



Lao People's Democratic Republic
Prime Minister Office

Poverty Reduction Fund

Annual Report 2007



Project Management Team
Vientiane, March 2008

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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

Following 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 2007 is a summary of the implementation of the PRF from January to December 2007, which includes the sub-project implementation to complete Cycle IV (January to June 2007) and the sub-project selection and design process for the Cycle V (July to December 2007).

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 559 villages, covering a total population of 238,100 people, representing 63 % of the total 380,681 people of the area population. The total expended budget was 1,070,000 USD (11 billion Kip) for a total of 248 implemented sub-projects.

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, 1,432 villages for a total of 549,131 people. 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%). All sub-projects have been completed and an amount of approximately 31.7 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 for a total population of 718,707 persons. 533 sub-projects were planned, covering approximately 1,283 benefiting villages (64%) and 539,000 people (75 %). Approximately 4,165,000 USD (43.7 billion kip) were budgeted for investment. At the end of 2007, all sub-projects had been completed and an amount of approximately 43.3 billion kip had been disbursed to the community for implementation (98% 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 in the previous cycle, but now comprises 21 districts, 252 khets, and 1,880 villages, for a population of 744,140 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 April 2007.

Figure 1: Map of PRF Target Districts

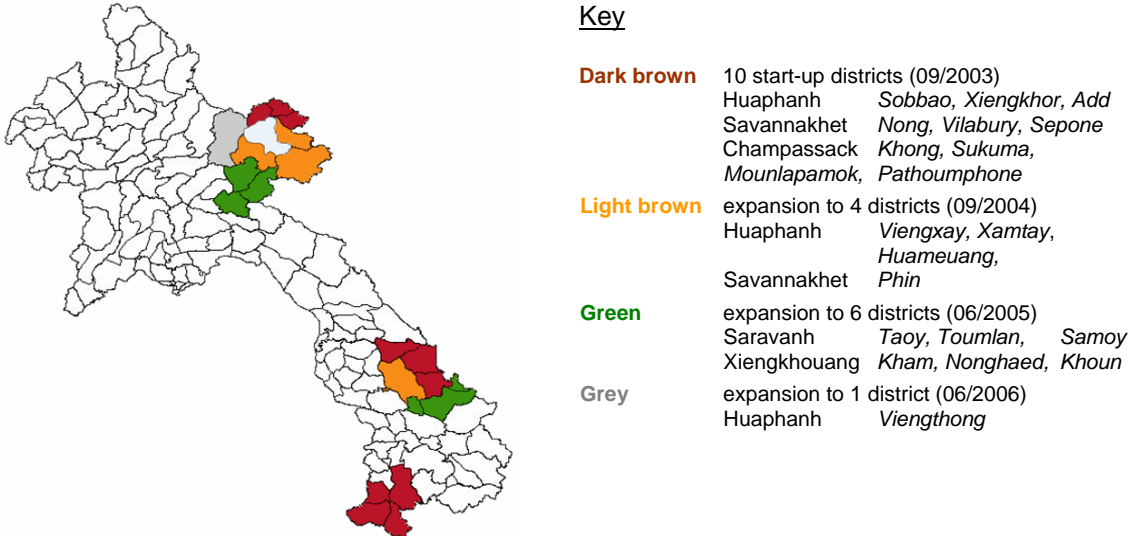
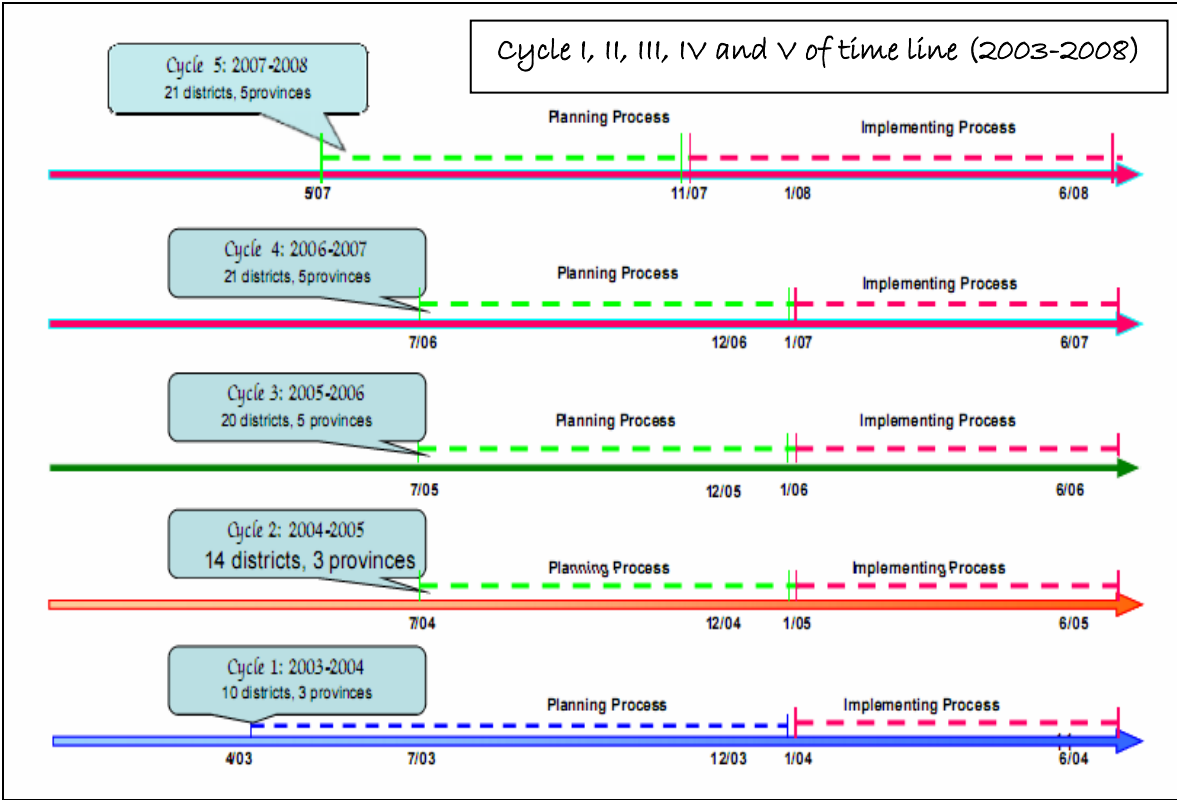


Figure 2: PRF cycling process



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 ranked 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 lowest 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 show an increased socio-economic gaps between rural and urban areas, uplands and lowlands, remote and accessible villages, as well as 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. Approximately 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 below).

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 a set of poverty indicators. These 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 goods and services used in daily life, such as the lack of food (less than 2,100 kilocalories per person per day), clothing, permanent shelter, inability to

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.

afford 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 (based on 2001 price). This sum allows purchasing 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 households are poor;
- no school within the village or in nearby and accessible villages;
- no dispensaries and 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:

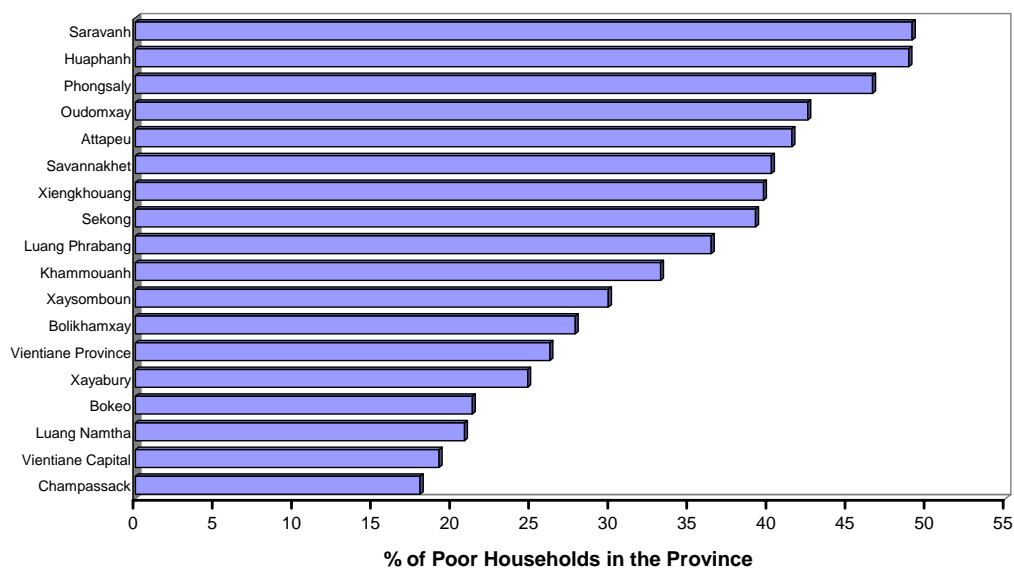
- over 51% of the village are poor;
- over 40 % of the villages do not have a dispensary or pharmacy;
- over 60% of the villages do not have access road;
- over 40% of the villages do not have access to safe water.

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
Bolikhambay	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 the importance to reach 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 is not only the poorest region; it also experienced the slowest rate of poverty reduction. In contrast, Vientiane Municipality, the wealthiest of the regions, experienced a 50 percents drop of poverty in five years.

The understanding of 'poverty' in the Lao culture must be taken into account when designing sector programs aiming at 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 focus on the improvement of livelihood and 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 through a set of actions such improving access to all rural and remote areas,

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

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, particularly 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 the lack of 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, actual resources must be transferred to the districts in order to empower district authorities. 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. Because of 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 tools to implement 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 in 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, and was extended until the end of 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 through an annual 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 village community signs a contract with the PRF and is responsible for carrying out the work, maintaining the investment, managing the contractors and the bookkeeping, with support from the local authorities and technical services, as well as from PRF district and provincial teams.

Seventy-five percents of the PRF budget is spent directly at village level. Funding is given to communities as grants to fund the 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, etc. Village water supply (wells, gravity schemes), latrines
Community Irrigation and Drainage	Weirs, canals and other structures, ponds, etc.
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.

There is also a 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 2007

3.1. SUMMARY OF PRF ACTIVITIES IN 2007

Quarter one (January – March 2007)

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- PRF has expanded the coverage into one more district, Viengthong district, in Huaphan province. The number of the district coverage increased from 20 in cycle III to 21 in Cycle IV;
- The budget was transferred to Khet bank accounts to support the subproject implementation;
- External consultant (PriceWaterhouse and Cooper) carried out the financial audit of PRF for 2006 fiscal year (1/10/2005-30/09/2006);
- Organization of the BA and TA presentation;
- A World Bank mission took place during the first quarter of 2007;

Quarter two (April – June 2007)

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- Continued supervision of Cycle IV implementation in 21 districts.
- Followed up the result of the final survey;
- Organization of the Ninth Administrative Board Meeting;
- Organization of the Meeting on Participatory Poverty Reduction Process;
- Village Socialization and Village Needs & Priorities Assessments (VNPA) conducted in 21 districts for Cycle V;
- Khet Socialization and Prioritization Meetings conducted in 21 target districts;
- Annual Review and Strengthening Workshop 2007 for PRF staff held in Vientiane province;
- A World Bank Mission took place during the second quarter of 2007;
- Draft of the district allocation budget for Cycle V.

Quarter three (July – September 2007)

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- Monitoring of the implementation of Cycle IV delayed sub-projects in 21 districts;
- Finalization of the district allocation budget for Cycle V;
- Budget of Cycle IV transferred to the Khet accounts for subprojects implementation;
- District Prioritization Meetings conducted in 21 target districts;
- Survey and design of the prioritized sub-projects;
- Khet Confirmation Meetings held in 21 districts for Cycle IV sub-project selection;
- District Decision/Finalization Meetings held in 21 districts for Cycle IV sub-project selection.

