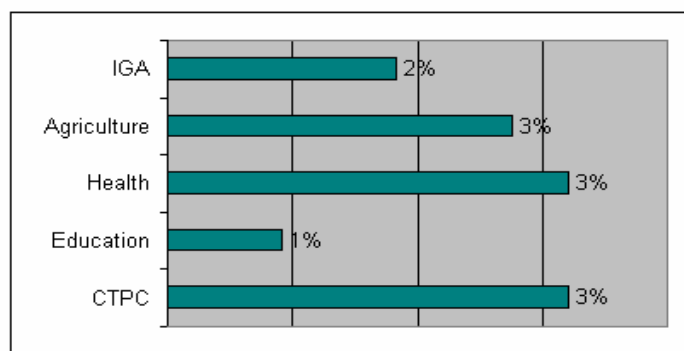


Comparing Chart of Requesment and subproject implementation 2004-2005 and 2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



10,500 Kip, rate used on the day of District Decision Meeting

Exchange Rate: approx. 1US\$ =

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

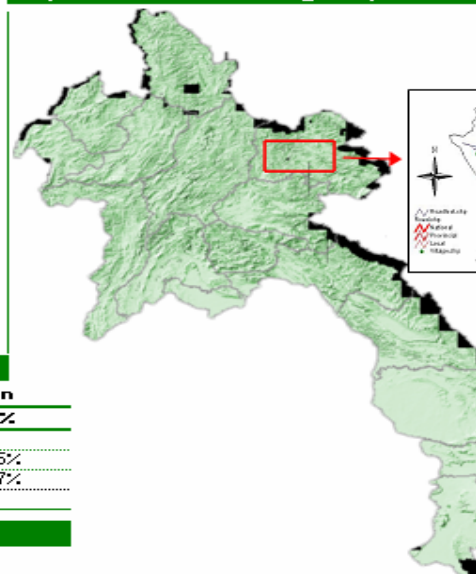
** village benefiting are village implementing and village get indirect benefiting

Progress activity of Xiengkhor, as of June 2005-2006

General Information

Huaphanh Province:	Total	Women
Population of Province (NSC, year 2005):	280,780	139,334
Total Number of districts:	8	
<i>Xiengkho, Atdi, Sabbao, Viengkay, Viengkong, Xamtay, Houameuang, Ximou</i>		
Total Number of districts covered by PRF:	6	
<i>Xiengkho, Atdi, Sabbao, Viengkay, Xamtay, Houameuang</i>		
Xiengkhor District:	Total	Women
District Population (VNPA, PRF :2005)	25,986	13,171
Total Number of Khets:	12	
Total Number of Villages:	63	
Total Number of "Poor" Villages*:	56	
% of villages without access to health services	11%	
% of villages without safe water supply	23%	
% of villages without road	32%	
% of villages without access to School	2%	
Main ethnic groups in the district: (NSC Census 95 in)		
<i>Phouthai, Lao, Hmong, Xingmoon, Khmu, Yao, Others</i>		

Maps of Lao PDR showing Huaphanh an



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

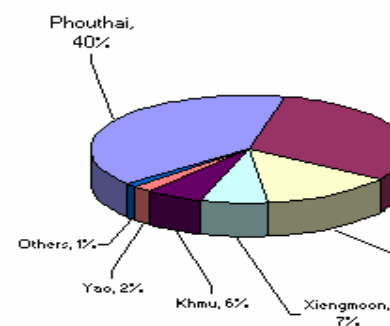
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	182	
Number of Village Needs (activities) expressed by women by 3 priorities	9	5%
Number of Village Needs (activities) expressed by men by 3 priorities	12	7%
Village Needs after consolidation at Khet level (Khet Priorities)	72	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

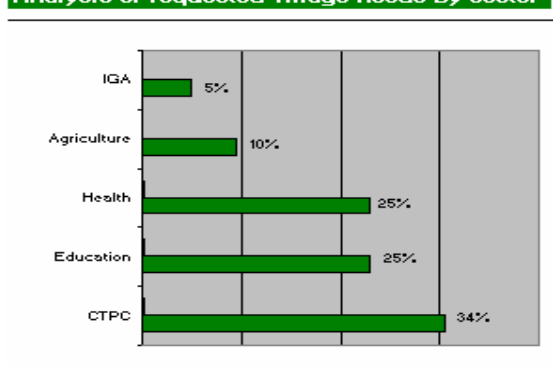
Description	Total	Kip	US\$
PRF Xiengkhor budget allocation 2005-2006	2,142,000,000		204,000
PRF Contribution to sub-project implementation	2,141,974,752		203,998
Village Contribution (cash / kind) to project implementation	620,594,140		59,104
Total Cost for Sub-Projects:	2,762,568,892		263,102
% of village contribution compared to total cost for sub-projects	22.5%		-
Average PRF contribution per sub-project	69,095,960		6,581
Average PRF contribution per participating village	33,999,599		3,923
Number of Villages benefiting from 2005-2006 funding round**	52		82.5%
Number of Poor Villages benefiting from 2005-2006 funding round	17		-
Number and percentage of beneficiaries in 2005-2006 funding round	20,292		78.1%
Number of Khets benefiting from 2005 funding round	12		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	31		-
Percentage of selected sub-projects proposed by women	0		0.0%
Average Number of Sub-projects / Khet	2.6		-
Average Number of Village activities / Khet	2		-
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %	
Agriculture	290,177,481	13.5%	
IGA	107,100,000	5.0%	
Health	266,720,962	12.5%	
Education	260,541,899	12.2%	
CTPC	1,217,434,390	56.8%	
Total:	2,141,974,752	100%	

Main ethnic groups in the district:

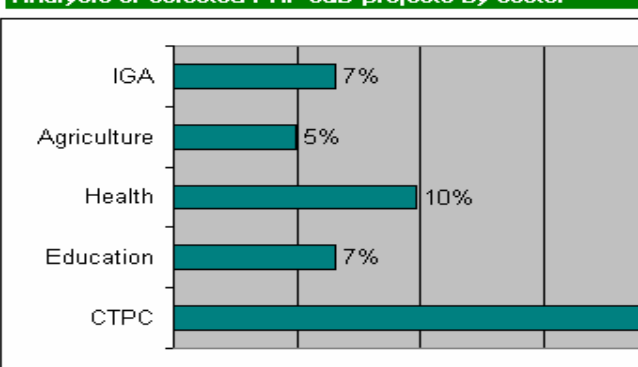


Comparing Chart of Request and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used on the day of District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

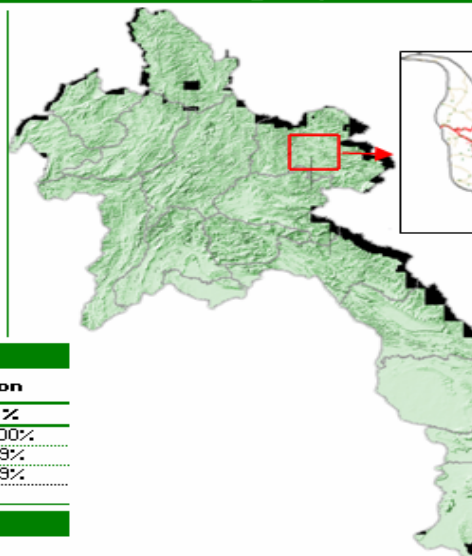
** village benefiting are village implementing and village get indirect benefiting

Progress activity of Viengxay District, as end of 2005-2006 for Cycle III

General Information

Huaphanh Province:		Total	Women
Population of Province (NSC, year 2005):		280780	139,334
Total Number of districts:		8	
<i>Xiangkho, Atd, Sobbas, Viengxay, Viengthong, Xamtay, Houamouang, Xamnous</i>			
Total Number of districts covered by PRF:		6	
<i>Xiangkho, Atd, Sobbas, Viengxay, Xamtay, Houamouang</i>			
Viengxay District:		Total	Women
District Population (2005):		35,234	17,241
Total Number of Khets:		19	
Total Number of Villages:		130	
Total Number of "Poor" Villages*:		101	
% of villages without access to health services		5%	
% of villages without safe water supply		47%	
% of villages without road		37%	
% of villages without access to school		2%	
Main ethnic groups in the district: (NSC Census 95)			
<i>Phouthai, Lao, Hmong, Khmu, Others</i>			

Maps of Lao PDR showing Huaphanh & Viengxay



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

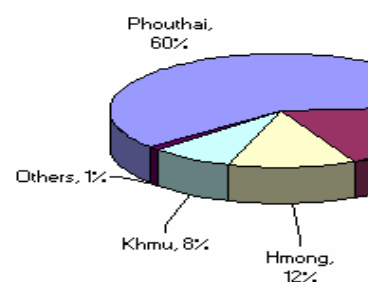
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	387	100%
Number of Village Needs (activities) expressed by women by 3 priorities	36	9%
Number of Village Needs (activities) expressed by men by 3 priorities	34	9%
Village Needs after consolidation at Khet level (Khet Priorities)	108	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

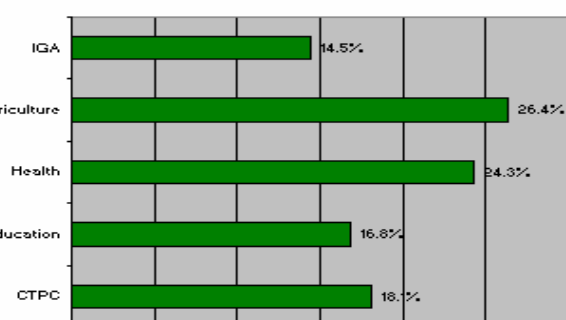
Description	Total	Kip	US\$
PRF Viengxay budget allocation 2005-2006	2,625,000,000		250,000
PRF Contribution to sub-project implementation	2,619,413,310		249,468
Village Contribution (cash / kind) to project implementation	674,794,574		64,266
Total Cost for Sub-Projects:	3,294,207,884		313,734
% of village contribution compared to total cost for sub-projects	20%		-
Average PRF contribution per Sub-project	79,376,161		7,560
Average PRF contribution per participating village	20,149,333		1,919
Number of Villages benefiting from 2005-2006 funding round	64		49%
Number of Poor Villages benefiting from 2005-2006 funding round	42		-
Number and percentage of beneficiaries in 2005-2006 funding round	18,212		52%
Number of Khets benefiting from 2005-2006 funding round	19		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	33		-
Percentage of selected sub-projects proposed by women	1		3%
Average Number of Sub-projects / Khet	2		
Average Number of Village activities / Khet	2		
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %	
Agriculture	277,153,662	10.6%	
IGA	131,250,000	5.0%	
Health	497,324,908	19.0%	
Education	388,837,700	14.8%	
CTPC	1,324,847,040	50.6%	
Total:	2,619,413,310	100%	

Main ethnic groups in the district:

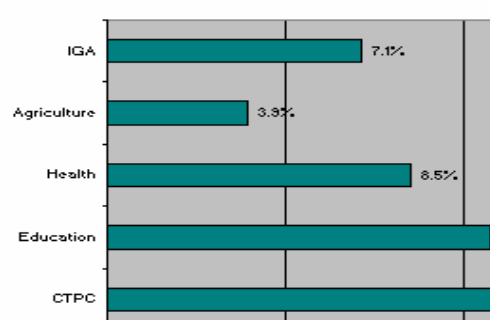


Comparing Chart of Request and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used on the day of District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

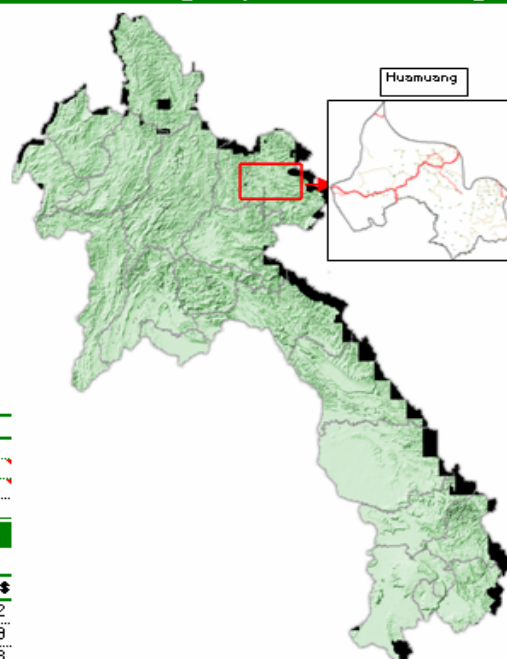
** village benefiting are village implementing and village get indirect benefiting

Progress activity of Huameuang District, as end of 2005-2006

General Information

Huaphanh Province:	Total	Women
Population of Province (NSC, year r.2005):	280,780	139,334
Total Number of districts:	8	
Xiangkho, Add, Sobbaa, Xiengxay, Xiengthong, Xamtay, Houmeuang, Xamneua		
Total Number of districts covered by PRF:	6	
Xiangkho, Add, Sobbaa, Xiengxay, Xamtay, Houmeuang		
Huameuang District:	Total	Women
District Population (VNPA, PRF: 2005)	27,324	14,034
Total Number of Khets:	11	
Total Number of Villages:	85	
Total Number of "Poor" Villages*:	81	
% of villages without access to health services	48%	
% of villages without safe water supply	68%	
% of villages without road	42%	
% of villages without access to school	3%	
Main ethnic groups in the district: (NSC Census 95)		
Phong, Khmu, Hmong, Lao, Phouthai		