Quarter four (October – December 2007)

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- Monitoring of the implementation of Cycle IV delayed sub-projects in 21 districts;
- Budget for cycle IV transferred to Khet accounts for subproject implementation;
- The Tenth Administrative Board meeting took place in Xiengkhuang province;
- The World Bank carried out a supervision mission in Savannakhet in combination with the preparation of PRF additional period of three years;
- Draft of the manual of operation guidelines for PRF additional period of three years;
- Final follow-up surveys conducted for selected Cycle IV sub-projects;
- Internal annual audit conducted in five provinces.

3.2. IMPLEMENTATION OF CYCLE IV

3.2.1. SELECTION OF SUB-PROJECTS IN 2006

The first participatory planning step, the Village Need and Priorities Assessment (**VNPA**), was carried out in 2006 in all 252 Khet, 1,880 villages (of which 1,499 villages - or 80% - are defined as poor), 21 districts, 5 provinces, for a total population of 744,000. Subprojects have been implemented in 622 villages including 430 villages - 69% - identified as poor. These subprojects are benefiting to 1,100 villages (including 79% identified as poor).

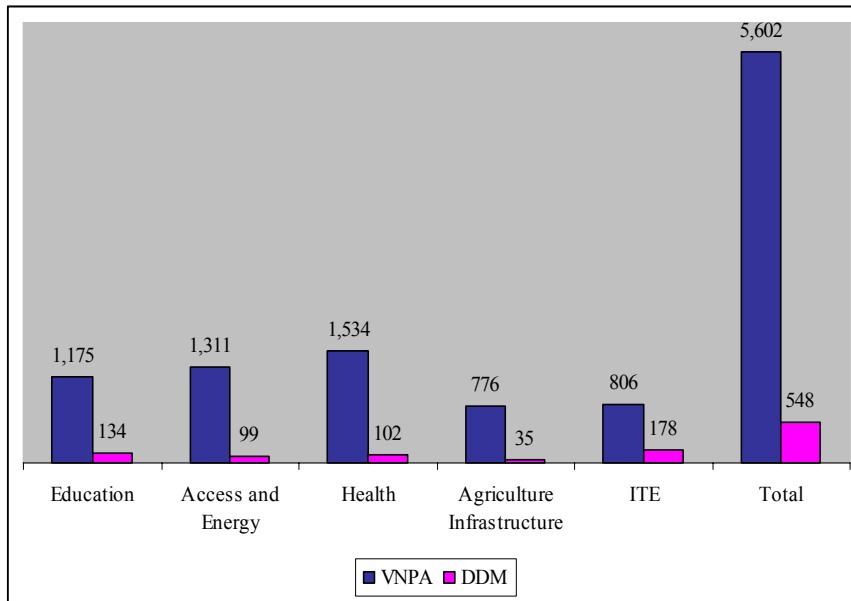
Table 4: The selection of sub-projects by sector (Cycle IV)

Sector	VNPA	DPM	DDM	Implemented
Education	1,175	141	134	134
Access and Energy	1,311	122	97	99
Health	1,534	146	102	102
Agricultural Infrastructure	776	40	35	35
ITE	806	147	178	178
Total	5,602	596	546	548

DPM: District Prioritization Meeting DDM: Final District Decision Meeting

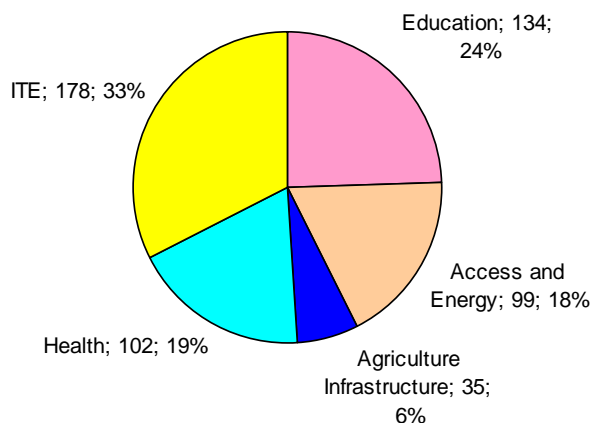
In the five provinces, the villagers expressed up to 5,602 priorities in the VNPA process for Cycle IV. 596 sub-projects were proposed during the different district prioritization meetings among which 546 sub-projects were preliminarily approved during the district decision meetings. This number increased to 548 subprojects for the actual implementation to include two additional subprojects resulting from the breakdown of the inter-khet road construction into inter-village road construction in Khoun district, Xiengkhuang province. The 548 subprojects are equivalent to 10% of the proposals identified during the VNPA process. The communities had previously submitted respectively 2,741, 4,230, and 5,592 proposals during the VNPA processes for Cycles I, II and III, of which 248 (9%), 431 (10%) and 533 (10%) were finally supported by the PRF.

Figure 4: Priority needs expressed and number of subprojects selected by representatives of communities (Cycle IV)



Proposals for subprojects in the Health sector were the most commonly submitted (1,534) during the VNPA process followed by subprojects in the sectors of Access and Energy (1,311), Education (1,175), ITE (806) and Agriculture (776). Although Health sector is the first sector in terms of proposals submitted, only 102 subprojects (7%) were selected at the District Decision Meetings for implementation, making this sector the second last in terms of percentage of selected subprojects compared with the original demands at community level, before the Agriculture Infrastructure (5% only).

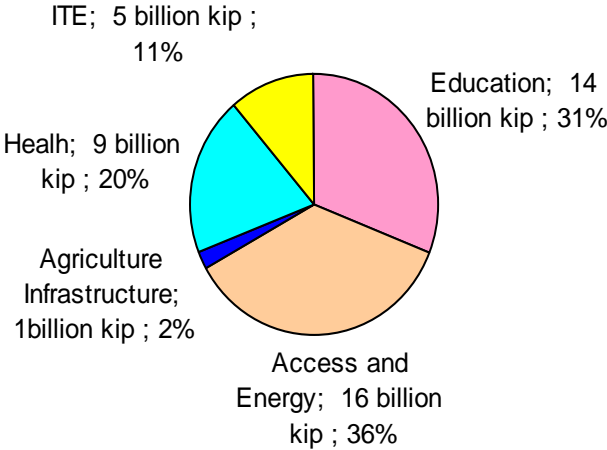
Figure 5: Number of subprojects selected for implementation (Cycle IV)



The **District Decision Meetings**, the last step of the selection process, held in October 2006 selected 548 subprojects to be supported by PRF. The two sectors from which most subprojects have been selected are ITE and Education. The number of subprojects in ITE reached 178 (33%), followed by the education sector with 134 subprojects (24%). It is to be noticed that the subprojects in the ITE sector increased gradually since the first cycle: 4% in cycle I, 12% in cycle II, 16% in cycle III and 33% in cycle IV. The Health sector is coming third, despite of being the sector of the

highest demand in the VNPA process while Access and Energy and Agriculture Infrastructure show the lowest number of subprojects: 99 (18%) and 35 (6%) in cycle IV.

Figure 6: Budget planned by sector (Cycle IV)



Although the proportion of subprojects selected during the District Decision Meetings for the Access and Energy sectors were only of 18% in cycle IV, they represented the highest proportion of the budget allocation. This proportion increased during the first cycles (22% in cycle I, 41% in cycle II and 43% in cycle III) but decreased slightly in cycle IV (36%).

The percentage of the budget allocation invested in the Education sector was the second top one in cycle I-IV: 26% in cycle I and III, 30% in cycle II and 31% in cycle IV. The Education sector is one of the main sectors that PRF is promoting to upgrade the education level of students in the remote areas and help decreasing the illiteracy among those who have the less opportunity to access education. The Health sector arrived third in terms of budget with 20%. This sector represented the highest proportion of investment (44%) in cycle I and has since then dramatically decreased: 19% in cycle II, 21% in cycle III and 19% in cycle IV. This is showing that the lack of health infrastructures is slowly been addressed. Coming next was the ITE sector with a stable budget allocation over the cycles (26% in cycle I and III and 30% in cycle II and IV). Last was the Agriculture Infrastructures' sector which has increased exponentially from 1% in cycle I to 5%, 6% and 11% in cycle II, III, and IV.

Table 5: Cycle IV sub-project summary

Provinces / Districts	No. of Khet	Total no. of Village after VNPA 2006 Updated	Total Population before VNPA (2006) for IV	No. of Adults in VNPA IV	No. of adults VNP participant in IV	No. of Villages benefiting from PRF	No. of Poor villages	Poor villages as % of total villages benefiting	No. of Activities requested during VNPA 3 Priority Needs per Village	No. of Activities requested: needs covered	% of approved projects	PRF Budget (KIP) Data based on the day of District Decision Meeting held Dec. 2004	Appro. Budget (USD) Exc. Rate 1 \$ = 9,794.78 k	Average PRF cost per subproject (USD)	Village Contribution (KIP)	Total of budget cost (PRF budget community contribution)	% Village contribution (KIP)
Huaphanh																	
Xiengkhor	12	59	25,986	17,291	11,866	62	42	68%	176	31	18%	1,978,819,506	202,028	6,517	466,748,609	2,445,568,115	19%
Vieng thong	13	71	25,433	13,026	10,938	30	30	100%	212	27	13%	2,135,998,937	218,075	8,077	475,831,533	2,611,830,470	18%
Viengxay	19	116	35,234	18,342	14,284	57	35	61%	347	40	12%	2,430,395,572	248,132	6,203	784,336,875	3,214,732,447	24%
Huameuang	11	78	27,324	15,697	10,266	53	52	98%	227	30	13%	2,498,199,298	255,054	8,502	419,907,800	2,918,107,098	14%
Xamtay	22	168	54,213	30,773	24,072	79	77	97%	499	49	10%	5,252,092,004	536,214	10,943	923,627,778	6,175,719,782	15%
Sobbaio	7	68	25,195	15,622	11,102	30	20	67%	203	18	9%	2,145,471,318	219,042	12,169	424,459,610	2,569,930,928	17%
Add	12	78	26,414	15,370	9,974	67	49	73%	226	35	15%	1,957,080,495	199,809	5,709	358,286,720	2,315,367,215	15%
Sub total	96	638	219,799	126,121	92,502	378	305	81%	1,890	230	13%	18,398,057,130	1,878,354	8,167	3,853,198,925	22,251,256,055	17%
Xiengkhoang																	
Kham	10	118	46,040	25,634	37,266	78	51	65%	351	23	7%	2,106,946,050	215,109	9,353	553,035,150	2,659,981,200	21%
Nonghet	13	109	35,915	18,529	14,332	64	60	94%	329	27	8%	3,134,290,286	319,996	11,852	648,717,666	3,783,007,952	17%
Khoun	8	89	31,535	16,023	10,602	65	65	100%	263	29	11%	3,106,976,327	317,207	10,938	391,428,800	3,498,405,127	11%
Sub total	31	316	113,490	60,186	62,200	207	176	86%	943	79	9%	8,348,212,663	852,313	10,789	1,593,181,616	9,941,394,279	16%
Savannakhet																	
Phin	15	115	49,626	49,786	20,290	38	25	66%	342	23	7%	2,538,200,000	259,138	11,267	259,877,100	2,798,077,100	9%
Sepone	20	110	42,497	26,039	15,573	50	37	74%	329	34	10%	2,881,200,000	294,157	8,652	394,765,640	3,275,965,640	12%
Nong	10	79	27,194	12,055	13,720	32	26	81%	237	15	6%	1,773,800,000	181,096	12,073	99,326,500	1,873,126,500	5%
Wilabury	16	89	29,106	17,488	10,695	35	25	71%	265	21	8%	1,773,800,000	181,096	8,624	221,100,000	1,994,900,000	11%
Sub total	61	393	148,423	105,368	60,278	155	113	97%	1,173	93	8%	8,966,999,999	915,488	9,844	975,069,240	9,942,069,239	10%
Saravanh																	
Ta Oey	5	57	22,520	11,822	7,837	34	32	94%	167	21	13%	1,722,520,266	175,861	5,496	219,336,600	1,941,856,866	11%
Toum Lan	7	66	21,785	11,852	9,199	64	64	100%	198	17	9%	1,741,517,240	177,801	2,778	167,392,500	1,908,909,740	9%
Samoij	8	56	11,781	6,942	4,978	40	38	95%	170	14	8%	1,841,166,199	187,974	4,947	317,348,993	2,158,515,192	15%
Sub total	20	179	56,086	30,616	22,014	138	134	96%	535	52	7%	5,305,203,705	541,636	4,042	704,078,093	6,009,281,798	12%
Champasack																	
Pathoumphone	10	93	51,101	41,039	21,159	53	16	30%	279	16	6%	666,400,000	68,036	4,252	275,234,416	941,634,416	29%
Sukuma	10	61	46,929	36,539	19,814	61	19	31%	183	32	17%	989,800,000	101,054	3,158	209,394,265	1,199,194,265	17%
Mounlapamok	10	67	38,142	27,329	17,849	37	25	68%	201	25	12%	1,450,400,000	148,079	5,923	263,627,809	1,714,027,809	15%
Khong	14	133	70,170	55,136	33,580	71	6	8%	398	21	5%	735,000,000	75,040	3,573	137,637,000	872,637,000	16%
Sub total	44	354	206,342	160,043	92,402	222	66	34%	1,061	94	10%	3,841,600,000	392,209	4,172	885,893,490	4,727,493,490	19%
Grand Total	252	1880	744,140	482,334	329,396	1100	794	79%	5,602	548	10%	44,860,073,497	4,580,000	8,358	8,011,421,364	52,871,494,862	15%