Maps of Lao PDR showing Huaphanh and Huameuang



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

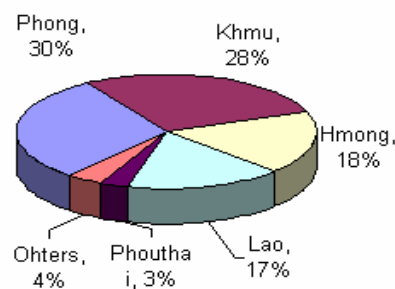
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	241	100%
Number of Village Needs (activities) expressed by women by 3 priorities	13	5%
Number of Village Needs (activities) expressed by men by 3 priorities	22	9%
Village Needs after consolidation at Khet level (Khet Priorities)	65	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

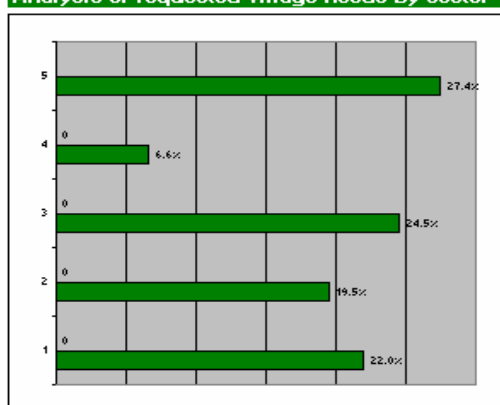
Description	Total	Kip	US\$
PRF Pathoumphone budget allocation 2005-2006	2,467,000,000	234,952	
PRF Contribution to sub-project implementation	2,453,625,521	233,679	
Village Contribution (cash / kind) to project implementation	341,495,736	32,523	
Total Cost for Sub-Projects:	2,795,121,257	266,202	
% of village contribution compared to total cost for sub-projects	12%	-	
Average PRF contribution per Sub-project	74,352,283	7,081	
Average PRF contribution per participating village	28,866,183	2,749	
Number of Villages benefiting from 2005-2006 funding round**:	39	46%	
Number of Poor Villages benefiting from 2005-2006 funding round	36		
Number and percentage of beneficiaries in 2005-2006 funding round	12,672	46%	
Number of Khets benefiting from 2005-2006 funding round	11	-	
Number of Sub-Projects to be implemented in 2005-2006 funding round	33	-	
Number and percentage of selected sub-projects proposed by women	1	3.0%	
Average Number of Sub-projects / Khet	3	-	
Average Number of Village activities / Khet	2	-	
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %	
Agriculture	209,708,130	8.5%	
IGA	241,314,785	9.8%	
Health	1,243,476,866	50.7%	
Education	168,112,587	7.7%	
CTPC	571,013,153	23.3%	
Total:	2,453,625,521	100%	

Main ethnic groups in the district: (NSC)

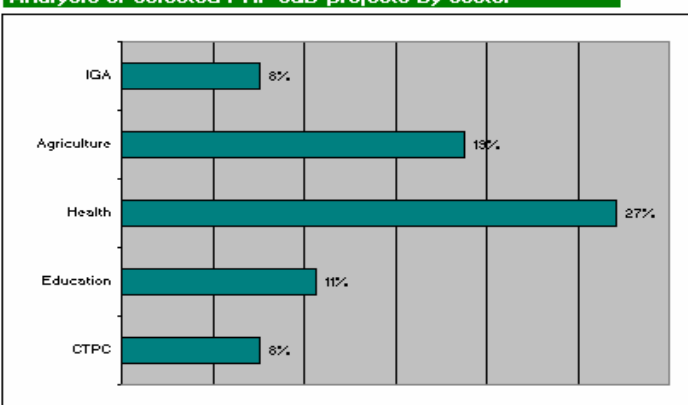


Comparing Chart of Requestment and subproject implementation 2004-2005 and 200

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used on the day of District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

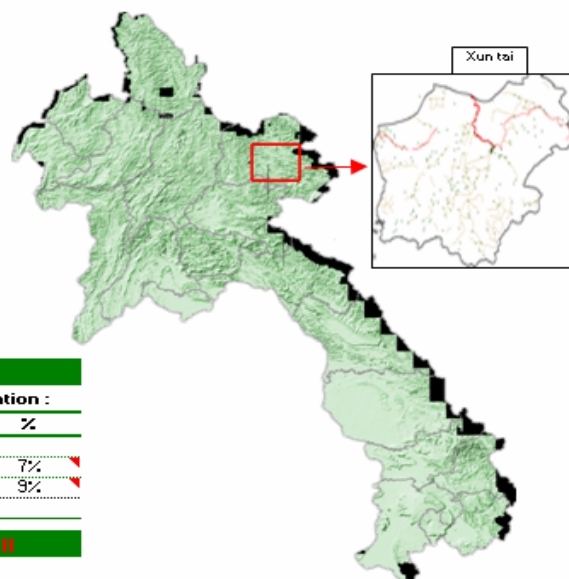
** village benefiting are village implementing and village get indirect benefiting

Progress activity of Xamtay District, as end of 2005-2006 for Cycle III

General Information

Huaphanh Province:	Total	Women
Population of Province (NSC, year 2005):	280,780	139,334
Total Number of districts:	8	
<i>Xiangkho, Add, Sobbao, Xiengkay, Xiengkong, Xamtay, Houameuang, Xamneua</i>		
Total Number of districts covered by PRF:	6	
<i>Xiangkho, Add, Sobbao, Xiengkay, Xamtay, Houameuang</i>		
Xamtay District:	Total	Women
District Population (VNPA, PRF, 2005)	54,213	28,377
Total Number of Khets:	22	
Total Number of Villages:	172	
Total Number of "Poor" Villages*:	170	
% of villages without access to health services	77%	
% of villages without safe water supply	77%	
% of villages without road	76%	
% of villages without access to School	5%	
Main ethnic groups in the district: (NSC Census 95)		
<i>Hmong (35%), Lao (31%), Phouthai (29%), Khum (5%), Phong (1%), Others (1%)</i>		

Maps of Lao PDR showing Huaphan and Xamtay



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization :

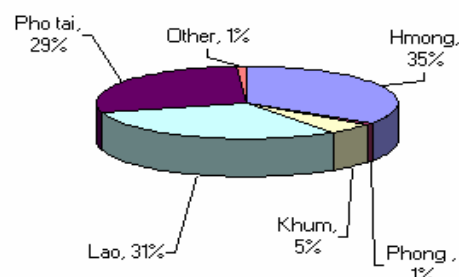
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	515	
Number of Village Needs (activities) expressed by women by 3 priorities	36	7%
Number of Village Needs (activities) expressed by men by 3 priorities	48	9%
Village Needs after consolidation at Khet level (Khet Priorities)	131	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting :

Description	Total	Kip	US\$
PRF Xamtay budget allocation 2005	5,208,000,000	496,000	
PRF Contribution to sub-project implementation	5,207,948,807	495,995	
Village Contribution (cash / kind) to project implementation	1,230,982,338	117,236	
Total Cost for Sub-Projects:	6,438,931,145	613,232	
% of village contribution compared to total cost for sub-projects	19.1%	-	
Average PRF contribution per Sub-project	106,284,670	10,122	
Average PRF contribution per participating village	30,278,772	2,884	
Number of Villages benefiting from 2005-2006 funding round**:	95	55%	
Number of Poor Villages benefiting from 2005-2006 funding round	92		
Number and percentage of beneficiaries in 2005-2006 funding round	28,853	53%	
Number of Khets benefiting from 2005-2006 funding round	22		
Number of Sub-Projects to be implemented in 2005-2006 funding round	49	-	
Percentage of selected sub-projects proposed by women	1	2%	
Average Number of Sub-projects / Khet	2	-	
Average Number of Village activities / Khet	2	-	

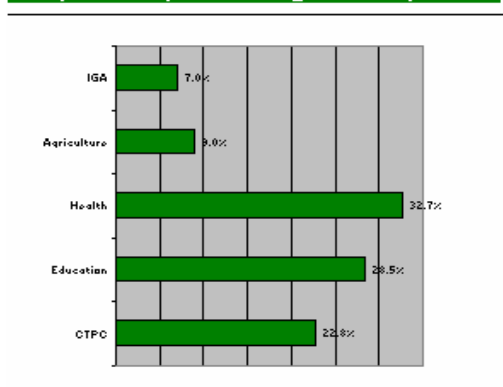
Main ethnic groups in the district: (NSC)



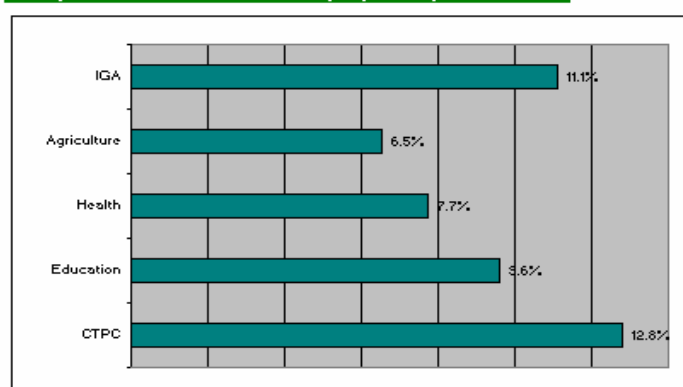
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %
Agriculture	171,632,606	3.3%
IGA	260,350,000	5.0%
Health	992,615,848	19.1%
Education	1,167,238,549	22.8%
CTPC	2,596,111,804	49.8%
Total:	5,207,948,807	100%

Chart of progress for activities of 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used on the day of District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

** village benefiting are village implementing and village get indirect benefiting

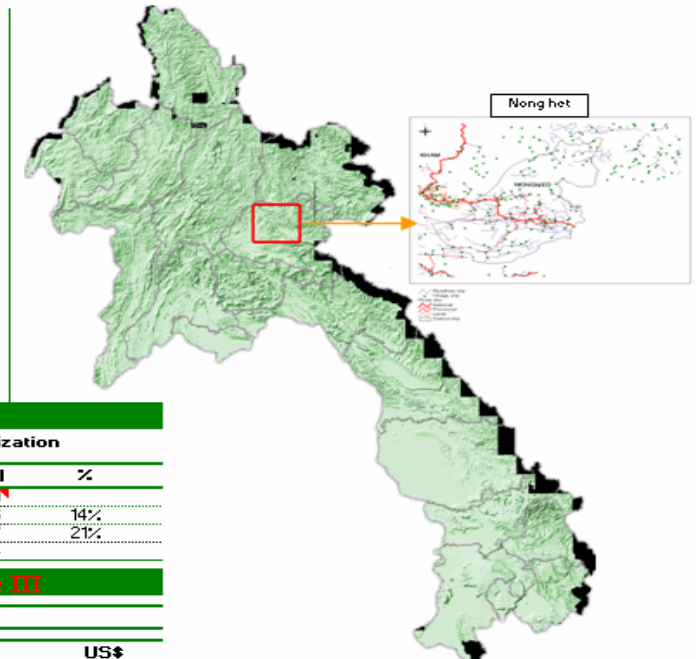
XIENGGKHOANG

Progress activity of Nonghet District, as of June 2005-2006

General Information

Xiengkhouang	Total	Women
Population of Province (NSC, year 2005):	228,882	113,489
Total Number of districts:	7	
<i>Khoun, Kham, Nonghet, Pek, Morkmay, Phoukhood, Phaxay</i>		
Total Number of districts covered by PRF:	3	
<i>Khoun, Kham, Nonghet</i>		
Nonghet District:	Total	Women
District Population (VNPA, PRF, 2005):	35,915	18,035
Total Number of Khets:	13	
Total Number of Villages:	110	
Total Number of "Poor" Villages*:	65	
% of villages without access to health services	86%	
% of villages without safe water supply	67%	
% of villages without road	48%	
% of villages without access to school	16%	
Main ethnic groups in the district: (NSC Census 95 in)		
<i>Data is not available</i>		

Maps of Lao PDR showing Nonghet



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

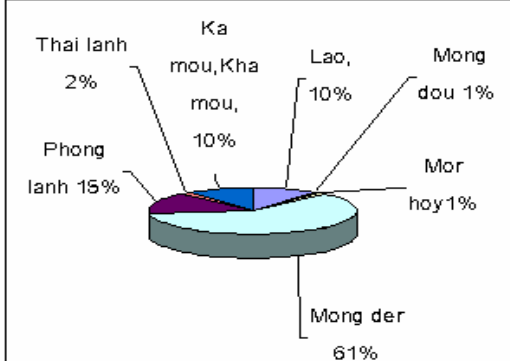
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	319	
Number of Village Needs (activities) expressed by women by 3 pri	46	14%
Number of Village Needs (activities) expressed by men by 3 priorities	67	21%
Village Needs after consolidation at Khet level (Khet Priorities)	74	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

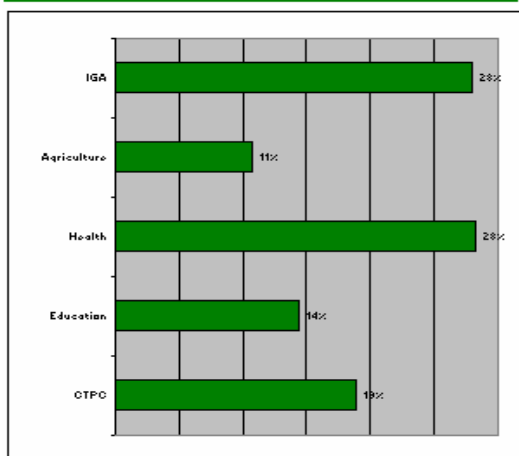
Description	Kip	US\$
PRF Nonghet budget allocation 2005-2006	3,139,500,000	299,000
PRF Contribution to sub-project implementation	3,138,506,206	298,905
Village Contribution (cash / kind) to project implementation	527,568,367	50,245
Total Cost for Sub-Projects:	3,666,074,573	349,150
% of village contribution compared to total cost for sub-projects	14.4%	-
Average PRF contribution per Sub-project	98,078,319	9,341
Average PRF contribution per participating village	28,531,875	2,717
Number of Villages benefiting from 2005-2006 funding round**	75	68%
Number of Poor Villages benefiting from 2005-2006 funding round	71	
Number and percentage of b:	21,672	60%
Number of Khets benefiting from 2005-2006 funding round	13	-
Number of Sub-Projects to be implemented in 2005-2006 funding round	32	-
Percentage of selected sub-projects proposed by women	1	3%
Average Number of Sub-projects / Khet	2	-
Average Number of Village activities / Khet	2	-
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %
Agriculture	-	0%
IGA	404,106,582	13%
Health	541,865,420	17%
Education	99,651,952	3%
CTPC	2,092,891,252	67%
Total:	3,138,515,206	100%

Main ethnic groups in the district: (NSC)

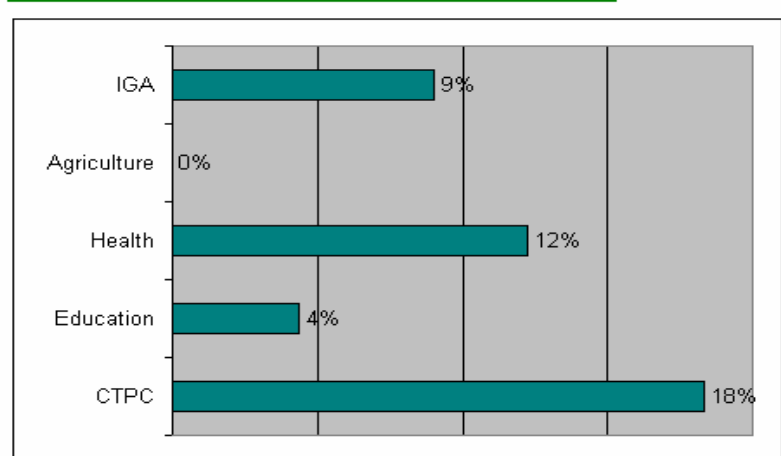


Comparing Chart of Request and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used on the day of District Decision Meeting

* Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/IPM and the National Statistic Centre.

** village benefiting are village implementing and village get indirect benefiting

Progress activity of Khoun District, as of June 2005-2006

General Information

Xiengkhouang	Total	Women
Population of Province (NSC, year 2005):	228,882	113,483
Total Number of districts:	7	
Khoun, Kham, Nonghet, Pek, Motmsay, Phoukhouang, Phouay		
Total Number of districts covered by PRF:	3	
Khoun, Kham, Nonghet		
Khoun District:	Total	Women
District Population (VNPA, PRF, 2005/)	31,535	15,615
Total Number of Khets:	8	
Total Number of Villages:	90	
Total Number of "Poor" Villages*:	65	
% of villages without access to health services	68%	
% of villages without safe water supply	88%	
% of villages without road	38%	
% of villages without access to school	47%	
Main ethnic groups in the district: (NSC Census 95 in)		
Data is not available		

Maps of Lao PDR showing Xiengkouang and Khoun Dist.



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

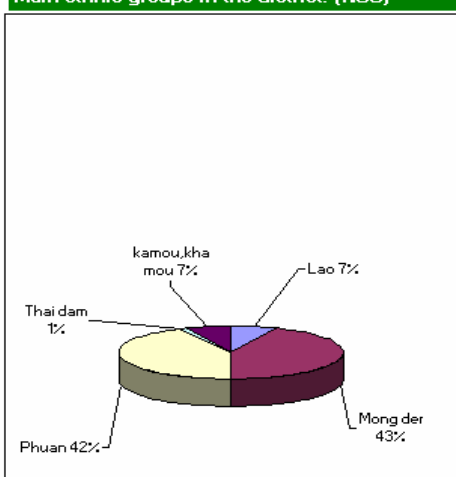
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	266	
Number of Village Needs (activities) expressed by women by 3 priorities	40	15%
Number of Village Needs (activities) expressed by men by 3 priorities	43	16%
Village Needs after consolidation at Khet level (Khet Priorities)	48	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

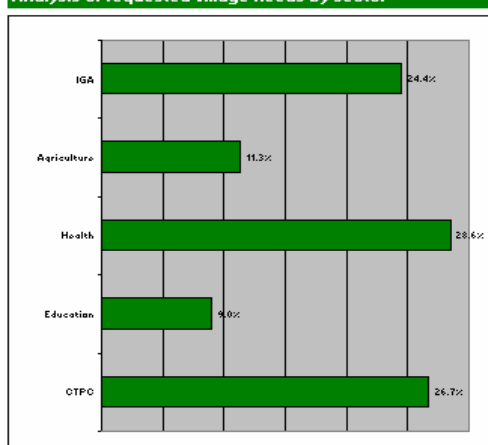
Description	Total	Kip	US\$
PRF Khoun budget allocation 2005-2006		-	-
PRF Contribution to sub-project implementation		3,149,405,746	299,943
Village Contribution (cash / kind) to project implementation		658,526,594	62,717
Total Cost for Sub-Projects:		3,807,932,340	362,660
% of village contribution compared to total cost for sub-projects		17.3%	-
Average PRF contribution per Sub-project		78,735,144	7,499
Average PRF contribution per participating village		34,993,397	3,333
Number of Villages benefiting from 2005-2006 funding round**:	55		61%
Number of Poor Villages benefiting from 2005-2006 funding round	55		
Number and percentage of benefi	18,828		60%
Number of Khets benefiting from 2005-2006 funding round	8		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	40		-
Percentage of selected sub-projects proposed by women	1		
Average Number of Sub-projects / Khet	5		-
Average Number of Village activities / Khet	3		-
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %	
Agriculture	-	0%	
IGA	283,657,256	9%	
Health	1,214,946,083	39%	
Education	245,080,632	8%	
CTPC	1,405,721,715	45%	
Total:	3,149,405,746	100%	

Main ethnic groups in the district: (NSC)

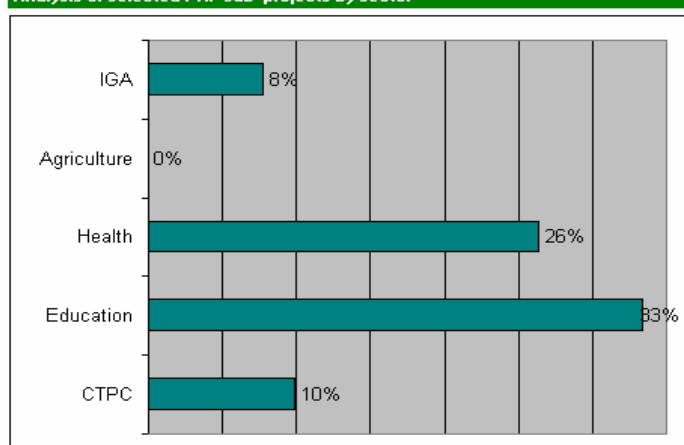


Comparing Chart of Requestment and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1U: 10500 Kip, rate used on the day of District Decision Meeting

* Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

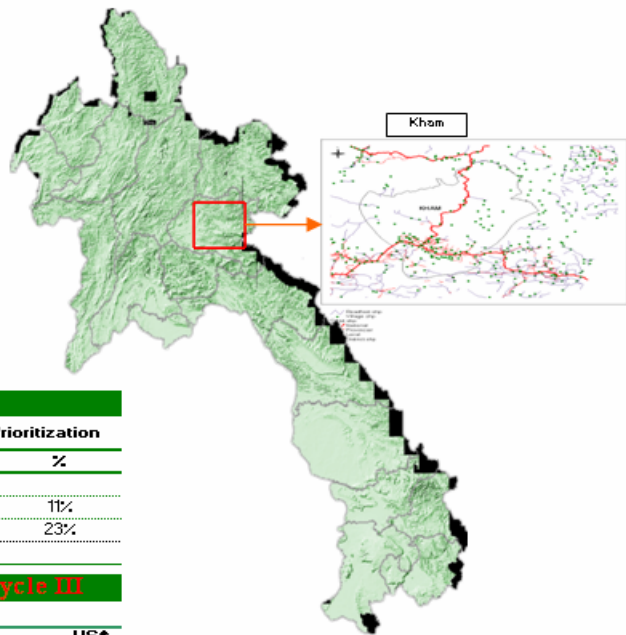
** village benefiting are village implementing and village get indirect benefiting

Progress activity of Kham District, as of June 2005-2006

General Information

Xiengkhouang	Total	Women
Population of Province (NSC, year 2005):	228,882	113,489
Total Number of districts:	7	
<i>Khoun, Kham, Nonghet, Pak, Morkmay, Phoukhood, Phaxay</i>		
Total Number of districts covered by PRF:	3	
Khoun, Kham, Nonghet		
Kham District	Total	Women
District Population (VNPA, PRF, 2005)	46,040	23,254
Total Number of Khets:	10	
Total Number of Villages:	120	
Total Number of "Poor" Villages*:	72	
% of villages without access to health services	0%	
% of villages without safe water supply	64%	
% of villages without road	1%	
% of villages without access to school	0%	
Main ethnic groups in the district: (NSC Census 95 in)		
Data is not available		

Maps of Lao PDR showing Xiengkouang and Kham Distr



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

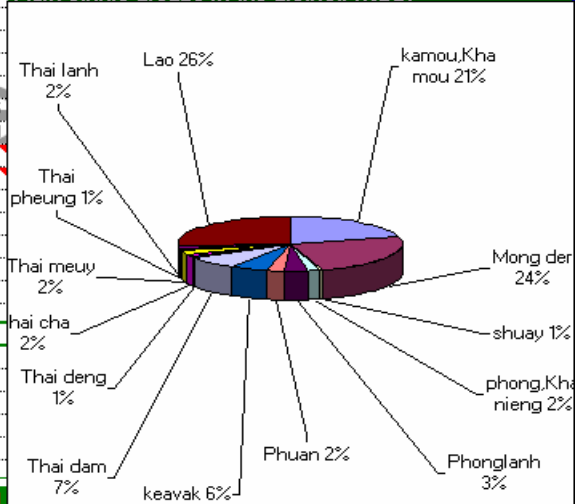
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	343	
Number of Village Needs (activities) expressed by women	38	11%
Number of Village Needs (activities) expressed by men by 3 priorities	79	23%
Village Needs after consolidation at Khet level (Khet Priorities)	64	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

Description	Total	Kip	US\$
PRF Kham budget allocation 2005-2006	2,058,000,000		196,000
PRF Contribution to sub-project implementation	2,055,118,800		195,726
Village Contribution (cash / kind) to project implementation	937,290,479		89,266
Total Cost for Sub-Projects:	2,992,409,279		284,991
% of village contribution compared to total cost for sub-projects	31.3%		
Average PRF contribution per Sub-project	85,629,950		8,155
Average PRF contribution per participating village	17,125,990		1,631
Number of Villages benefiting from 2005-2006 funding round**:	51		43%
Number of Poor Villages benefiting from 2005-2006 funding round	39		
Number and percentage of beneficiaries in 2005-2006 funding round	18,624		40%
Number of Khets benefiting from 2005-2006 funding round	10		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	24		-
Percentage of selected sub-projects proposed by women	2		-
Average Number of Sub-projects / Khet	2		-
Average Number of Village activities / Khet	3		-

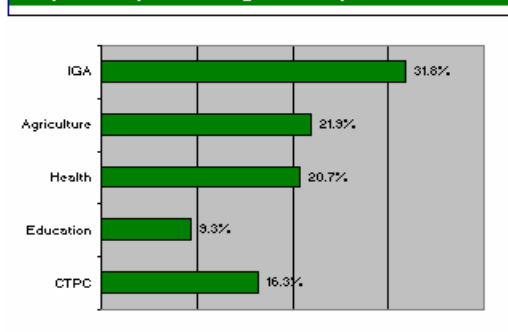
Main ethnic groups in the district: (INSC)