As shown in the Table 5 above, Huaphan was the first province in terms of number of beneficiaries, budget allocation and total population benefiting from subprojects implementation. This can be explained by the high number of districts supported by PRF in Huaphan resulting from the expansion of activities over the cycles. For instance, over the 4 cycles, Huaphan represented the highest proportion of PRF over the other 4 provinces starting from 21%, 49%, 33% and 34% in cycle I, II, III and IV.

3.2.2. ANALYZE OF THE CYCLE IV SUB-PROJECTS IMPLEMENTATION

Variation by sector of the number of sub-project between the planning and the implementation stages

From the District Decision Meetings hold at the end of 2006, the allocation of Cycle IV subprojects by sector remained unchanged.

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	Plan	Actual
Sobbao	7	7	1	1	3	3	0	0	7	7	18	18
Add	2	2	4	4	5	5	14	14	10	10	35	35
Xiengkhor	4	4	8	8	5	5	3	3	11	11	31	31
Viengxay	5	5	12	12	7	7	5	5	11	11	40	40
Huameuang	8	8	6	6	8	8	0	0	8	8	30	30
Xamtay	4	4	15	15	18	18	3	3	9	9	49	49
Viengthong	1	1	13	13	4	4	3	3	6	6	27	27
Huaphanh												
Nonghaed	3	3	6	6	10	10	1	1	7	7	27	27
Khoun	2	2	8	8	8	8	0	0	11	11	29	29
Kham	2	2	7	7	7	7	0	0	7	7	23	23
Xiengkhouang												
Toumian	3	3	3	3	6	6	0	0	5	5	17	17
Taoy	12	12	1	1	2	2	0	0	6	6	21	21
Samoy	1	1	6	6	2	2	0	0	5	5	14	14
Saravanh												
Sepone	15	15	4	4	4	4	0	0	11	11	34	34
Nong	5	5	1	1	2	2	1	1	6	6	15	15
Vila	11	11	1	1	3	3	0	0	6	6	21	21
Phin	11	11	0	0	3	3	0	0	9	9	23	23
Savannakhet												
Moon	8	8	2	2	1	1	2	2	12	12	25	25
Khong	10	10	2	2	1	1	0	0	8	8	21	21
Sukuma	13	13	1	1	0	0	3	3	15	15	32	32
Pathoumphone	7	7	1	1	0	0	0	0	8	8	16	16
Champassack												
Actual Impl.	134	134	102	102	99	99	35	35	178	178	548	548
Variation		0		0		0.000		0		0		-

Variation by sector of the budget allocated between the planning and the implementation stages

The budget expended to implement Cycle IV is very close to the plan, with slight changes in the ITE sector.

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

Sector	PRF Budget planned	PRF budget actual	Changes	Variance
Education	13,537,819,220	13,537,819,220	0.00	0.00
Access and Energy	16,327,346,035	16,327,346,035	0.00	0.00
Health	8,739,413,196	8,739,413,196	0.00	0.00
Agricultural Infrastructure	1,451,142,067	1,451,142,067	0.00	0.00
ITE	4,804,352,979	4,802,818,375	1,534,604	0.00
<i>Total</i>	44,860,073,498	44,858,538,894	1,534,604	

The variation of 1,534,604 kip is linked to subprojects for natural resource conservations in Add district (600,000 kip) and in Viengsay district (200,000 kip) in Huaphan province, and to capacity building for local community subprojects in Samouy district, Saravanh province (934,604 Kip).

3.2.3. COMMUNITY CONTRIBUTION FOR CYCLE IV

The community contribution in cycle IV reached 15% of the total budget: this constitutes a slight decrease if compared to cycle I (17%), cycle II (18%) and cycle III (17%).

The definition of communities' contribution was made during the design phase, just after the prioritization meeting. Khet teams, local authorities, and PRF district staff have the responsibility to explain to the communities the purpose of their contributions and to reach an agreement prior to launching the survey assessing the feasibility and the costs of the different subprojects. The result of the survey was then discussed during the confirmation meeting during which khet teams, PRF district staff, concerned local authorities and chiefs of village met and agreed upon the design of the construction. During the same meeting the khet teams confirmed the community commitments in terms of their contribution. All the designs were presented in the District Decision Meeting, which is the final stage for the subproject selection process.

Table 8: Community contribution for Cycle IV

Districts / Provinces	PRF planned budget (kip)	Community contribution (kip)	Total (kip)	% Community contribution
Sobbao	2,145,471,318	424,459,610	2,569,930,928	17%
Add	1,957,080,496	358,286,720	2,315,367,216	15%
Xiengkhor	1,978,819,506	466,748,609	2,445,568,115	19%
Viengxay	2,430,395,572	784,336,875	3,214,732,447	24%
Huameuang	2,498,199,297	419,907,800	2,918,107,097	14%
Xamtay	5,252,092,004	923,627,778	6,175,719,782	15%
Viengthong	2,135,998,937	475,831,533	2,611,830,470	18%
Huaphan Sub Total	18,398,057,130	3,853,198,925	22,251,256,055	17%
Nonghet	3,134,290,286	648,717,666	3,783,007,952	17%
Khoun	3,106,976,328	391,428,800	3,498,405,128	11%
Kham	2,106,946,050	553,035,150	2,659,981,200	21%
Xiengkhuang Sub Total	8,348,212,664	1,593,181,616	9,941,394,280	16%
Samoi	1,841,166,199	317,348,993	2,158,515,192	15%
Toumlan	1,741,517,240	167,392,500	1,908,909,740	9%
Taoy	1,722,520,266	219,336,600	1,941,856,866	11%
Saravan Sub Total	5,305,203,705	704,078,093	6,009,281,798	12%
Sepon	2,881,200,000	394,765,640	3,275,965,640	12%
Nong	1,773,800,000	99,326,500	1,873,126,500	5%
Vilabury	1,773,800,000	221,100,000	1,994,900,000	11%
Phin	2,538,200,000	259,877,100	2,798,077,100	9%
Savannakhet Sub Total	8,966,999,999	975,069,240	9,942,069,239	10%
Mounlapamok	1,450,400,000	209,394,265	1,659,794,265	13%
Khong	735,000,000	137,637,000	872,637,000	16%
Sukuma	989,800,000	263,627,809	1,253,427,809	21%
Pathoumphone	666,400,000	275,234,416	941,634,416	29%
Champasack Sub Total	3,841,600,000	885,893,490	4,727,493,490	19%
Grand Total	44,860,073,499	8,011,421,364	52,871,494,863	15%

Champassack is the province accounting for the biggest percentage of the community contribution in Cycle IV, increasing from 15% to 19%. This can be explained by the reduction of PRF contribution from 4,094,500,000 Kip in Cycle III to 3,841,600,000 Kip in Cycle IV (in line with the poverty rating of the target districts in this province) which led to an increased community involvement to compensate. Among the five provinces, communities in Saravanh have contributed less than in other provinces with only 700 million Kip, which is due to the poverty level in the province. However, the ratio is higher there than in Savannakhet where, after a brief increase in Cycle III, community contribution felt back to past level (10%).

Community contribution is voluntary and depends on the availability of resources in each particular areas. The contributions can be in kind (labor, raw materials - sand, wood). All contribution are converted into an amount in cash using the unit costs as shown in the table below. It is noticeable that the unit prices varies from province to province as they depend on the location and accessibility of the project sites.

Table 9: Variation of the unit costs for community contribution between 2006 and 2007

Categories	Huaphanh	Xiengkhuang	Savannakhet	Saravanh	Champasack
Skilled Labor (kip/day)	50%	-50%	-7%	-35%	0%
Hand Labor (kip/day)	25%	12%	-17%	20%	20%
Sand (kip/m3)	140%	54%	-33%	-37%	86%
Form work wood (soft wood, kip/m3)	-20%	8%	83%	39%	7%
Processing wood (hard wood, kip/m3)	-40%	67%	29%	7%	14%
Gravel for concrete (kip/m3)	50%	18%	-12%	-91%	63%
Stone masonry	0%	-17%	4%	-93%	-44%

In general, the unit cost for each item was slightly higher in 2007 compared with the previous year. This is due to the inflation and the increase of transportation costs. The changes are more important in the rural provinces where accessibility is more problematic.

Table 10: Community contribution's rate per province in 2007

	Huaphanh	Savannakhet	Champassack	Xiengkhouang	Saravanh
Skilled Labor (kip/day)	60.000	65.000	50.000	60.000	65.000
hand labor (kip/day)	25.000	25.000	30.000	28.000	30.000
Sand (kip/m3)	120.000	80.000	130.000	100.000	190.000
Form work wood (soft wood, kip/m ³)	1.200.000	2.400.000	1.500.000	1.300.000	2.500.000
Processing wood (hard wood, kip/m ³)	1.500.000	3.600.000	2.000.000	4.500.000	2.560.000
Gravel for concrete (kip/m3)	120.000	150.000	155.000	130.000	2.200.000
Stone masonry	50.000	140.000	50.000	100.000	1.500.000

Displayed provincial unit costs are an average of district unit costs collected in 2007.

3.2.4. ACHIEVEMENTS DURING CYCLE IV

3.2.4.1. Overview of outputs since the beginning of the project

Since its inception, PRF has put a lot of energy in developing infrastructure and in building capacity in line with the project's development goal. Up to the end of the year 2007, it has benefited to 744,000 people. The number of beneficiaries has been increasing by 44% between cycle I and cycle II, by 31% between cycle II and cycle III and by 4% between cycle III and cycle IV. The number of

targeted villages has also expanded from 913 villages in cycle I to 1,880 in cycle IV corresponding to a 39% increase.

During cycle IV, PRF has built 318 infrastructures for communities in the five target provinces. Almost 38 billion kip were allocated to support this component which benefited more than 700 villages corresponding to 70% of the total target villages in cycle IV.

Table 11: Built infrastructure facilities (Cycle IV)

Provinces	# of sub-projects	village benefiting	% poor village benefiting	Total planned of PRF expenditure (kip)	% expenses
Huaphanh	147	278	37%	16,081,879,578	43%
Xiengkhouang	48	158	20%	7,233,405,013	19%
Savannakhet	53	118	15%	7,266,967,474	19%
Saravanh	24	86	11%	4,201,404,788	11%
Champassack	46	135	17%	2,979,890,004	8%
Total	318	775	100%	37,763,546,857	100%

3.2.4.2. Education Sector

In cycle IV, 134 subprojects (24%) were implemented in the Education sector, representing the highest number of subprojects after the ITE sector (178 subprojects - 32%). 100 schools were built (75%) and 5 primary schools renovated.