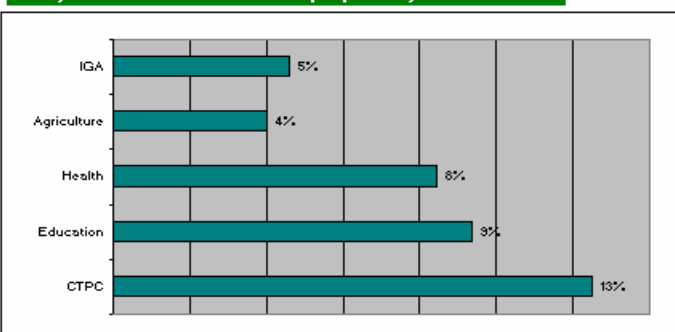
Sub-project budget allocation per s Allocation (Kip)	Percentage %
Agriculture	0%
IGA	283,657,256 9%
Health	1,214,946,083 39%
Education	245,080,632 8%
CTPC	1,405,721,715 45%
Total:	3,149,405,746 100%

Comparing Chart of Request and subproject implementation 2004-2005 and

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ =

Kip, rate used on the day of District Decision Meeting

* Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

** village benefiting are village implementing and village get indirect benefiting

SAVANNAKHET

Progress activity of Sepone District, as end of 2005-2006

General Information

Savannakhet Province:	Total	Women
Population of Province (NSC, year 2005):	833,900	425,400
Total Number of districts:	15	

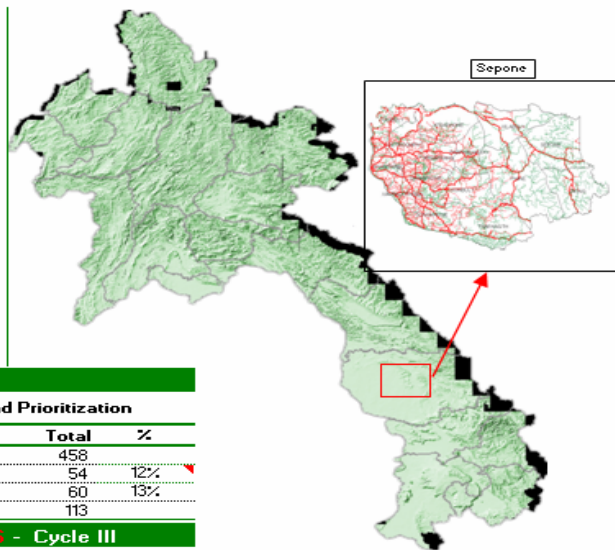
Sepone, Nong, Vilaboury, Khanthabouly, Outhoumphone, Atsapangthong, Phine, Thapangthong, Songkhone, Champhone, Xonbully, Xaybully, Atsapphone, Xayphouthong and Thaphanitsay.

Total Number of districts covered by PRF:	4
Sepone, Nong, Vilaboury and Phin	

Sepone District:	Total	Women
District Population (VNPA, PRF :2005)	42,497	21,172
Total Number of Khets:	20	
Total Number of Villages:	159	
Total Number of "Poor" Villages:	144	
% of villages without access to health services	83%	
% of villages without safe water supply	71%	
% of villages without road	48%	
% of villages without access to School	46%	

Main ethnic groups in the district: (NSC Census 95 in former Xiengkho District)
Tri 33, Phutai 28, Makong 28, Lao, Katang, Dther 1

Maps of Lao PDR showing Savannakhet & Sepone



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

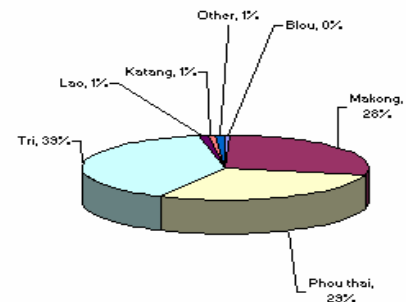
Description	Total	%
Number of Village Needs (activities) expressed by 3 priorities	458	
Number of Village Needs (activities) expressed by women by 3 priorities	54	12%
Number of Village Needs (activities) expressed by men by 3 priorities	60	13%
Village Needs after consolidation at Khet level (Khet Priorities)	113	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

Description	Total	Kip	US\$
PRF Sepone budget allocation 2005-2006	2,803,000,001		266,952
PRF Contribution to sub-project implementation	2,803,000,002		266,952
Village Contribution (cash / kind) to project implementation	372,175,105		35,445
Total Cost for Sub-Projects:	3,175,175,107		154,887
% of village contribution compared to total cost for sub-projects	11.7%		-
Average PRF contribution per Sub-project	87,593,750		8,342
Average PRF contribution per participating village	17,628,931		1,679
Number of Villages benefiting from 2005-2006 funding round	44		28%
Number of Poor Villages benefiting from 2005-2006 funding round	41		
Number and percentage of beneficiaries in 2005-2006 funding round	10,669		25%
Number and percentage of Khets benefiting from 2005-2006 funding round	20		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	32		-
Percentage of selected sub-projects proposed by women	4		12.5%
Average Number of Sub-projects / Khet	2		-
Average Number of Village activities / Khet	1		-

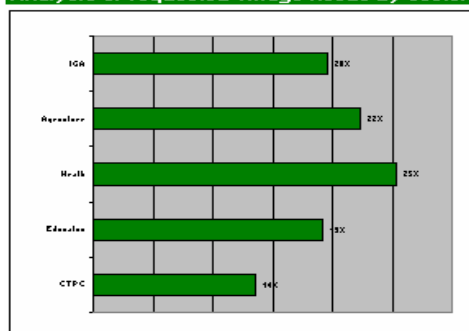
Main ethnic groups in the district: (NSC)



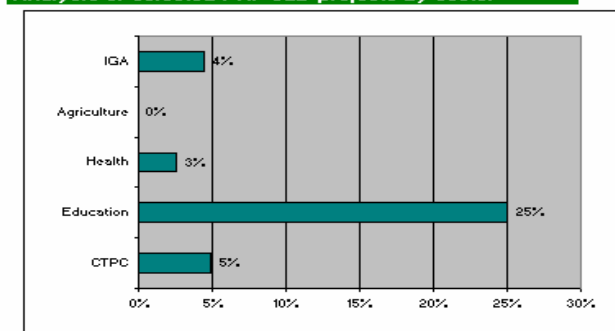
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %
Agriculture	-	0%
IGA	-	0%
Health	69,655,000	19%
Education	180,470,605	48%
CTPC	122,049,500	33%
Total:	372,175,105	100%

Comparing Chart of Request and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used at the day of District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

** village benefiting are village implementing and village get indirect benefiting

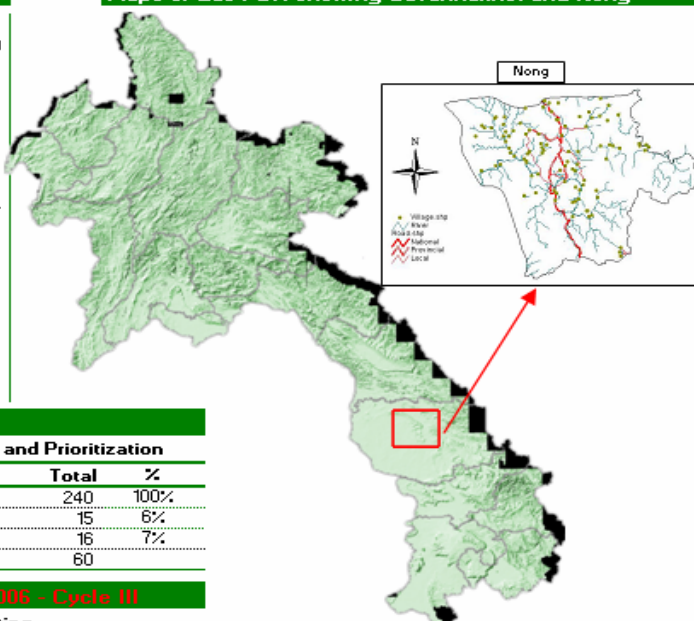
Progress activity of Nong District, as of June 2005-2006

General Information

Savannakhet Province:	Total	Women
Population of Province (NSC, year 2005):	833,900	425,400
Total Number of districts:	15	
<i>Sepone, Nong, Vilaboury, Khanthabouly, Outhoumphone, Atsapangthong, Phine, Thapangthong, Songkhone, Champone, Xonbully, Xaybully, Atsaphone, and Thaphanlaxay.</i>		
Total Number of districts covered by PRF:	4	
<i>Sepone, Nong, Vilaboury and pin</i>		

Nong District:	Total	Women
District Population (VNPA, PRF, 2005)	27,194	13,404
Total Number of Khets:	10	
Total Number of Villages:	79	
Total Number of "Poor" Villages*:	75	
% of villages without access to health services	33%	
% of villages without safe water supply	84%	
% of villages without road	11%	
% of villages without access to school	28%	
<i>Main ethnic groups in the district: (NSC Census 95)</i>		
<i>Makong(67%), Taoy(12%), Tri(7%), Phouthai(7%), Katang(5%), Lao(2%), Others</i>		

Maps of Lao PDR showing Savannakhet and Nong



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

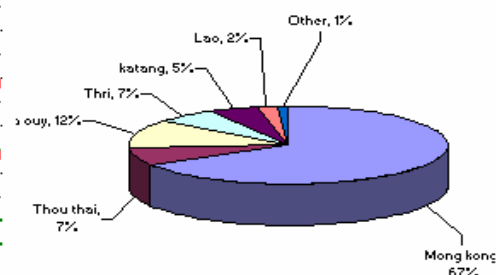
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	240	100%
Number of Village Needs (activities) expressed by women by 3 priorities	15	6%
Number of Village Needs (activities) expressed by men by 3 priorities	16	7%
Village Needs after consolidation at Khet level (Khet Priorities)	60	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

Description	Total	Kip	US\$
PRF Nong budget allocation 2005-2006	1,775,685,000		169,113
PRF Contribution to sub-project implementation	1,775,685,001		169,113
Village Contribution (cash / kind) to project implementation	261,636,003		24,923
Total Cost for Sub-Projects:	2,037,381,004		194,036
% of village contribution compared to total cost for sub-projects	12.8%		-
Average PRF contribution per Sub-project	126,834,643		
Average PRF contribution per participating village	22,477,025		2,141
Number of Villages benefiting from 2005-2006 funding round**:	45		57%
Number of Poor Villages benefiting from 2005-2006 funding round	31		
Number and percentage of beneficiaries in 2005-2006 funding round	10,675		33%
Number of Khets benefiting from 2005-2006 funding round	10		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	14		-
Percentage of selected sub-projects proposed by women	1		7%
Average Number of Sub-projects / Khet	1		-
Average Number of Village activities / Khet	1		-

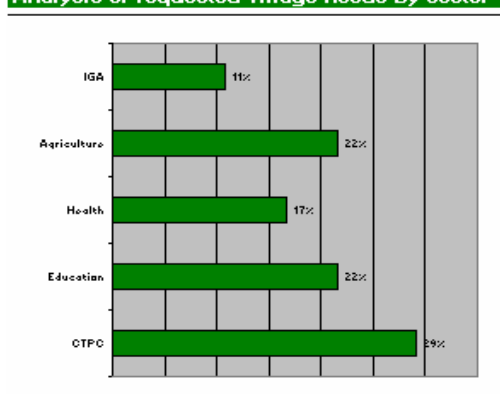
Main ethnic groups in the district: (NSC)



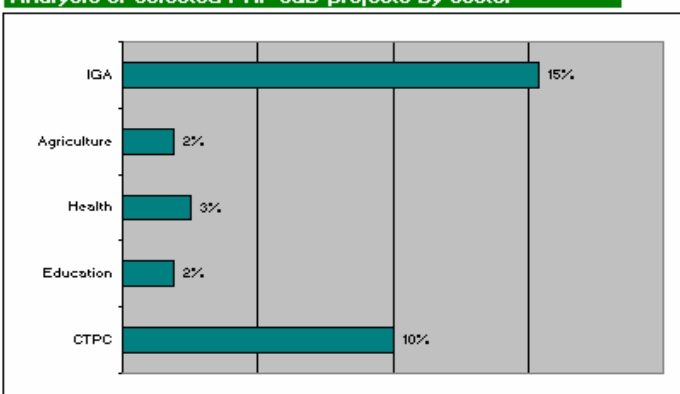
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %
Agriculture	68,771,260	4%
IGA	100,336,764	6%
Health	22,141,761	1%
Education	120,118,529	7%
CTPC	1,464,316,684	82%
Total:	1,775,684,998	100%

Comparing Chart of Requested and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used on the day of the District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

** village benefiting are village implementing and village get indirect benefiting

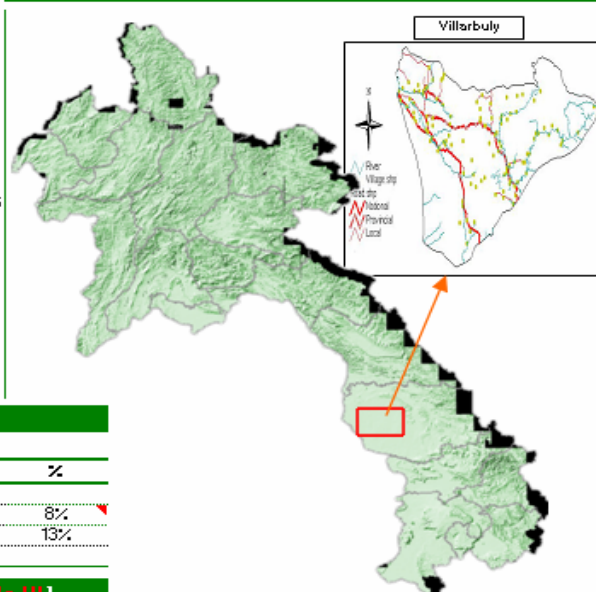
Progress activity of Vilabury District, as of June 2005-2006 for Cycle III

General Information

Savannakhet Province:	Total	Women
Population of Province (NSC, year 2005):	833,900	425,400
Total Number of districts:	15	
<i>Sepone, Nong, Vilabury, Khanthabouly, Outhoumphone, Atsapangthong, Phine, hapangthong, Songkhone, Champhone, Xonbully, Xaybully, Atsaphone, Xayphouthong and Thaphantaxay.</i>		
Total Number of districts covered by PRF:	4	
<i>Sepone, Nong, Vilabury and pin</i>		

Vilabury District:	Total	Women
District Population (VINFA, PRF, 2005)	29,106	14,536
Total Number of Khets:	16	
Total Number of Villages:	102	
Total Number of "Poor" Villages*:	77	
% of villages without access to health services	27%	
% of villages without safe water supply	66%	
% of villages without road	4%	
% of villages without access to school	10%	
<i>Main ethnic groups in the district: (NSC Census 95)</i>		
<i>Phouthai(51%), Makong (29%), Tri(11%), Lao(4%), Katang(3%), Kor(1%), Others</i>		

Maps of Lao PDR showing Champasack and Nong



Initially requested village needs

Results after Village Needs and priorities Assessment and Prioritization

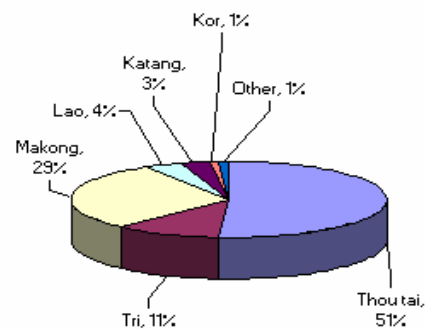
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	274	
Number of Village Needs (activities) expressed by women by 3 priorities	23	8%
Number of Village Needs (activities) expressed by men by 3 priorities	36	13%
Village Needs after consolidation at Khet level (Khet Priorities)	72	

Selected / approved sub-projects for the period 2005-2006 [Cycle III]

Results after sub-project appraisal and District Decision Meeting

Description	Total	Kip	US\$
PRF Vilabury budget allocation 2005-2006	1,827,000,000		174,000
PRF Contribution to sub-project implementation	1,827,000,001		174,000
Village Contribution (cash / kind) to project implementation	240,408,992		22,896
Total Cost for Sub-Projects:	2,067,408,993		196,896
% of village contribution compared to total cost for sub-projects	11.6%		-
Average PRF contribution per Sub-project	79,434,783		7,565
Average PRF contribution per participating village	17,911,765		1,706
Number of Villages benefiting from 2005-2006 funding round**	63		62%
Number of Poor Villages benefiting from 2005-2006 funding round	50		
Number and percentage of beneficiaries in 2005-2006 funding round	17,139		59%
Number of Khets benefiting from 2005-2006 funding round	16		
Number of Sub-Projects to be implemented in 2005-2006 funding round	23		-
Percentage of selected sub-projects proposed by women	1		4%
Average Number of Sub-projects / Khet	1		-
Average Number of Village activities / Khet	3		-

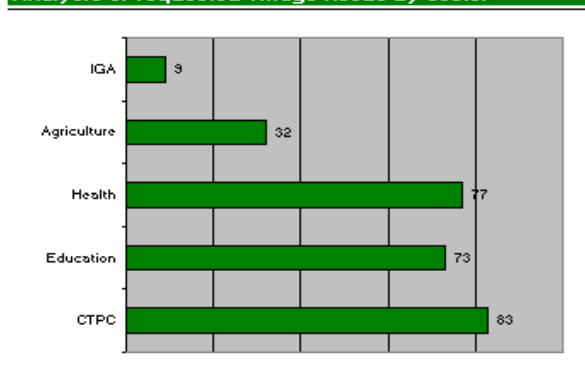
Main ethnic groups in the district: (NSC)



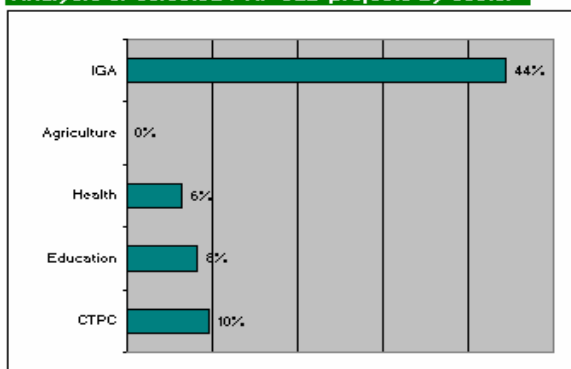
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %
Agriculture	-	0.0%
IGA	92,945,946	5.1%
Health	253,180,734	13.9%
Education	708,232,375	38.8%
CTPC	772,640,945	42.3%
Total:	1,827,000,000	100%

Comparing Chart of Request and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1 US\$ = 10,500 Kip, rate used on the day of District Decision Meeting

* Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

** village benefiting are village implementing and village get indirect benefiting

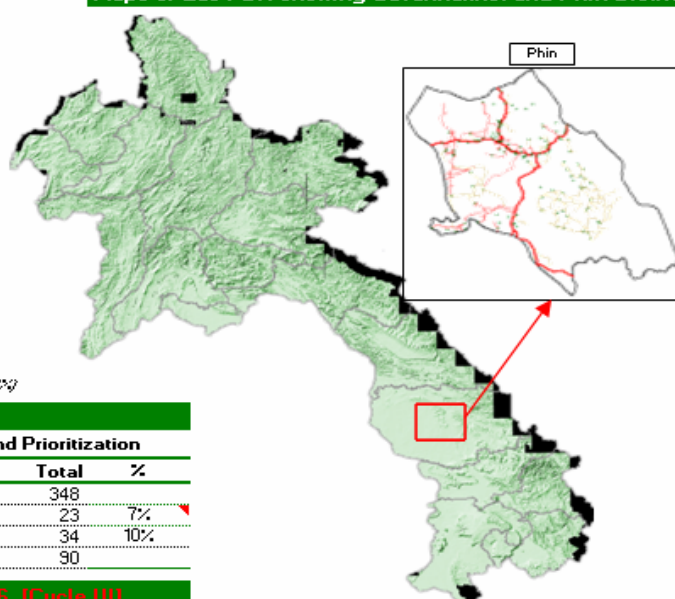
Progress activity of Phin District, as end of 2005-2006

General Information

Savannakhet Province:	Total	Women
Population of Province (NSC, year 2005):	833,900	425,400
Total Number of districts:	15	
<i>Sepone, Nong, Vilaboury, Khanthabouly, Outhoumphone, Atsapangthong, Phine, Thapangthong, Songkhone, Champhone, Xonbully, Xaybully, Atsaphone, Xayphouthong</i>		
Total Number of districts covered by PRF:	4	
<i>Sepone, Nong, Vilaboury and Phin</i>		

Phin District:	Total	Women
District Population (VNPA, PRF: 2005)	49,626	24,789
Total Number of Khets:	15	
Total Number of Villages:	116	
Total Number of "Poor" Villages*:	76	
% of villages without access to health services	1%	
% of villages without safe water supply	0%	
% of villages without road	0%	
% of villages without access to School	0%	
Main ethnic groups in the district: (NSC Census 95)		
<i>Katang(35%), Phouthai(25%), Makong(23%), Lao(12%), Xuay(2%), Taouy(1%), Others(1%)</i>		

Maps of Lao PDR showing Savannakhet and Phin District



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

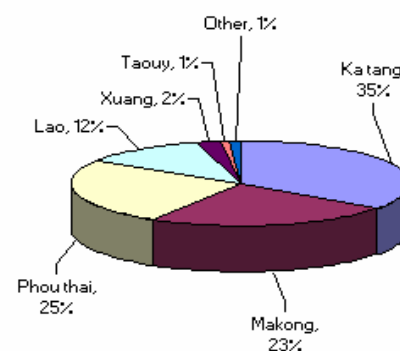
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	348	
Number of Village Needs (activities) expressed by women by 3 priorities	23	7%
Number of Village Needs (activities) expressed by men by 3 priorities	34	10%
Village Needs after consolidation at Khet level (Khet Priorities)	90	

Selected / approved sub-projects for the period 2005-2006 (Cycle III)

Results after sub-project appraisal and District Decision Meeting

Description	Total	Kip	US\$
PRF Phin budget allocation 2005-2006	2,667,000,000		254,000
PRF Contribution to sub-project implementation	2,667,000,001		254,000
Village Contribution (cash / kind) to project implementation	815,273,200		77,645
Total Cost for Sub-Projects:	3,482,273,201		331,645
% of village contribution compared to total cost for sub-projects	23.4%		-
Average PRF contribution per Sub-project	98,777,778		9,407
Average PRF contribution per participating village	22,991,379		2,190
Number of Villages benefiting from 2005-2006 funding round**:	46		40%
Number of Poor Villages benefiting from 2005-2006 funding round	27		
Number and percentage of beneficiaries in 2005-2006 funding round	21,882		44%
Number of Khets benefiting from 2005-2006 funding round	15		
Number of Sub-Projects to be implemented in 2005-2006 funding round	27		-
Percentage of selected sub-projects proposed by women	3		11%
Average Number of Sub-projects / Khet	2		-
Average Number of Village activities / Khet	2		-

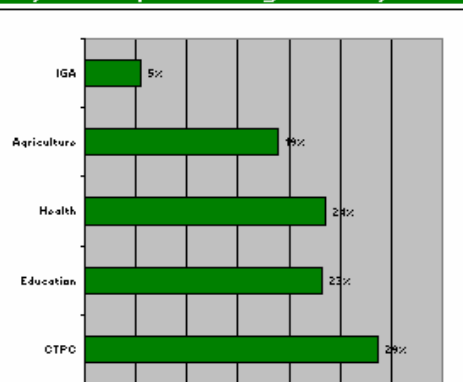
Main ethnic groups in the district: (NSC)



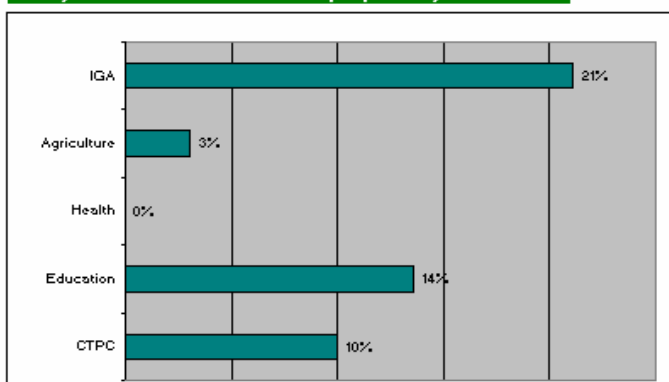
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %
Agriculture	292,220,362	11.0%
IGA	136,487,647	5.1%
Health	-	0.0%
Education	875,448,439	32.8%
CTPC	1,362,843,552	51.1%
Total:	2,667,000,000	100%

Comparing Chart of Requested and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used at the day of District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

** village benefiting are village implementing and village get indirect benefiting

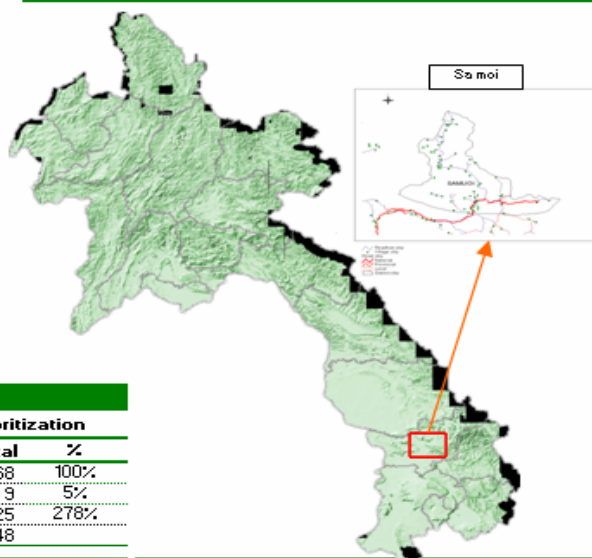
SARAVANH

Progress activity of Samoi District, as of June 2005-2006

General Information

Saravan Province:	Total	Women
Population of Province (NSC, year 2005):	280,780	139,334
Total Number of districts:	8	
<i>Saravane, Tsai, Toomban, Laikhanophong, Vapay, Khonxodone, Laongam, Samuoi</i>		
Total Number of districts covered by PRF:	3	
Tamlan, Tsai, Samuoi		
Sa moi District:	Total	Women
District Population (VNPA, PRF, 2005)	11,781	6,029
Total Number of Khets:	7	
Total Number of Villages:	58	
Total Number of "Poor" Villages*:	58	
% of villages without access to health services	95%	
% of villages without safe water supply	74%	
% of villages without road	43%	
% of villages without access to school	52%	
Main ethnic groups in the district: (NSC Census 95 in)		
<i>Data is not available</i>		