Table 12: Number of infrastructure (schools built) in cycle IV

Provinces	Schools built				
	Number of subprojects	Qty	Unit	Benefiting Villages	Investment
Huaphanh	20	20	sites	52	3,709,304,796
Xiengkhuang	3	3	sites	9	360,432,767
Savannakhet	38	38	sites	72	5,056,696,885
Saravanh	9	9	sites	28	1,555,496,651
Champasack	35	35	sites	99	2,376,008,040
Total	105	105	sites	260	13,057,939,139

With a total investment of more than 13 billion kip, PRF was able to support of the construction of 105 basic infrastructures for communities in five provinces. Based on that figure, PRF has invested an average of 124 million kip per subproject.

Amongst the five provinces receiving support, Savannakhet is the province which benefited from the highest number of subprojects (38) for an investment of more than 5 billion kip. Champasack is second with 35 subprojects, followed by Huaphanh province (20 subprojects), Saravanh (9 subprojects) and Xiengkhuang (3 subprojects).

After Savannakhet province, Huaphanh is second in terms of investment with almost 8 billion kip (20%) invested, Champasack is third (more than 2 billion kip - 18%), Saravanh fourth (1.5 billion) and Xiengkhuang last with only 360 million kip (construction of 3 schools in Khoum and Nongheat districts).

3.2.4.3. Access and Energy Sector

The number of subprojects implemented in the Access and Energy sector is relatively low in terms of number with only 99 subprojects. However, it is the most important sector for PRF in terms of budget with a total of almost 51 billion kip (38% of PRF allocated budget for cycle IV). The corresponding subprojects have benefited to a total of 337 villages⁸.

During cycle IV, PRF has spent more than 15 billion kip in the construction of roads and bridges facilitating access to poor villages, connecting one village to another and stimulating commercial activities and information exchange amongst the communities.

Table 13: Number of roads built in cycle IV

Provinces	Roads built				
	Number of subprojects	Qty	Unit	Benefiting Villages	Investment
Huaphanh	45	222	km	115	6,301,546,304
Xiengkhuang	23	185	km	119	4,502,707,128
Savannakhet	6	29.2	km	18	1,263,424,588
Saravanh	7	37	km	37	1,099,548,910
Champasack	0	0	km	0	-
Total	81	473.2	km	289	13,167,226,930

The construction of these rural roads will benefit to 289 villages. With a total investment of 13 billion kip, PRF has supported the establishment of roads in 81 sites with a length of over 473 km. On average, the cost per subproject in these activities was 163 million kip.

Table 14: Number of bridges built in cycle IV

Provinces	Bridges built				
	Number of subprojects	Qty	Unit	Benefiting Villages	Investment
Huaphanh	3	3	sites	14	694,979,277
Xiengkhuang	2	2	sites	10	362,238,591
Savannakhet	2	2	sites	10	270,094,403
Saravanh	2	2	sites	12	577,285,306
Champasack	2	2	sites	2	132,093,952
Total	11	11	sites	48	2,036,691,529

The construction of bridges is expected to benefit to 48 villages. In cycle IV, PRF has invested over two billion kip to construct 11 bridges linking one community to another. On average, it spent 185 million kip per subproject.

⁸ figure counts by times of the village benefiting from roads built (289) and bridges built (48)

3.2.4.4. Health Sector

In cycle IV, Health sector has been the third most demanded sector by communities. The subprojects in the health sector covers 102 (19% of the total number of subprojects), corresponding to an investment of 29 billion kip (22% of the total investment of 45 billion kip). In cycle IV, PRF has supported 5 dispensaries (one in Huaphanh and 4 in Champasack), as well as one dormitory for patients in Savannakhet province.

Table 15: Number of dispensaries built in cycle IV

Provinces	Medical Facilities built				
	Number of subprojects	Qty	Unit	Benefiting Villages	Investment
Huaphanh	1	1	sites	9	172,295,350
Xiengkhuang	0	0	sites	0	-
Savannakhet	1	1	sites	8	108,147,393
Saravanh	0	0	sites	0	-
Champasack	4	4	sites	29	345,144,683
Total	6	6	sites	46	625,587,426

With a total investment 625 million kip in cycle V, PRF has supported the construction of six health centres benefiting 46 villages.

Table 16: Number of water supply schemes built in cycle IV

Provinces	Water supply schemes built				
	Number of subprojects	Qty	Unit	Benefiting Villages	Investment
Huaphanh	53	54	Standpipe	54	4,133,682,852
Xiengkhuang	18	18	Standpipe	18	1,864,046,881
Savannakhet	4	4	Standpipe	4	449,170,637
Saravanh	6	9	Standpipe	9	969,073,921
Champasack	1	1	Standpipe	1	30,708,750
Total	82	86	Standpipe	86	7,446,683,041

Water supply system is another sector for which communities often request support, particularly in the very remote areas. In cycle IV, PRF invested in standpipes as part of water systems linking people to clean water. With a total investment of over 7 billion kip, PRF supported 86 villages (including nearby communities) and provided 86 standpipes during the cycle IV.

3.2.4.5. Agricultural Infrastructures

PRF supports the agriculture, mainly through the provision of basic infrastructure, in order to ensure that communities can generate their own income. However, this sector represents a small portion of PRF activities with only 35 subprojects (6% of the total number of subprojects). The implementation the 35 subprojects did not require an important level of investment and PRF has allocated only 6 billion kip to this sector, which is the smallest budget allocated to a sector during this cycle.

Table 17: Number of infrastructure (water supplies built) in cycle IV

Provinces	Irrigation systems built				
	Number of subprojects	Qty	Unit	Benefiting Villages	Investment
Huaphanh	25	27	sites	34	1,070,070,999
Xiengkhuang	1	1	sites	1	134,231,868
Savannakhet	1	1	sites	1	72,359,131
Saravanh	0	0	sites	0	-
Champasack	4	4	sites	4	95,934,579
Total	31	33	sites	40	1,372,596,577

3.2.5. TRAINING AND CAPACITY BUILDING

One of the primary objectives of the Poverty Reduction Fund Project is to empower local communities, to build the capacity of villagers to improve their own livelihood and to develop grassroots demand for services and a 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 IV, various trainings were carried out to people involved in the implementation of PRF activities to ensure efficiency and sustainability of PRF activities.

3.2.5.1. Development and use of IEC Material

Since 2003, IEC tools are an important component used to raise the villagers' awareness of PRF principles and processes and to motivate them to participate. In 2007, PRF has disseminated information about its activities through different Media.

Since the beginning in 2003, PRF has put a lot of emphasis on disseminating information to outsiders aiming at presenting its activities and its achievement in the different provinces. This allowed PRF to become one of the better known organizations under the supervision of the government and to be recognized by various organizations in the country and outside as one of the effective tools of the government serving its ambition to reduce the poverty of the disadvantaged people living in the remote areas, focusing mainly on the smaller ethnic groups and promoting the harmonization among the different ethnic groups in Lao PDR

Table 18: IEC tools used in promoting PRF activities for the year 2007

No.	Programme	Fregency
I	Television	
1	TV spot on air via the National Television Channel	On air two times a day: morning and evening
II	Radio	
2.1	Releasing News through radio in local language	63 topics
2.2	Live interview via phone	48 times
2.3	Conversation programme	48 times
2.4	Radio spot	on air on working day basis
III	Publication and Local Newspaper	
3.1	Newspaper in Lao language (Pathed Lao, Vientiane Mai, Lao Phatthana)	63 topics
	Newspaper in English language: Vientiane Times	
	Brochure	
IV	Manazines	2 times
V	Calenda	Once a year
VI	T-shirt	
VII	PRF activities photo collection	6 times
VIII	PRF documentary	Prepare inhand
IX	PRF folk song	
X	Khet information board	96 times

The advertising tools specified in the table above are the main tools used to promote PRF among different groups of people, both at the national and community level.

Advertising via TV is one of the effective tools that has being used to raise people’s awareness, particularly people who live in target areas of the five provinces where electricity is available. The advertising was made using short spots presenting PRF slogans and showing pictures of what PRF is currently doing.

Radio is a key tool to disseminate information about PRF to people living in remote areas. The radio programs broadcast live conversations and interviews. They involve the key people working for PRF or implementing subprojects who are encouraged to participate in the programs such as PRF executive director, district and provincial governors, provincial coordinators, Khet facilitators or village chiefs.

On the other hand, community radio programs broadcasted in local language are also an effective tool enabling PRF to deliver information to ethnic groups who don’t speak Lao and to ensure that they get an insight and understand the objective and purposes of PRF. Up to now, this kind of advertising has only been broadcasted in Saravan province.

The use of Newspapers is another promotion channel enabling educated people from different organizations, mainly in the Vientiane to be informed about PRF. The content of the article is sent by PRF provincial offices. Once it has been published, it is sent back to the province so that it can be posted on the Khet information board (as shown in the picture below) of the concerned areas.

Photo 1: Khet information board



3.2.5.2. Training

Capacity Building Training of PRF staffs and communities' members:

During January - December 2007, the Poverty Reduction Fund (PRF) has put a lot of energy to encourage and strengthen the capacity of its staff and communities' members in the five target provinces including PRF staff at the central office, with the aim of increasing the expertise of PRF staff, enhancing their performance and ensuring sub-projects' quality. PRF has organized courses and workshops which were considered helpful to improve staff performance. PRF has also provided training to communities and local authorities on subprojects' management and on operation and maintenance after the completion of the subprojects.

These training courses allowed participants to apply their new or improved skills on the ground and helped them to cope with difficulties or issues encountered more effectively.

Table 19: Capacity Building and Training for PRF staffs and communities' members

No	Title	No. of participants		Location
		Total	Females	
I	<i>PRF Vientiane</i>			
1	Training on final survey	5	2	Vientiane
2	Community development study tour	1	0	Republic of Korea
3	Training on handicraft	2	0	Vientiane
II	<i>Provinces local authorities and communities</i>			
1	Exchange of experience for PRF at provincial level (Huaphan and Xiengkhuang)	173	65	Huaphan
2	Capacity enhancement for local authorities	729	116	Huaphan
3	Capacity enhancement for local authorities	351	32	Xiengkhuang
4	Capacity enhancement for local authorities	315	34	Savannakhet
5	Capacity enhancement for local authorities	175	18	Salavan
6	Capacity enhancement for local authorities	206	27	Champasak
7	Capacity enhancement for local communities	9,670	2,885	Huaphan
8	Capacity enhancement for local communities	1,195	345	Xiengkhuang
9	Capacity enhancement for local communities	4,549	1,276	Savannakhet
10	Capacity enhancement for local communities	13,193	5,466	Salavan
11	Capacity enhancement for local communities	4,135	1,297	Champasak
12	Financial enhancement for Khet team	220	58	Huaphan
13	Financial enhancement for Khet team	125	44	Xiengkhuang
14	Financial enhancement for Khet team	364	114	Savannakhet
15	Financial enhancement for Khet team	41	16	Salavan
16	Financial enhancement for Khet team	67	14	Champasak
17	Exchange of experience for Khet team	203	71	Huaphan
18	Exchange of experience for Khet team	153	42	Xiengkhuang
19	Exchange of experience for Khet team	90	31	Savannakhet
20	Exchange of experience for Khet team	209	37	Champasak

Despite the attention paid to the organization of meetings with a big number of participants as representative as possible of the diversity of the communities, PRF acknowledges the difficulties encountered regarding the gender balance among participants since the beginning of the project. However, it is also one of the important goals that PRF has decided to work on in the future and actions will be taken to minimize this imbalance.

Training on Subprojects management and on subprojects' operation and maintenance:

In 2007, various topics have been covered during the training sessions with the objective to enhance the knowledge of local authorities and of beneficiaries. The subprojects' operation and maintenance training organized during the year 2007 were related to the following categories.

- Schools.
- Clean water systems.

- Dispensaries.
- Rural road and Bridges.
- Drained culverts.
- Irrigation systems.
- Electricity systems.
- Delivery houses.
- Dormitory for patients.
- Markets

The trainers were selected from the related offices of the targeted districts to conduct 1 or 2 day-training in subprojects' sites. After the courses, local communities are expected to get involved in the management and maintenance of the infrastructures themselves. The respect of the rules, regulations and responsibilities should allow them to operate and maintain the infrastructures. In parallel, operation and maintenance funds to be managed by villagers were established.

PRF is still facing difficulties in the organization of these trainings, particularly related to the number of women who participated in each training program. They represented less than a third of the participants (see figures in the table below) although they represent more than 50% of the population. It is therefore essential to continuously encourage women to get involved in PRF supported activities.

Table 20: Training on Sub-project Maintenance and Management:

No	Title	Number of subprojects	Participants	
			Total	Females
	Huaphan	116		
1	Rural road	27	1,833	504
2	Schools	14	1,288	419
3	Irrigation systems	21	1,177	296
4	Dispensary	1	25	0
5	Clean water systems	53	2,941	1,086
	Xiengkhuang	36		
1	Clean water systems	16	911	388
2	Rural roads	15	514	165
3	Irrigation systems	1	67	3
4	Schools	1	41	29
5	Markets	3	121	42
	Savannakhet	47		
1	Clean water systems	3	194	57
2	Rural roads	5	219	85
3	Schools	34	1,074	399
4	Irrigation systems	1	68	27
5	Markets	1	52	16
6	Bridges	2	30	8
7	Drained culvert	1	79	28
	Saravan	13		

1	Bridges	3	68	19
2	Schools	3	117	47
3	Clean water systems	4	95	22
4	Electricity	1	97	34
5	Dispensaries	2	83	20
	Champasack	51		
1	Dispensaries	5	140	46
2	Schools	38	994	272
3	Bridges	3	71	24
3	Irrigation systems	4	58	8
3	Fish Pond	1	6	5
	Total	263		

Vocational training

Up to cycle IV, PRF continued to support Income Generation Activities as an important component of the poverty reduction process. Although the Income Generation Activities represent a limited number of subprojects and a limited budget, the delivery of knowledge becoming part of the communities' intellectual property remains an important part of PRF work as it allows communities to generate additional income.

In 2007, PRF has provided vocational training sessions to communities as detailed in the table below. All the trainers were selected from the relevant government offices. Outstanding people from specific villages were selected to attend the training with the expectation that they will be able to disseminate the content of the training to other villagers in their own community.

Table 21: Vocational Training within the year 2007

No	Title	Number of subprojects	Participants	
			Total	Females
	Huaphan	13		
1	Bio-fertilizer	2	25	5
2	Agriculture ⁹	3	85	34
3	Animal raising ¹⁰	4	80	18
4	Handicrafts training ¹¹	2	25	19
5	Veterinary training	2	24	2
	Xiengkhuang	13		
1	Agriculture	5	189	36
2	Animal raising	5	220	86
3	Handicrafts training	1	11	0
4	Veterinary training	1	24	5

⁹ Mushroom planting training, peanut planting training, fruit growing training, grass planting for animal training, corn planting cultivation method training, peach expanding method training, chili cultivation training, banana cultivation training, garlic cultivation training, training on cucumber planting, paddy rice upgrading training.

¹⁰ Cattle raising training, poultry raising training, fish raising training, goat raising training, pig raising training, frog raising training.

¹¹ Carving training, weaving training and natural dye.

5	Food processing ¹²	1	36	33
	Savannakhet	6		
1	Agriculture	3	94	20
2	Animal raising	3	54	12
	Saravan	5		
1	Animal raising	3	90	9
2	Agriculture	1	19	11
3	Food processing	1	10	10
	Champasack	17		
1	Agriculture	4	89	36
2	Animal raising	8	302	92
3	Handicrafts training	4	68	54
4	Food processing	1	13	5
	Total	49		

Training on the management of Natural Resource Protection Area

During the year 2007, PRF has supported the organization of two-day training courses on natural resource protection and utilization. The selected trainers were mostly staffs from relevant organizations and experts in the field of Natural Resource Conservation and Protection. Government staffs were hired to provide training to the Khet team members and their communities within the 5 targeted provinces.

With the aim to improve the knowledge of participants, to increase their capacity and to enable them to know how to develop rules and regulation appropriate with each specific area, study tour and exchange of experience between Khet teams and communities were organized. The number of participants in the five provinces can be found in the table below.

Table 22: Training on Natural Resource Protection and utilization

No.	Provinces	Number of subprojects	Participants	
			Total	Females
1	Huaphan	6	2,118	697
2	Xiengkhuang	3	667	259
3	Savannakhet	3	763	285
4	Saravan	2	83	21
5	Champasack	3	121	18

¹² Noodle making, banana biscuit producing.

Training on Village Saving Group

The creation of Village Saving Groups (VSG) is one of PRF's goals and was implemented in the 5 targeted provinces. PRF objective is to improve the capacity of the local communities to set up and manage VSG by themselves, focusing particularly on members of the administrative committee of the different VSG. In 2007, PRF had organized training courses on financial administration and management and has facilitated and funded study tours and field visits. After the course and the field visits, it is expected that they can manage the fund by themselves, increase the members and the amounts of money invested by villagers to support their activities. Three-day trainings were also conducted aiming at providing basic knowledge, implementing principles and administration methods related to the management of VSG to all participants. To implement the course, trainers were invited from district administrative offices and from the Lao Women's Union.

Table 23: Training on Village Saving Group Administration and Management

No	Title	Numbers of SP	Participants	
			Total	Females
1	Huaphan	6	1,994	385
2	Xiengkhuang	1	52	22
3	Savannakhet	4	818	324
4	Saravan	1	31	22
5	Champasack	4	219	36
Total		16	3,114	789

Animal Raising Project

In order to improve the living conditions of local communities in the 5 targeted provinces, particularly those of the poorest families living in remote area, a pilot project for Animal Raising was initiated during cycle 4 with the support of the government and an initial budget of \$18,000. Activities were implemented in two villages in Huameang district, Huaphan province and in one village in Khong district, Champasak Province. The outcomes of the implementation prove that this kind of activities definitely help the poorest living in remote areas as it allows them to own animals and to secure their livelihood in a sustainable manner in the long run.

Table 24: Animal Raising Subproject supported by PRF in cycle IV

Province	Districts	Villages	Household with no animals	Numbers of animals supported by PRF	Numbers of animals	Budget (Kip)
Huaphan	Huameang	LongAng	28	14	8	44,634,296
		Pacha	20	10	3	45,060,815
Champasack	Khong	Phonvisay	27	14	3	80,856,000
Total	2	3	75	38	14	170,551,111

Up to the year 2007, 14 young bovids were born and raised by the beneficiaries. Out of the 14, one has died. It is expected that in 2008, there would be many newborns as many of the female bovids were pregnant at the end of December 2007.

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

Most of the challenges faced during the implementation of Cycle IV were similar to those encountered in the previous cycles:

- Difficulties to find contractors to implement subprojects in remote areas due to the limited budget and limited access;
- Some of the construction subprojects (mainly rural road) could not be implemented according to the agreed designs because of hardness of the soil and of the rocks making it impossible to fulfill the construction. New tracks of road had often to be redefined;
- The absenteeism of the communities workers who had originally committed to implement the projects had affected the progress of some construction works. Most community members are farmers and had to stop working on the subprojects to farm at different moments of the farming calendar;
- In many cases, the quality of the construction, mostly those implemented by villagers, was not deemed satisfactory because of lack of technical knowledge;
- In some of the construction sites located in remote areas, the difficult access (due for example to big rivers and faulty bridges) made the transportation of equipment extremely difficult. As a result, the khet teams had to switch to community labor. As a result, it is difficult to get the contribution from other villages nearby;
- Lack of teachers to be taught at the new schools upon the completion, the government allocates the new teachers only once a year which is the time before the new academic year. Consequently, it is necessary to get the existing teachers to work until the new teachers would be settled;
- Location of some Spring Gravity-fed Water Systems had to be changed during the actual implementation due to the disagreement of the community.

3.3. LAUNCH OF CYCLE V

3.3.1 PRF COVERAGE FOR CYCLE V

For Cycle V (July 2007– June 2008), the PRF covers 21 districts in five provinces, comprising 161 khets, 1,268 villages and 443,475 people.

Table 25: Number of villages and Khets in the 21 PRF targeted districts (Cycle V)

Provinces/District	Number of Population	Number of Villages	Number of Khets	Number of Subprojects Approved	Percentage for Number of Subprojects Approved	Number of Budget Allocated	Percentage of Budget Allocated
Huaphan							
Saobbao	9,650	29	3	5		91,000	
Add	11,185	37	6	11		89,000	
Xiengkhor	17,021	43	7	15		133,000	
Viengxay	19,606	68	10	11		157,000	
Huameaung	19,239	67	8	14		203,000	
Xamtay	54,213	170	22	39		470,000	
Viengthong	22,317	65	12	16		252,000	
Sub-total of Huaphan	153,231	479	68	111	36%	1,395,000	38%
Xiengkhuang							
Nonghaed	20,177	67	7	20		243,000	
Khoun	16,251	53	6	11		196,000	
Kham	33,116	63	5	10		165,000	
Sub-total of Xiengkhuang	69,544	183	18	41	13%	604,000	16%
Savannakhet							
Sepone	18,683	91	11	14		211,000	
Nong	17,486	70	9	11		166,000	
Vilabury	24,266	91	14	18		211,000	
Phin	39,070	102	13	16		236,000	
Sub-total of Savannakhet	99,505	354	47	59	19%	824,000	22%
Saravanh							
Samouy	11,781	43	3	13		181,000	
Toumlane	21,785	32	5	22		181,000	
Taoy	22,520	56	5	17		217,000	
Sub-total of Saravanh	56,086	131	13	52	17%	579,000	16%
Champasack							
Mounlapamok	11,443	22	3	8		64,000	
Khong	20,361	38	3	14		88,000	
Sukuma	17,041	28	5	12		70,000	
Pathoumphone	16,264	33	4	8		76,000	
Sub-total of Champasack	65,109	121	15	42	14%	298,000	8%
Grand total	443,475	1,268	161	305	100%	3,700,000	100%

3.3.2. DISTRICT ALLOCATION FOR CYCLE V

As for the former cycles, the Cycle V district allocation depended on:

- 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 poor villages;
- The past *Spending capacity* of PRF investments in each district, based on the comparison of the funds transfer with physical progress;
- The past *Good management and quality control* of 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.

A district that is composed of a large population of poor people and that has been identified as a Government investment priority receives 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 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 constitute major reservations while considering future district allocations.

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 funding, including *not-poor* villages if the khet representatives decide so.

The total budget district allocation has been computed as follows:

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

Due to budget limitation at the end of the PRF current phase, the raw computation results for Cycle V district allocation were proportionally adjusted to meet the already fixed amount of 3.7 million USD.