Maps of Lao PDR showing Saravan and Smoi



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

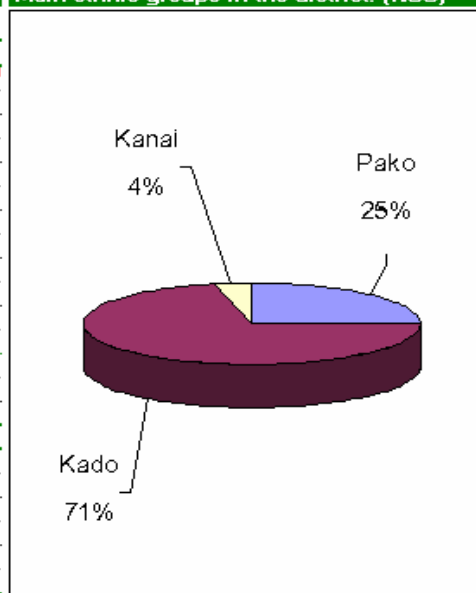
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	168	100%
Number of Village Needs (activities) expressed by women by 3 priorities	9	5%
Number of Village Needs (activities) expressed by men by 3 priorities	25	278%
Village Needs after consolidation at Khet level (Khet Priorities)	48	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

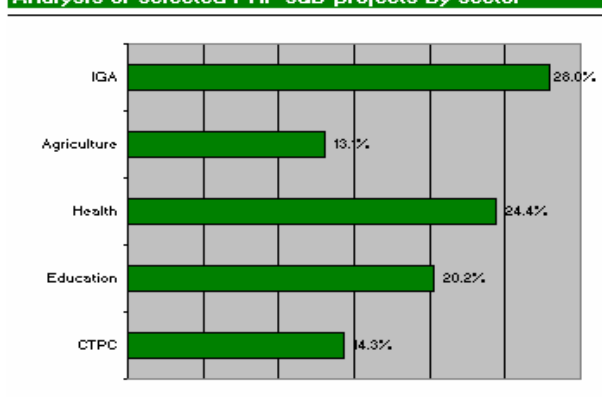
Description	Total	Kip	US\$
PRF Add budget allocation 2005-2006	1,146,115,000		109,154
PRF Contribution to sub-project implementation	1,146,115,000		109,154
Village Contribution (cash / kind) to project implementation	103,105,335		9,820
Total Cost for Sub-Projects:	1,249,220,335		118,973
% of village contribution compared to total cost for sub-projects	8.3%		-
Average PRF contribution per Sub-project	63,673,056		6,064
Average PRF contribution per participating village	19,760,603		1,882
Number of Villages benefiting from 2005-2006 funding round**:	30		52%
Number of Poor Villages benefiting from 2005-2006 funding round	29		
Number and percentage of beneficiaries in 2005-2006 funding round	9,658		82%
Number of Khets benefiting from 2005-2006 funding round	8		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	16		-
Percentage of selected sub-projects proposed by women	0		0%
Average Number of Sub-projects / Khet	2		-
Average Number of Village activities / Khet	1		-
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %	
Agriculture and forestry	-		
Income generation activity	57,225,000	5%	
Health	966,912,439	84%	
Education	121,977,561	11%	
CTPC*	-		
Total:	1,146,115,000	100%	

Main ethnic groups in the district: (NSC)

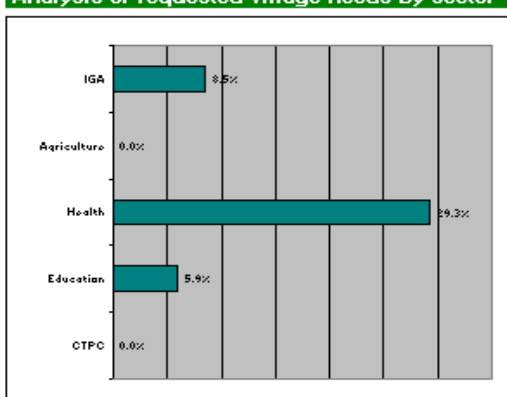


Comparing Chart of Request and subproject implementation 2004-2005 and 2005-2006

Analysis of selected PRF sub-projects by sector



Analysis of requested village needs by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used on the day of District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

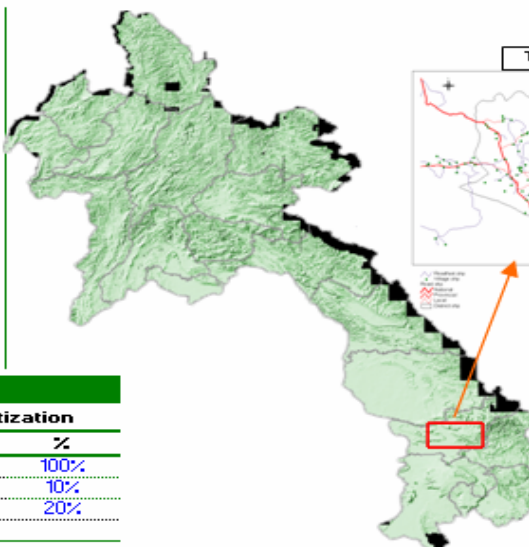
** village benefiting are village implementing and village get indirect benefiting

Progress activity of Toomlan District, as of June 2005-2006

General Information

Saravan Province:	Total	Women
Population of Province (NSC, year 2005):	324,470	165,195
Total Number of districts:	8	
Saravene, Taol, Toomlan, Lakhonepheng, Vapy, Khonxedone, Laongam, Samuoi		
Total Number of districts covered by PRF:	3	
Toomlan, Taol, Samuoi		
Toomlan District:	Total	Women
District Population (VNPA, PRF, 2005)	21,785	11,166
Total Number of Khets:	7	
Total Number of Villages:	66	
Total Number of "Poor" Villages:	66	
% of villages without access to health services	56%	
% of villages without safe water supply	95%	
% of villages without road	26%	
% of villages without access to school	80%	
Main ethnic groups in the district: (NSC Census 95 in)		
Data is not available		

Maps of Lao PDR showing Saravan and Toomlan



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

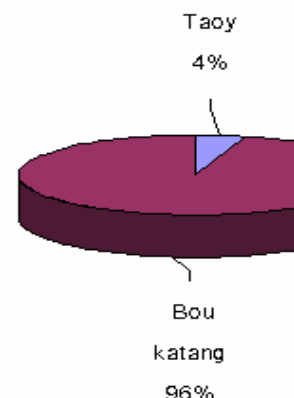
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	201	100%
Number of Village Needs (activities) expressed by women by 3 priorities	21	10%
Number of Village Needs (activities) expressed by men by 3 priorities	40	20%
Village Needs after consolidation at Khet level (Khet Priorities)	42	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

Description	Total	Kip	US\$
PRF Add budget allocation 2005-2006	1,978,915,000	188,468	
PRF Contribution to sub-project implementation	1,978,915,000	188,468	
Village Contribution (cash / kind) to project implementation	200,589,017	19,104	
Total Cost for Sub-Projects:	2,179,504,017	207,572	
% of village contribution compared to total cost for sub-projects	9.2%	-	
Average PRF contribution per Sub-project	89,950,682	8,567	
Average PRF contribution per participating village	29,983,561	2,856	
Number of Villages benefiting from 2005-2006 funding round **	46	-	
Number of Poor Villages benefiting from 2005-2006 funding round	46	-	
Number and percentage of beneficiaries in 2005-2006 funding round	15,129	69%	
Number of Khets benefiting from 2005-2006 funding round	7	-	
Number of Sub-Projects to be implemented in 2005-2006 funding round	22	-	
Percentage of selected sub-projects proposed by women	0	0%	
Average Number of Sub-projects / Khet	3	-	
Average Number of Village activities / Khet	2	-	

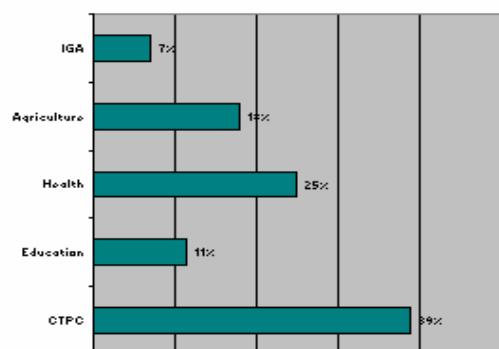
Main ethnic groups in the district:



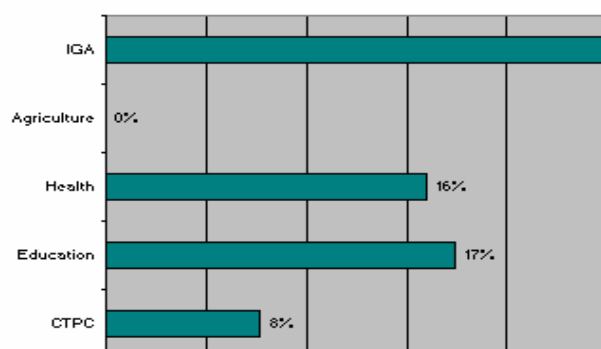
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %
Agriculture and forestry	-	-
Income generation activity	99,225,000	5%
Health	496,296,337	25%
Education	253,298,213	13%
CTPC*	1,130,105,443	57%
Total:	1,978,914,999	100%

Comparing Chart of Requestment and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used on the day of District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

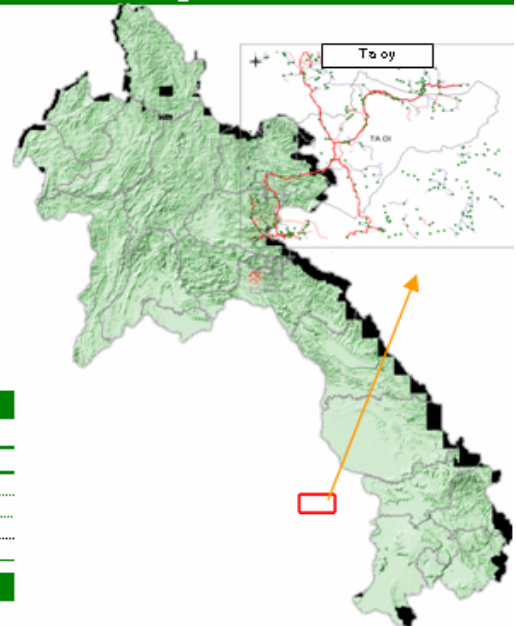
** village benefiting are village implementing and village get indirect benefiting

Progress activity of Taoi, as of June 2005-2006

General Information

Saravan Province:	Total	Women
Population of Province (NSC, year 2005):	324,470	165,195
Total Number of districts:	8	
<i>Saravane, Taoi, Tomblan, Lakhonephong, Vap, Khonzedone, Laongam, Samouï</i>		
Total Number of districts covered by PRF:	3	
Tomblan, Taoi, Samouï		
ta oi District:	Total	Women
District Population (VNPA, PRF, 2005)	22,520	11,498
Total Number of Khets:	8	
Total Number of Villages:	56	
Total Number of "Poor" Villages*	55	
% of villages without access to health services	89%	
% of villages without safe water supply	95%	
% of villages without road	57%	
% of villages without access to school	54%	
Main ethnic groups in the district: (NSC Census 95 in)		
<i>Data is not available</i>		

Maps of Lao PDR showing Saravan and Ta oi



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	168	100%
Number of Village Needs (activities) expressed by women by 3 priorities	17	10%
Number of Village Needs (activities) expressed by men by 3 priorities	30	18%
Village Needs after consolidation at Khet level (Khet Priorities)		

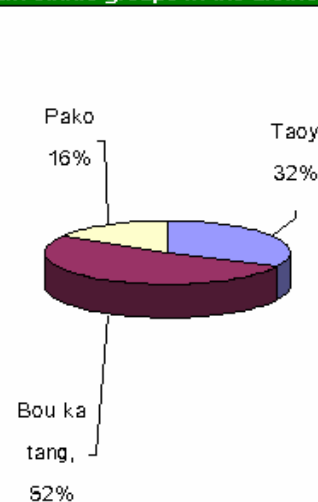
Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