Table 26: District Allocation budget for Cycle V

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) $B \times C \times D \times E \times F \times G$	District Allocation (USD, proportionally adjusted to available budget) budget 3.7 millions USD	District Allocation (Cycle V / Cycle IV) %
	Population	Villages	Basic Allocation									
Savannakhet	99,505	354	417,814	1.4						734,945	824,000	90%
Nong	17,486	70	84,529	1.4	1.2	1.10	0.91		0.90	149,684	168,000	93%
Sepone	18,683	91	107,394	1.4	1.2	1.10	0.88	1.16	0.95	192,463	216,000	73%
Vilabouly	24,266	91	103,301	1.4	1.2	1.10	0.91	1.17	0.95	193,089	216,000	119%
Phin	39,070	102	122,590	1.4	1.2	1.00	0.91	1.18	0.90	199,710	224,000	86%
Champassack	65,109	121	149,891	1.0						190,116	213,000	54%
Khong	20,361	38	52,945	1.0	1.0	1.10	0.84	1.14	0.90	50,193	57,000	76%
Mounlapamok	11,443	22	37,933	1.0	1.1	1.20	0.96	1.19	1.00	57,202	64,000	43%
Phathoumphone	16,264	33	25,124	1.0	1.1	1.20	0.86	1.16	0.95	31,430	35,000	51%
Sukuma	17,041	28	33,889	1.0	1.2	1.10	0.98	1.17	1.00	51,291	57,000	56%
Huaphanh	153,231	479	738,215	1.4						1,274,613	1,427,000	76%
Add	11,185	37	47,938	1.4	1.1	1.10	0.97	1.06	0.95	79,321	89,000	45%
Siengkho	17,021	43	64,019	1.4	1.2	1.20	0.93	1.10	0.90	118,827	133,000	66%
Sobbao	9,650	29	41,538	1.4	1.1	1.20	0.91	1.11	1.05	81,414	91,000	42%
Xamtay	54,213	170	281,404	1.4	1.2	1.10	0.90	1.08	0.90	454,925	510,000	95%
Viengxay	19,606	68	65,744	1.4	1.2	1.20	0.92	1.01	0.95	116,419	130,000	52%
Huameuang	19,239	67	105,170	1.4	1.2	1.20	0.91	0.98	1.05	198,536	222,000	87%
Viengthong	22,317	65	132,404	1.4	1.2	1.20	0.91	1.03	0.90	225,170	252,000	116%
Xiengkhouang	69,544	183	289,585	1.4						570,311	639,000	75%
Kham	33,116	63	70,348	1.4	1.1	1.00	0.97	1.17	1.05	129,097	145,000	67%
Khoun	16,251	53	98,308	1.4	1.2	1.10	0.98	1.15	1.05	214,982	241,000	76%
Nonghaed	20,177	67	120,930	1.4	1.2	1.10	0.96	1.11	0.95	226,232	253,000	79%
Saravanh	56,086	131	319,667	1.4						532,960	597,000	110%
Taoy	22,520	56	135,167	1.4	1.1	1.10	0.87	1.08	0.90	193,628	217,000	93%
Toumlan	21,785	32	118,984	1.4	1.1	1.20	0.85	1.10	0.95	195,311	219,000	108%
Samoy	11,781	43	65,517	1.4	1.2	1.20	0.94	1.16	1.00	144,021	161,000	152%
TOTAL	443,475	1,268	1,915,172							3,302,946	3,700,000	81%

The total district allocations for Cycle V reaches 3,700,000 USD, including 0.824 million USD to be invested in Savannakhet province, 0.213 million in Champassack, 1.427 million in Huaphanh, 0.639 million in Xiengkhouang, and 0.597 million in Saravanh.

This represents a 19% decrease compared with Cycle IV, due to budget limitation by the end of the PRF current phase. Nevertheless, due to the focus on poorest areas in Cycle V, the average investment per village rose from 2,300 USD in Cycle IV to 2,920 USD for Cycle V (+27%)¹³.

¹³ PRF Project Management Team, Budget District Allocation Cycle V (6/2007-6/2008), 28 June 2007.

Table 27: District Allocation evolution from Cycle IV to Cycle V

Provinces & Districts	District allocation Cycle IV	District allocation Cycle V	Difference Cycle V-Cycle IV	Difference Cycle V-Cycle IV (%)
	A	B	B-A	(B-A)/A
Savannakhet	915,000	824,000	-91000	-10%
Nong	181,000	166,000	-15000	-8%
Sepone	294,000	211,000	-83000	-28%
Vilabouly	181,000	211,000	30000	17%
Phin	259,000	236,000	-23000	-9%
Champassack	392,000	298,000	-94000	-24%
Khong	75,000	88,000	13000	17%
Mounlapamok	148,000	64,000	-84000	-57%
Phathoumphone	68,000	76,000	8000	12%
Sukuma	101,000	70,000	-31000	-31%
Huaphanh	1,878,000	1,395,000	-483000	-26%
Add	200,000	89,000	-111000	-56%
Siengkho	202,000	133,000	-69000	-34%
Sobbao	219,000	91,000	-128000	-58%
Xamtay	536,000	470,000	-66000	-12%
Viengxay	248,000	157,000	-91000	-37%
Huameuang	255,000	203,000	-52000	-20%
Viengthong	218,000	252,000	34000	16%
Xiengkouang	852,000	604,000	-248000	-29%
Kham	215,000	165,000	-50000	-23%
Khoun	317,000	196,000	-121000	-38%
Nonghaed	320,000	243,000	-77000	-24%
Saravanh	543,000	579,000	36000	7%
Taoy	234,000	217,000	-17000	-7%
Toumlan	203,000	181,000	-22000	-11%
Samoy	106,000	181,000	75000	71%
TOTAL	4,580,000	3,700,000	-880000	-19%

3.3.4. CYCLE V IMPLEMENTATION IN 2007

3.3.4.1. Annual Review and Strengthening Workshop

The 25th and 26th of June 2007, PRF organized its annual Review and Strengthening Workshop, gathering all PRF staff. The meeting was held at Angkham Hotel and chaired by H.E. Mr. Onneua Phommachanh, Minister to the Prime Minister Office, Vice-President and Standing member of the National Leading Board for Rural Development and Poverty Alleviation, Vice-Chair and Standing Member of PRF Administrative Board. 143 people attended the meeting, comprising of the Provincial Coordinators from the Department of Planning and Investment in five provinces, PRF staff from district, provincial and central level. Purposes of the meeting were to:

- Overview PRF progress (2003-2007) and share ideas on the poverty reduction process in the Lao PDR;
- Provide a presentation of the inputs/outputs and issues identified as part of the BA&TA 2006;

- Participants were split to attend group discussions, per unit: management group, administration and finance group, technical group, monitoring and evaluation group, and community development group. The aim of the discussion was to revise the unit *modi operandi* and improve them for Cycle V.

3.3.4.2. Village Socialization and Village Need Assessment (VNPA)

Village Socialization and VNPA meetings were conducted by Khet Facilitators with PRF staff support. It is normally held in June and July for each cycle of the year. For cycle V, the VNPA process started a bit early compared to the other cycle, this is due to the fact that all the subprojects should be completed by May 2008.

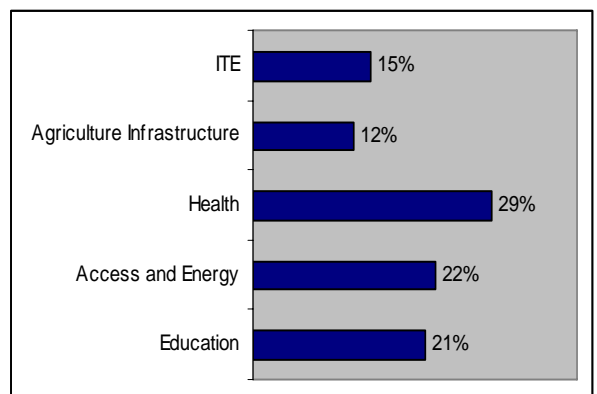
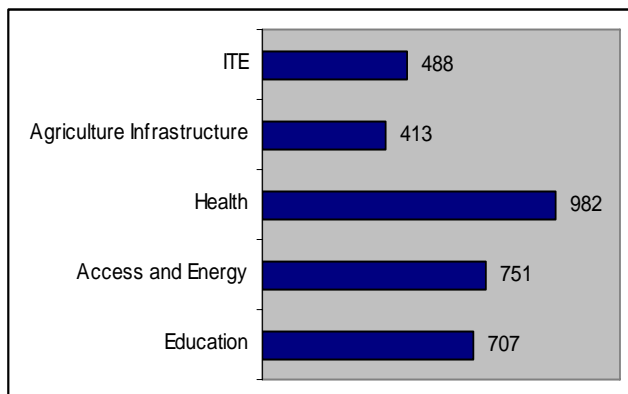
After introducing the PRF Project to as many people in the village as possible (Village Socialization Meeting), a VNPA exercise is conducted in every village of every participating district. Villagers are divided into separate men’s and women’s groups and asked about their problems and priorities for 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 2: VNPA and District Prioritization meetings



Figure 7: Village Needs Assessment for Cycle V



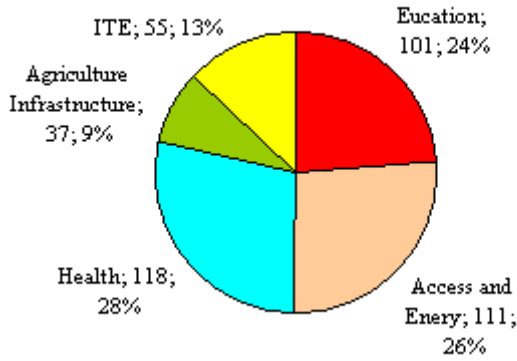
Among the 3,341 priorities identified during the VNPA process in cycle V, the Health sector was predominant with 982 proposals submitted. Huaphan is the province where the biggest number of proposals were submitted in this sector with 450 proposals coming from this province. The requests for the health sector have been more important compared to the other 4 main sectors since the start of the project with 33% in cycle I, 29% in cycle II, 27% in cycle III and IV, and 29% in cycle V. Access and Energy is the second most requested sector in cycle V, following the same pattern as during cycle III (22%) and cycle IV (23%). For cycle V, the Education sector is only third in terms of priorities expressed by villagers with 21% of the proposals, followed by the ITE sector (15%) and the agriculture sector (12%).

3.3.4.3. Sub-projects’ selection

The District Prioritization Meetings is the second stage of the subprojects selection process. The District Prioritization Meetings (July-August 2007) were organized to let community representatives arbitrate between the different priorities raised by villagers and to ensure that the investments fit with the allocated budget. Each prioritized subproject will then be designed and a formal proposal written (Sub-project Proposal Form), combining the expected outputs, costing and design, as well as procurement method and unexploded ordnance and environmental assessments.

At the end of the District Prioritization Meeting, 422 proposals were selected for which a survey was organized to assess the feasibility of the projects within the budget allocated to the district. The findings of the surveys of each project were then presented and discussed during the confirmation meeting held at Khet level. At the end of these meetings, community representatives are expected to come up with preliminary agreements between the villagers and the khet teams on the possible projects, their costs and the timing of their implementation. The outcomes of the discussion were later presented in the District Decision Meeting which was held in November 2007.

Figure 8: Priorities agreed during District Prioritization Meetings



The Final District Decision Meetings (November 2007) are the last step of the participatory planning process. Communities; representatives and district administrations met to find a final compromise and select the sub-projects which will be surveyed and designed. The DMM are organized by district PRF teams with the backup of PRF provincial and national staff.

For cycle V, the District Decision Meetings were held in October 2007 - one month earlier - to ensure the completion of all subprojects’ implementation by the end of the 5-year funding.

Out of the 3,341 priorities expressed by villagers during the VNPA process, 305 sub-projects (9%) were selected for implementation to be compared with the following figures in previous cycles:

	Expressed priorities (VNPA)	Selected Subprojects
Cycle I:	2,721	248 (9%)
Cycle II:	4,230	431 (10%)
Cycle III:	5,592	533 (10%)
Cycle IV:	5,602	548 (10%)

Table 28: Sub-projects' plan for Cycle V

Sector	VNPA	# sub-projects	% sub-projects	PRF Budget	% budget	Contribution
Education	707	87	29%	11,244,289,139	32%	1,446,213,983
Access & Energy	751	84	28%	14,319,560,623	41%	5,351,527,858
Health and water	982	76	25%	6,489,796,040	18%	1,586,720,250
Agriculture	413	12	4%	725,459,061	2%	122,799,462
ITE	488	46	15%	2,495,680,729	7%	82,461,690
Total	3,341	305	100%	35,274,785,592	100%	8,589,723,243

Although the Access and Energy sectors were identified as villagers' first priorities during the VNPA, it is in the Education sector (building of schools and provision of teaching material) that the highest number of subprojects have been finally selected. However, the Access and Energy sector represented the biggest budget.