Description	Total	Kip	US\$
PRF Add budget allocation 2005-2006	2,258,025,000		215,050
PRF Contribution to sub-project implementation	2,258,025,001		215,050
Village Contribution (cash / kind) to project implementation	254,384,506		24,227
Total Cost for Sub-Projects:	2,512,409,507		239,277
% of village contribution compared to total cost for sub-projects		10.1%	-
Average PRF contribution per Sub-project	98,175,000		9,350
Average PRF contribution per participating village	40,321,875		3,840
Number of Villages benefiting from 2005-2006 funding round**:	33		58.9%
Number of Poor Villages benefiting from 2005-2006 funding round	33		-
Number and percentage of beneficiaries in 2005-2006 funding round	12,433		55%
Number of Khets benefiting from 2005-2006 funding round	8		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	23		-
Percentage of selected sub-projects proposed by women	0		0%
Average Number of Sub-projects / Khet	3		-
Average Number of Village activities / Khet	2		-

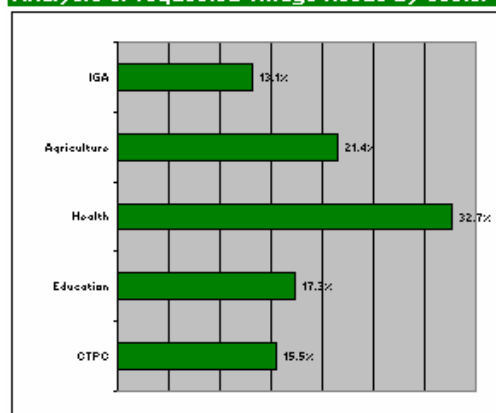
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %
Agriculture and forestry	-	-
Income generation activity	112,875,000	5%
Health	627,672,437	28%
Education	581,671,018	26%
CTPC*	935,806,548	41%
Total:	2,258,025,003	100%

Main ethnic groups in the district: (NSC)

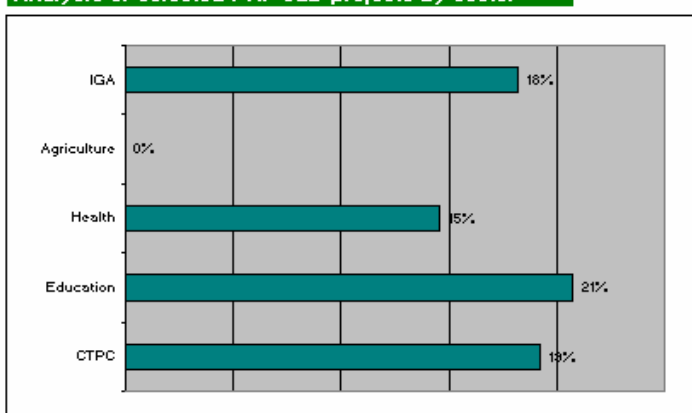


Comparing Chart of Requested and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used on the day of District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

** village benefiting are village implementing and village get indirect benefiting

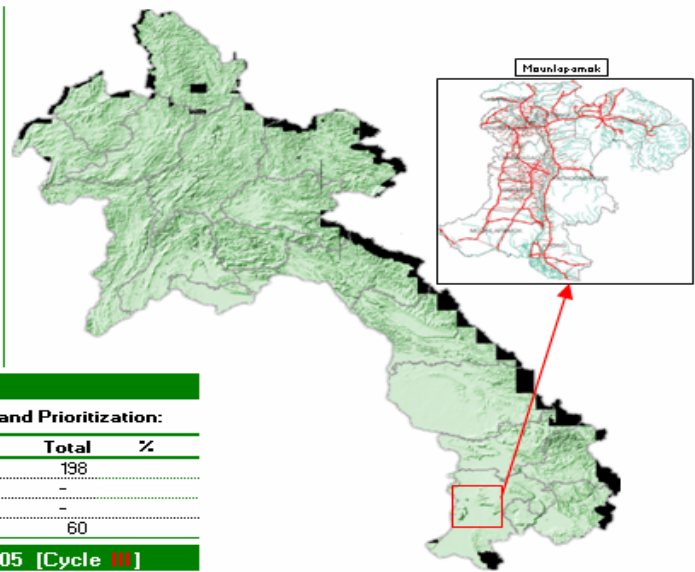
CHAMPASACK

Progress activity of Mounlapamok District, as end of 2005-2006

General Information

Champasack Province:	Total	Women
Population of Province (NSC, year 2005):	603,880	305,342
Total Number of districts:	10	
<i>Mounlapamok, Khong, Pathoumphone, Sukuma, Pakse, Sanasomboun, Bachieng, Pakxong, Phonthong and Champasack.</i>		
Total Number of districts covered by PRF:	4	
<i>Pathoumphone, Sukuma, Khong and Mounlapamok</i>		
Mounlapamok District:	Total	Women
District Population (VNPA, PRF, 2005)	38,142	19,524
Total Number of Khets:	10	
Total Number of Villages:	67	
Total Number of "Poor" Villages:	51	
% of villages without access to health services	72%	
% of villages without safe water supply	43%	
% of villages without road	1%	
% of villages without access to School	0%	
Main ethnic groups in the district: (NSC Census 95 in Mounlapamok District)		
<i>Lao, Khmear, Kom, Other</i>		

Maps of Lao PDR showing Champasack & Mounlapamok



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization:

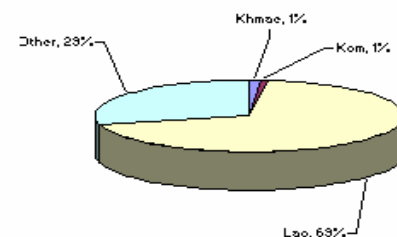
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	198	
Number of Village Needs (activities) expressed by women by 3 priorities	-	
Number of Village Needs (activities) expressed by men by 3 priorities	-	
Village Needs after consolidation at Khet level (Khet Priorities)	60	

Selected / approved sub-projects for the period 2004-2005 [Cycle III]

Results after sub-project appraisal and District Decision Meeting:

Description	Total	Kip	US\$
PRF Mounlapamok budget allocation 2005-2006	1,585,500,000		151,000
PRF Contribution to sub-project implementation	1,585,500,001		151,000
Village Contribution (cash / kind) to project implementation	164,674,808		15,683
Total Cost for Sub-Projects:	1,750,174,809		166,683
% of village contribution compared to total cost for sub-projects	9%		-
Average PRF contribution per Sub-project	66,062,500		6,292
Average PRF contribution per participating village	23,664,179		2,254
Number of Villages benefiting from 2005-2006 funding round	53		79%
Number of Poor Villages benefiting from 2005-2006 funding round	38		
Number and percentage of beneficiaries in 2005-2006 funding round	11,430		30%
Number of Khets benefiting from 2005-2006 funding round	10		
Number of Sub-Projects to be implemented in 2005-2006 funding round	24		-
Percentage of selected sub-projects proposed by women	0		0%
Average Number of Sub-projects / Khet	2.4		-
Average Number of Village activities / Khet	4		-

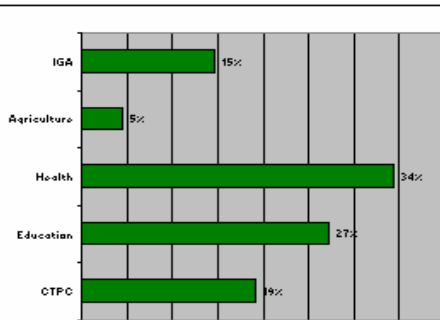
Main ethnic groups in the district: (NSC)



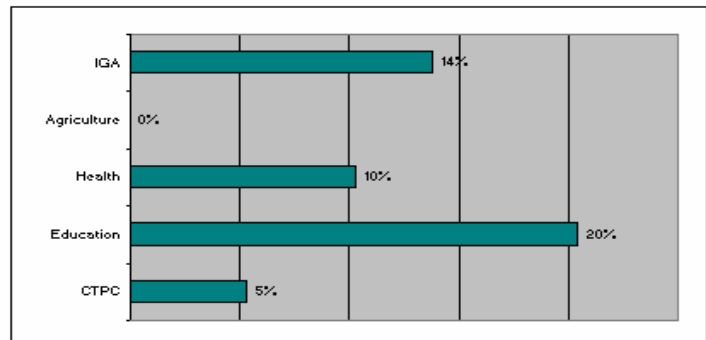
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %
Agriculture	-	0.0%
IGA	89,245,027	5.6%
Health	395,100,329	24.9%
Education	977,654,899	61.7%
CTPC	123,499,745	7.8%
Total:	1,585,500,000	100%

Comparing Chart of Request and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used at the day of District Decision Meeting

* Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

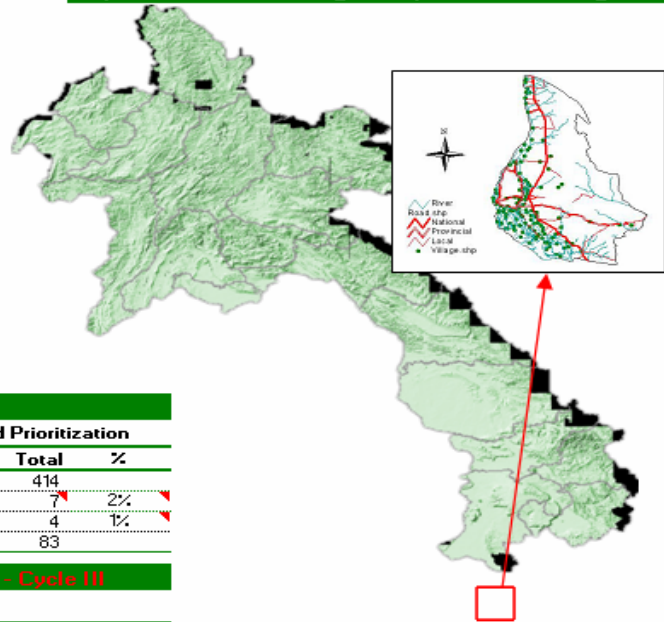
** village benefiting are village implementing and village get indirect benefiting

Progress activity of Kong District, as of June 2005-2006

General Information

Champasack Province:		
Population of Province (NSC, year r.2005):	Total	Women
Total Number of districts:	603,880	305,342
Total Number of districts covered by PRF:	10	
<i>Mountapamak, Khong, Pathoumphone, Sukuma, Paksong, Sanasomboun, Bachteng, Paksong, Phonethong and Champasack.</i>		
Total Number of districts covered by PRF:	4	
<i>Pathoumphone, Sukuma, Khong and Mountapamak</i>		
Khong District:		
District Population (VNPA, PRF, 2005)	Total	Women
Total Number of Khets:	70,170	37,947
Total Number of Villages:	14	
Total Number of "Poor" Villages*:	136	
% of villages without access to health services	46	
% of villages without safe water supply	23%	
% of villages without road	9%	
% of villages without access to school	1%	
Main ethnic groups in the district: (NSC Census 95)	6%	
<i>Lao (98%), Others</i>		

Maps of Lao PDR showing Champasack and Khong



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

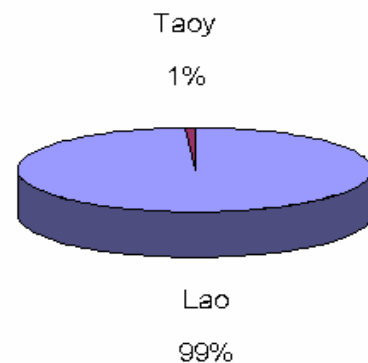
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	414	
Number of Village Needs (activities) expressed by women by 3 priorities	7	2%
Number of Village Needs (activities) expressed by men by 3 priorities	4	1%
Village Needs after consolidation at Khet level (Khet Priorities)	83	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

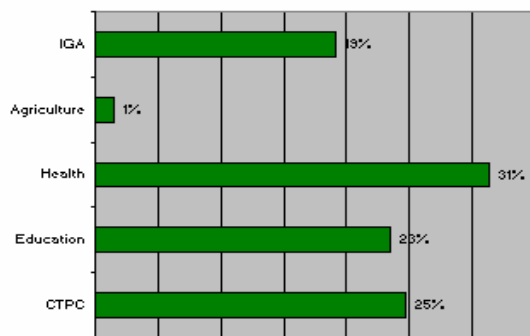
Description	Total	Kip	US\$
PRF Khong budget allocation 2005-2006	777,000,000		74,000
PRF Contribution to sub-project implementation	777,000,001		74,000
Village Contribution (cash / kind) to project implementation	209,772,284		19,978
Total Cost for Sub-Projects:	986,772,285		93,978
% of village contribution compared to total cost for sub-projects	21.3%		-
Average PRF contribution per Sub-project	67,000,000		3,524
Average PRF contribution per participating village	29,884,615		2,846
Number of Villages benefiting from 2005-2006 funding round	40		29.4%
Number of Poor Villages benefiting from 2005-2006 funding round	20		-
Number and percentage of beneficiaries in 2005-2006 funding round	19,296		27%
Number of Khets benefiting from 2005-2006 funding round	14		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	21		-
Percentage of selected sub-projects proposed by women	2		9.5%
Average Number of sub-projects / Khet	2		-
Average Number of Village activities / Khet	1		-
Sub-project budget allocation per sector			
	Allocation (Kip)	Percentage %	
Agriculture	-	0.0%	
IGA	38,986,680	5.0%	
Health	65,513,800	8.4%	
Education	541,687,287	69.7%	
CTPC	130,812,233	16.8%	
Total:	777,000,000	100%	