4. ASSESSMENT AND PROSPECTS

4.1. MONITORING OF OUTPUTS

4.1.1. TECHNICAL ISSUES

4.1.1.1. Construction design

At the beginning of the year 2007, PRF has revised some of the construction designs as follows:

- Revision of the standard design for suspension bridges: main cable, vertical side cable and underground side.
- Revision of the design of the doors and windows of the dispensaries: use of wooden material available in most target areas instead of glass.
- Revision of the school design: bench along the path between the classroom and the balcony (wooden and concrete), redesign of the drainage around the school areas and (for half concrete schools) connection between the concrete end and the wooden post. The height of the floor has also being revised to ensure a better fit with the specific situation of the targeted areas.
- Some subprojects were jointly designed by PRF and local authority offices. For instance, a suspension bridge built in Houaphanh province was designed by the communication office and checked by PRF technical teams.
- Standard and non-standard designs were discussed in details during the last annual meeting with a stronger emphasis on sustainability aspects.

4.1.1.2. Quality control

In 2007, in order to ensure proper quality control, PRF technical staff has taken a more important role in the monitoring of the quality of the different constructions. This was made possible by the decrease in the number of the subprojects. They took an active role and collaborated with communities members and with the contractors during the implementation of the subprojects. They also reported to local authorities at the district level while the PRF district staff took the overall responsibility of the general monitoring of the subprojects and of supporting the Khet teams.

In cycle V, in addition to this active role in construction supervision and quality control alongside local authorities, PRF staff have also delivered training on the operation and maintenance of the funded infrastructures.

The quality of the subprojects is key for PRF. During cycle IV and V, PRF has supported the establishment of quality control committees (including PRF staffs and technical staffs from the relevant line ministries) at the different levels to inspect the quality of subprojects. As a result, each subproject is now inspected two to three times with the communities before it is handed over to communities and operations can start. All issues raised at one of these meetings should be solved by the committee otherwise the subproject will be assessed as having a low quality and the

4.1.1.3. Problems arisen during the subprojects' implementation.

PRF is facing major constraints in terms of quality control. For example, a certain number of infrastructures built by communities (Community Force Account) do not respect PRF technical

guidelines and standard designs. The PRF menu of options is covering a large scope of projects requiring a high level of expertise in different fields. The choice made to empower communities (which is one of PRF core principles) and the limited budget available in terms of technical support make it extremely difficult to ensure a proper quality control which may result in serious technical flaws.

PRF still needs to improve its systems to maximize the existing resources so that technical issues are limited without jeopardizing its commitment to empower communities.

4.1.2. ASSESSMENT OF VILLAGE SAVING GROUPS

PRF has piloted a certain number of subprojects supporting income generation activities since the beginning of Cycle II (2004-2005). Up to now, the number of activities remains stable with a total of 105 VSGs (22 VSGs were initiated in Cycle II and 83 in Cycle III). However, the number of group members have increased very rapidly since the beginning of the activities from 1,470 when the different accounts were opened up to 7,030 persons in cycle IV (at the end of 2007). Moreover, the money accumulated by the saving groups continued to increase at a very high rate as it has multiplied by 40 from 59,002,000 kip (at the beginning of the activities) up to 2,350,778,180 kip at the end of 2007. These figures exclude the amount originally funded by PRF (612,178,100 kip corresponding to 21% of the total amount saved at the end of 2007).

Table 29: PRF-supported Village Saving Groups status at the end of 2007

Province	# VSG			VSG members	VSG saving	PRF grant to VSG capital
	cycle II	cycle III	cycle IV			
Huaphanh	14	50	50	3,207	745,482,286	228,963,600
Xiengkhouang	0	14	14	549	99,457,569	84,000,000
Savannakhet	4	12	12	628	277,831,880	163,639,500
Saravanh	0	9	9	436	38,857,804	14,240,000
Champassack	4	20	20	2,210	1,189,148,641	121,335,000
Total	22	105	105	7,030	2,350,778,180	612,178,100

Amongst the five targeted provinces, Huaphanh is the province where groups have saved the most with an increase of the saving from 50,732,000 kip at the beginning (cycle II) up to 745,482,286 kip at the end of 2007 corresponding to a multiplication by 15.

This exceptional progress achieved can be explained by the good performances of the saving group team leaders as well as by strong local authorities who have been able to convince villagers to save money. It is obvious that the locations with the highest amounts saved are close to the main towns where access is easy and people are better-off and therefore have more potential to earn money. For example, Ban Soplao saving group in Huameang district (Huapanh province) is one of the most successful group in terms of volume of savings. This village is located along the main road and in a busy area where commercial activities are frequently performed.

Photo 3: Ban Soplao saving groups showing outstanding performances



Saving groups have been supported in Xiengkhuang and Saravanh from cycle III and are still less successful. From cycle III-IV, the number of members of the saving groups in Xiengkhuang decrease by 36 persons (-6%) and the amounts saved by 15,000,000 kip (-13%). In Saravanh province, 8 members have quit the saving group. Nevertheless, the amount saved increased by 11%.

Table 30: The evolution of the saving groups in cycle III and IV

Provinces	Member	Saving (kip)
Huaphanh	32%	208%
Xiengkhuang	(-6%)	(-13%)
Savannakhet	8%	127%
Saravanh	(-2%)	11%
Champasack	13%	51%

PRF decided during cycle IV that it will not expand the number of the saving groups it supports but focus on building the capacity of the team leaders and of the local authorities who are now in charge of maintaining saving records. In 2007, PRF activities related to this sector included:

1. Organization of meeting for local authorities to exchange on lessons learned.

This one-day meeting, chaired by the district Governor (or Vice-Governor), aimed at revising the performances of the year, at sharing lessons learned and at helping each other to solve problems. The participants were from the different village saving groups; committees, the Lao Women's Union at district level, the Lao Front for National Construction, the Lao Youth's Union, the District Governor Office and the District Financial Office.

2. Village saving group members' training.

The training was organized with the aim to strengthen the capacity of the team members to manage their activities and ensure their sustainability. The trainers were hired in the district and the training course content was based on PRF guidelines.

3. Study Tours

PRF supported study tours for different target groups: saving groups' members, district and provincial authorities. Thanks to these tours, participants were able to discuss, exchange on lessons learned and on the successes of other saving groups. Study tours focused on sustainable management, problems solving, income generation activities, regulations. Each tour lasted one to two days. The study tours have been divided into two different sessions: discussions in the morning and field visit in the afternoon. Participants were the able to disseminate lessons learned and train other people in their own community.

4. Monitoring.

The main objective of this activity is to monitor the progress of the saving groups' activities on a monthly basis, to provide advices and to solve urgent issues. On the other hand, it also increases the collaboration between the communities and the district authorities. It is as a rule that the monitoring is due to perform once a month, or three times a month. Field visits are performed the Lao Women's Union (district level). However, in the provinces where the support to the different saving groups is managed by the Lao Youth's Union or by the Lao Front for National Construction, these organizations are in charge of the monitoring.

Table 31: Number of training sessions and field visits conducted in 2007

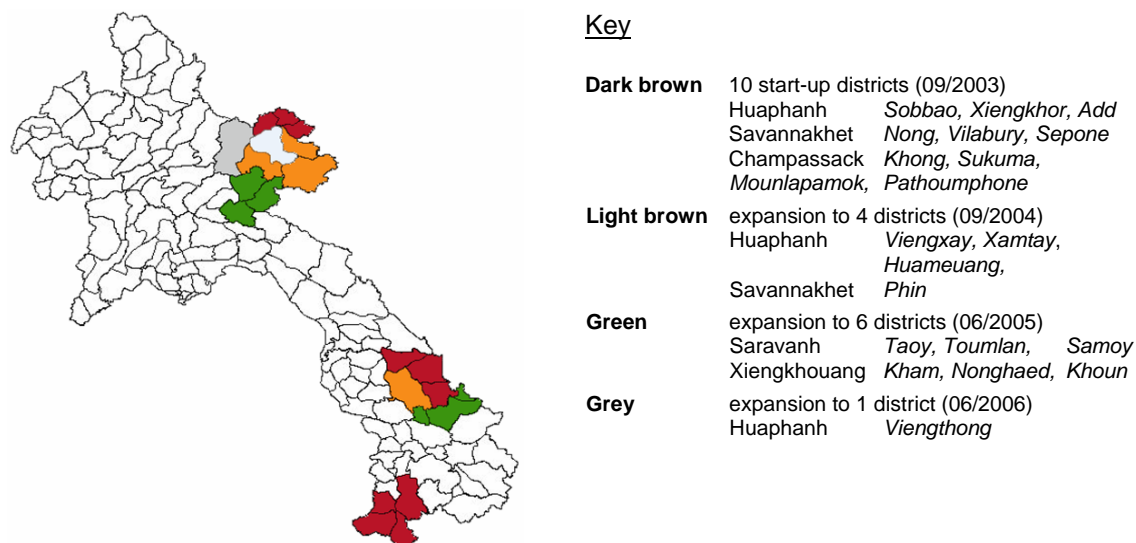
No	Province	Frequencies	Number of participants	
			Total	Women
I	Huaphanh	657	1,378	475
1	Meeting to exchange the lesson learned amongst the district authorities	6	378	136
2	Training for the village saving group members	6	298	138
3	Study Tour	9	172	65
4	Monitoring	636	530	136
II	Xiengkhuang	1	23	11
1	Meeting to exchange the lesson learned amongst the district authorities	0	0	0
2	Training for the village saving group members	1	23	11
3	Study Tour	0	0	0
4	Monitoring	0	0	0
III	Savannakhet	239	1,064	816
1	Meeting to exchange the lesson learned amongst the district authorities	5	30	13
2	Training for the village saving group members	26	423	483
3	Study Tour	42	100	48
4	Monitoring	166	511	272
IV	Champasack	99	437	73
1	Meeting to exchange the lesson learned amongst the district authorities	4	207	34
2	Training for the village saving group members	4	67	14
3	Study Tour	0	0	0
4	Monitoring	91	163	25
V	Saravanh	13	48	18
1	Meeting to exchange the lesson learned amongst the district authorities	0	0	0
2	Training for the village saving group members	0	0	0
3	Study Tour	1	3	2
4	Monitoring	12	45	16
Total		1,009	2,950	1,393
Percentage				47%

4.2. ASSESSMENT OF PRF OUTCOMES

4.2.1. PRF PROGRESSIVE EXPANSION SINCE 2003

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

Figure 9: Map of PRF expansion (2003-2006)



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

During Cycle II (2004-2005), 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.

During Cycle III (2005-2006), 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.

In Cycle IV, (2006-2007), PRF expanded its activities in one district: *Viengthong* (Huaphanh), which brought the number of target districts to 21: *Sobbao, Xiengkhor, Add, Viengxay, Huameuang, Xamtay, and Viengthong* 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.

in the current Cycle (Cycle V, 2007-2008), PRF will continue working in the same districts as in Cycle IV. It will cover 1,268 villagers, 161 Khets, 21 district in the five provinces.

Table 32: 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	I	II	III	IV
1	Saravan	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									
					Total districts		10	14	20	21

Although the needs are important in all 72 poorest districts, PRF geographical expansion was limited because of the budget available and of the time needed to set up new structures and to train local authorities, PRF staff and villagers.