Main ethnic groups in the district: (NSC)

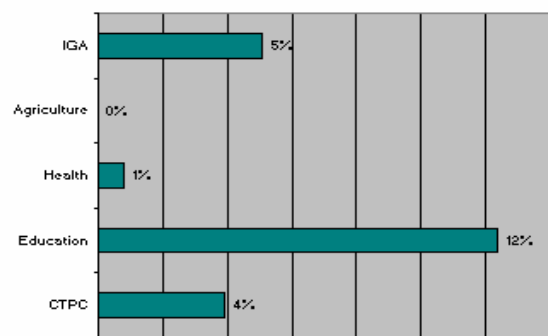


Comparing Chart of Request and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



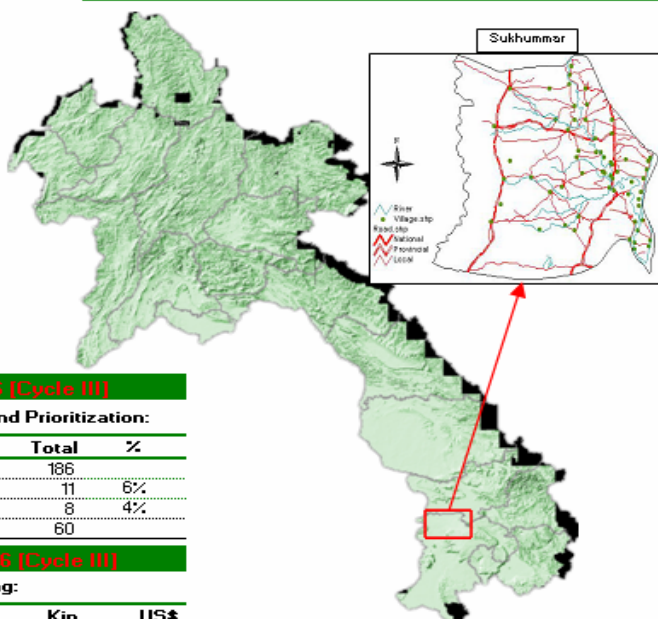
Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used at the day of District Decision Meeting
 *Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.
 ** village benefiting are village implementing and village get indirect benefiting

Progress activity of Sukuma District, as end of 2005-2006

General Information

Champasack Province:		
Population of Province (NSC, year 2005):	Total 603,880	Women 305,342
Total Number of districts:	8	
<i>Mountapamak, Khong, Pathoumphone, Sukuma, Paizo, Sanasomboun, Bachieng, Paizong, Phonothong and Champasack.</i>		
Total Number of districts covered by PRF:	6	
<i>Pathoumphone, Sukuma, Khong and Mountapamak</i>		
Sukuma District:		
District Population (VNPA, PRF, 2005)	Total 46,929	Women 25,007
Total Number of Khets:	10	
Total Number of Villages:	62	
Total Number of "Poor" Villages*:	32	
% of villages without access to health services	15%	
% of villages without safe water supply	11%	
% of villages without road	29%	
% of villages without access to School	11%	
Main ethnic groups in the district: (NSC Census 95)		
<i>Phouthai (60%), Lao (19%), Hmong (12%), Khmer (8%), Others (1%)</i>		

Maps of Lao PDR showing Champasack & Sukuma



Initially requested village needs for the period 2005-2006 (Cycle III)

Results after Village Needs and priorities Assessment (VNPA) and Prioritization:

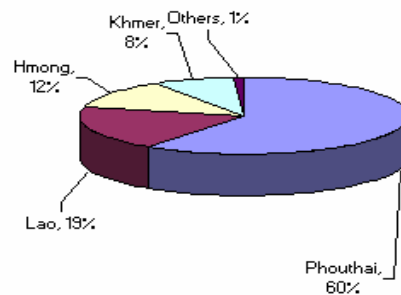
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	186	
Number of Village Needs (activities) expressed by women by 3 priorities	11	6%
Number of Village Needs (activities) expressed by men by 3 priorities	8	4%
Village Needs after consolidation at Khet level (Khet Priorities)	60	

Selected / approved sub-projects for the period 2005-2006 (Cycle III)

Results after sub-project appraisal and District Decision Meeting:

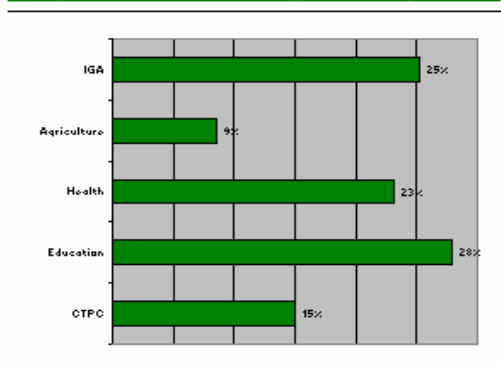
Description	Total	Kip	US\$
PRF Sukuma budget allocation 2005-2006	1,071,000,000		102,000
PRF Contribution to sub-project implementation	1,071,000,001		102,000
Village Contribution (cash / kind) to project implementation	209,772,284		19,978
Total Cost for Sub-Projects:	1,280,772,285		121,978
% of village contribution compared to total cost for sub-projects	16%		-
Average PRF contribution per Sub-project	56,368,421		5,368
Average PRF contribution per participating village	17,274,194		1,645
Number of Villages benefiting from 2005-2006 funding round	37		60%
Number of Poor Villages benefiting from 2005-2006 funding round	17		-
Number and percentage of beneficiaries in 2005-2006 funding round	29,150		62%
Number of Khets benefiting from 2005-2006 funding round	10		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	19		-
Percentage of selected sub-projects proposed by women	1		5%
Average Number of Sub-projects / Khet	2		-
Average Number of Village activities / Khet	2		-
Sub-project budget allocation per sector	Allocation (Kip)	Percentage %	
Agriculture	-	0.0%	
IGA	54,464,908	5.1%	
Health	84,120,303	7.9%	
Education	779,132,831	72.7%	
CTPC	153,281,958	14.3%	
Total:	1,071,000,000	100%	

Main ethnic groups in the district: (NSC)

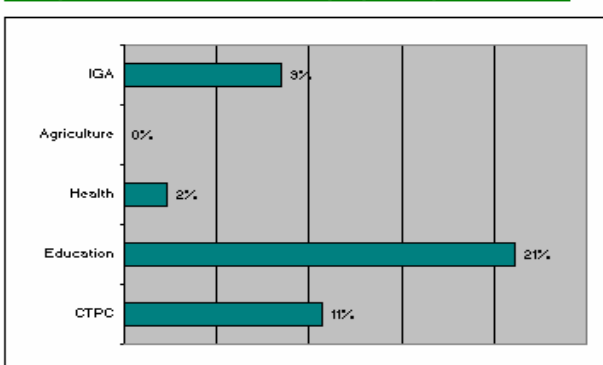


Comparing Chart of Requested and subproject implementation 2004-2005 and 2005-2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used at the day of the District Decision Meeting

*Poverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.

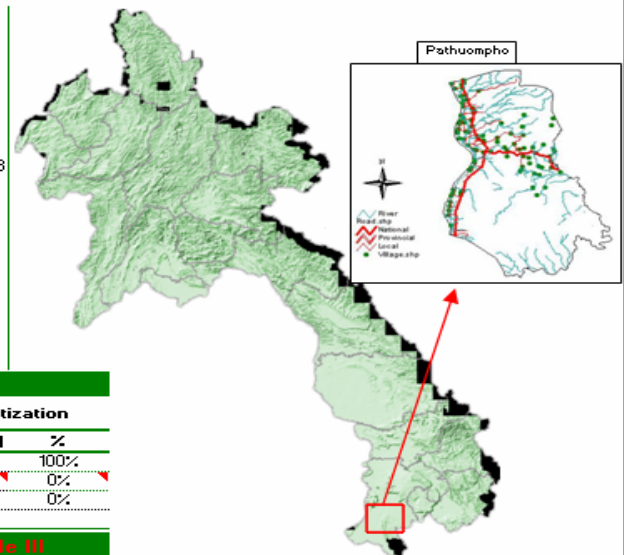
** village benefiting are village implementing and village get indirect benefiting

Progress activity of Pathoumphone District, as end of 2005-2006

General Information

	Total	Women
Champasack Province:		
Population of Province (NSC, year 2005):	603,880	305,342
Total Number of districts:	10	
<i>Mountapamak, Khong, Pathoumphone, Sukuma, Pakso, Sanasombour, Bchieng, Pakxong, Phonethong and Champasack.</i>		
Total Number of districts covered by PRF:	4	
<i>Pathoumphone, Sukuma, Khong and Mountapamak</i>		
Pathoumphone District:		
District Population (VAFR, PRF, 2005):	51,101	25,798
Total Number of Khets:	10	
Total Number of Villages:	93	
Total Number of "Poor" Villages*:	44	
% of villages without access to health services	14%	
% of villages without safe water supply	33%	
% of villages without road	16%	
% of villages without access to school	2%	
Main ethnic groups in the district: (NSC Census 95)		
<i>Lao (91%), Laven (2%), Others</i>		

Maps of Lao PDR showing Champasack and Pathoumphone



Initially requested village needs

Results after Village Needs and priorities Assessment (VNPA) and Prioritization

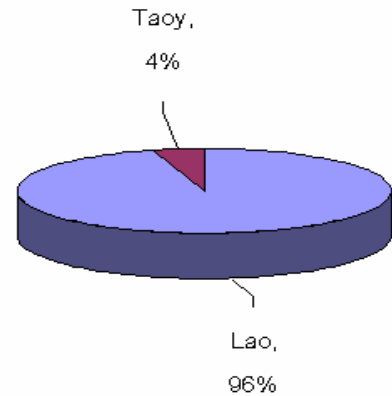
Description	Total	%
Number of Village Needs (activities) expressed by villagers by 3 priorities	276	100%
Number of Village Needs (activities) expressed by women by 3 priorities	1	0%
Number of Village Needs (activities) expressed by men by 3 priorities	1	0%
Village Needs after consolidation at Khet level (Khet Priorities)	60	

Selected / approved sub-projects for the period 2005-2006 - Cycle III

Results after sub-project appraisal and District Decision Meeting

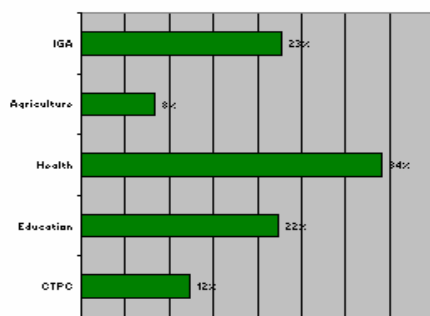
Description	Total	Kip	US\$
PRF Pathoumphone budget allocation 2005-2006	651,000,000		62,000
PRF Contribution to sub-project implementation	651,000,001		62,000
Village Contribution (cash / kind) to project implementation	220,684,914		21,018
Total Cost for Sub-Projects:	871,684,915		83,018
% of village contribution compared to total cost for sub-projects	25.3%		-
Average PRF contribution per Sub-project	29,590,909		2,818
Average PRF contribution per participating village	7,000,000		667
Number of Villages benefiting from 2005-2006 funding round	52		56%
Number of Poor Villages benefiting from 2005-2006 funding round	31		-
Number and percentage of beneficiaries in 2005-2006 funding round	24,040		47%
Number of Khets benefiting from 2005-2006 funding round	10		-
Number of Sub-Projects to be implemented in 2005-2006 funding round	22		-
Number and percentage of selected sub-projects proposed by women	1		5%
Average Number of Sub-projects / Khet	2		-
Average Number of Village activities / Khet	2		-

Main ethnic groups in the district: (NSC)

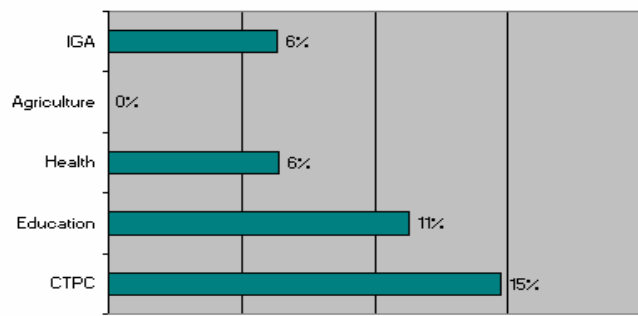


Comparing Chart of Requesment and subproject implementation 2004-2005 and 2006

Analysis of requested village needs by sector



Analysis of selected PRF sub-projects by sector



Exchange Rate: approx. 1US\$ = 10,500 Kip, rate used at the day of District Decision Meeting
 *Foverty indicators and "poor" villages are defined by the Prime Minister's Instruction No. 010/PM and the National Statistic Centre.
 ** village benefiting are village implementing and village get indirect benefiting