However, the coverage increased from 380,681¹⁴ villagers potentially involved in Cycle I (913 villages) to 744,140 people (1,880 villages) in Cycle IV corresponding to a 95% increase.

In cycle V, because of budget constraints (end of the 5-year funding), PRF has not targeted all the khets in the target districts. .

	Cycle IV	Cycle V	%
Number of Khets	252	161	- 36%
Number of villages	1,880	1,268	- 33%

As a result, PRF works in only 1,268 villages with 443,475 people potentially involved, which corresponds to a 40% decrease compared with cycle IV.

4.2.2. PRF OVERALL OUTPUTS SINCE 2003

Since the beginning of the program, PRF has carried out investments in more than 1,900 villages through the funding of 1,760 sub-projects corresponding to a budget of approximately 168 billion kip. At the end of 2007, out of the 1,756 subprojects initiated, 1,731 were completed (98%) to be compared to the % of 96% of completed subprojects at the same date at the end of 2006.

¹⁴ This figure was generated by PRF staff following the VNPA process conducted in 2003 (Cycle I) and should be compared with the figure of 238,000 person provided by the local authorities before the VNPA process.

Table 33: Summary of sub-project implementation since 2003

<i>Statement 31/12/2006</i>	Cycle I	Cycle II	Cycle III	Cycle IV	Total
Number of Districts	10	14	20	21	21
Number of Villages with VNPA	913	1,431	1,913	1,880	1,913
Number of Beneficiary Villages ¹⁵	559	849	1,283	1,100	1,283
Number of Sub-projects planned	248	431	533	548	1,760
Number of Sub-projects initiated	248	431	532	545	1,756
Number of Sub-projects completed	248	431	532	520	1,731
Funds Planned (kip)	11 billion	32 billion	44 billion	45 billion	168 billion
Funds disbursed to Khet bank accounts	11 billion	31.7 billion	43 billion	41 billion	136.7 billion

Table 34: Key performance indicators

I. Improve Infrastructure and Services	Cycle I	Cycle II	Cycle III	Cycle IV
Provinces	3	3	5	5
Districts	10	14	20	21
Poor districts (14 poorest districts' list)	5	9	13	14
Sub-projects approved	248	431	533	548
Completed sub-projects	248	431	532	520
Share of poor village in targeted areas	73%	77%	77%	80%
Share of PRF fund invested in poor villages	73%	72%	70%	71%
Share of sub-projects established in poor villages	71%	76%	78%	74%
Communities with maintenance plans for sub-projects	100%	100%	100%	100%
Mean sub-project cost (USD)	4,300	7,200	7,800	8,400
II. Empower Communities through Capacity Building	Cycle I	Cycle II	Cycle III	Cycle IV
Community force account procurement	165	340	346	385
% of community procurements being undertaken	67%	79%	65%	70%
Contractor procurement	83	91	109	120
Mixed Community and contractor procurement	0	0	78	43
% Villagers participating in VNPA	54%	71%	73%	69%
III. Strengthen Local Institutions to support Participatory Decision-making	Cycle I	Cycle II	Cycle III	Cycle IV
VNPA submitted by women	9%	7%	8%	5%
VNPA submitted by men	14%	10%	10%	6%
VNPA submitted by both women and men	77%	83%	82%	89%
VNPA submitted by women converted into sub-projects	7.1%	6%	4%	2%
VNPA submitted by men converted into sub-projects	12.1%	5%	5%	1%
VNPA submitted by both converted into sub-projects	80.8%	90%	91%	97%
Community contribution into investment	17%	18%	17%	15%
GoL contribution into PRF budget	2%	1%	0	0

Table 35: Summary of outputs of PRF subprojects since 2003

No	PRF Outcomes	Unit	Grand Total
I	EDUCATION		
	Schools built and renovations	Sites	354
	Schools equipments*	Sets	939
	Teacher stipend and upgrading	person	62
II	ACCESS AND ENERGY		
	Roads built and upgrading	Km	2,420
	Bridges built and maintenance	Sites	50
	Main electrical line access	Sites	25
	Pipe culvert	Sites	24
III	HEALTH		
	Dispensaries built	Sites	31
	Nurse and stipend and upgrading	Persons	31
	Health facilities provided**	Sets	42
	Latrine	Sites	19
	Village water supplies built	Sites	1,012
IV	AGRICULTURAL INFRASTRUCTURE		
	Irrigation schemes built and renovation***	Sites	119
	Veterinary	person	3
V	ITE		
	Vocational training	Sessions	1,480
	VSG	Groups	115
	ARSP	Villages	3
	Conservation areas	Sites	232
	* Education includes textbook and study materials		
	** Health facilities cover medical equipments, village medicine box.		
	*** including mini dam, weir.		

Out of the 1,913 targeted villages (reduced to 1,880 in Cycle IV because of village consolidations), more than 1,200 directly benefited from PRF investments. PRF funded over 350 schools, 2,400 km of upgraded rural roads and more than 40 bridges helping to connect remote villages to markets and services. Over 40 new dispensaries were built and allowed more than 200,000 people to have access to local healthcare.

Amongst the 1,760 subprojects implemented during the first four cycles, 1,236 subprojects (70%) were implemented by the communities themselves, 403 subprojects (23%) were subcontracted and 101 (7%) were implemented jointly by communities and subcontractors.

4.2.3. ASSESSMENT OF PRF INVESTMENT IN THE 14 POOREST DISTRICTS

The national strategies of the GoL is to eradicate poverty at 47 targeted and priority districts. Since the beginning of the project, PRF has been working in 14 of these districts (30%). Within its limited budget, PRF has attempted to cover as many of these districts covering 5 priority districts in cycle I,

9 in cycle II (+80%), 13 in cycle III (+44%) and 14 in cycle IV (+8%). Up to now, PRF activities benefited 464,407 people in 189 khets and 1,257 villages including 1,097 poor villages (87%).

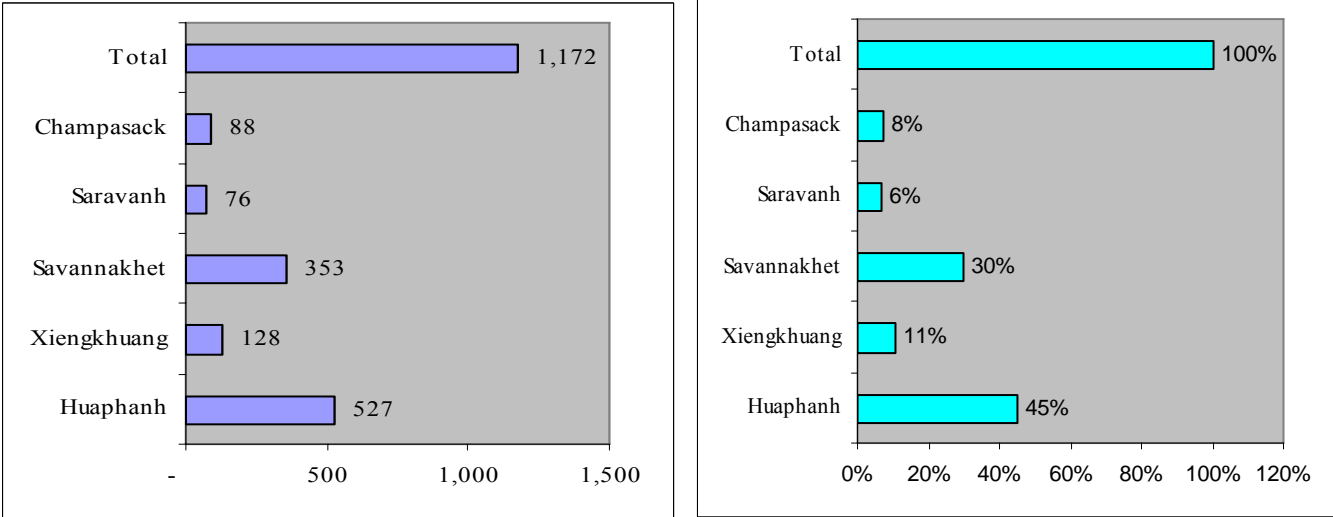
Table 36: Number of subproject and budget allocation to the 14 priority districts

Sectors	Number of subprojects	PRF Budget
14 prioritised districts	1,172	96,347,452,450
Percentage of the 14 prioritised districts	67%	73%
7 poor district (not in the priorities list)	588	35,191,010,234
Percentage of the 7 poor district (not in the priorities list)	33%	27%
Total number and budget in 21 districts	1,760	131,538,462,684

The 14 poorest districts represent 67% of the entire 21 districts supported by PRF during the first four cycles and benefited from 73% of the budget allocated to subprojects.

From the following table, it appears that education remains the primary sector supported by PRF, followed by the access and energy, the health, the ITE and the Agricultural Infrastructure sectors.

Figure 10: Numbers of subprojects supported in the 14 priority districts by province



Amongst the five target provinces, Huaphanh and Savannakhet are the ones that had the highest number of subprojects implemented. This is mainly caused by the fact that they were supported from the beginning of the project. However, Champasack, which was also supported from the beginning, benefited less because of a relatively lower level of poverty.. The priority districts in Xiengkhuang and Saravanh have only been supported from cycle III.

Figure 11: Number of subprojects and budget invested by sector

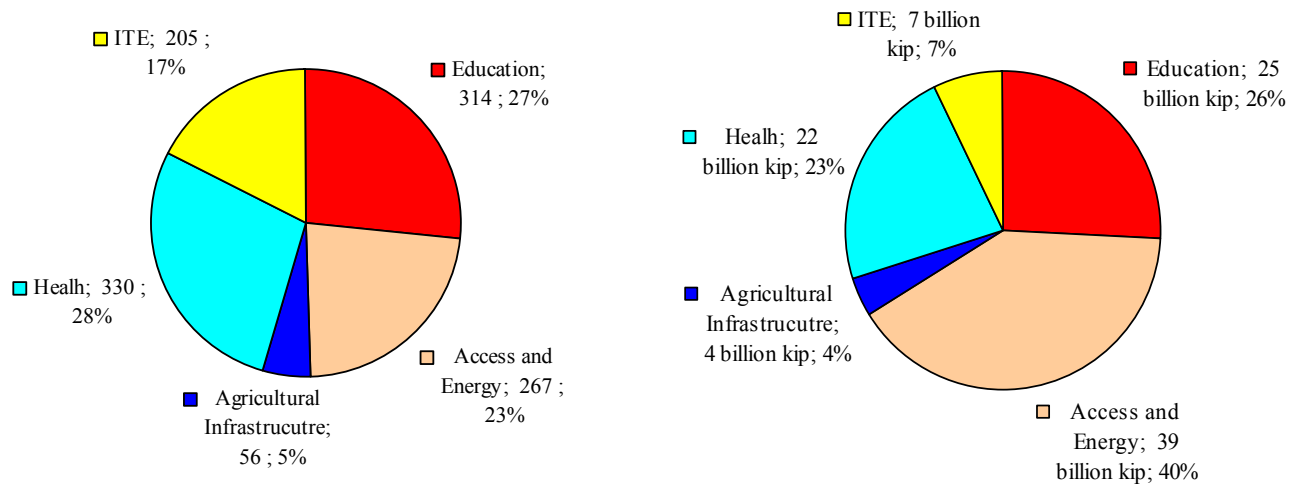


Table 37: Outputs of the subprojects implemented in the 14 priority districts

Sector	Quantities	Units	Sub-quantity	Sub-unit
Education				
School construction	199	sites	601	classes
Learning materials			595	sets
Teacher stipend and upgrading			59	persons
Furnitures			30	sets
Public house art	1	site	1	room
Access and Energy				
Rural road upgrade	207	sites	1,480	km
Culvert	18	sites	22	pipes
Bridges	24	sites	1,112	m
Main electrical line acces	21	site	13,391	m
Health				
Irrigation channel and renovation	7	sites	5,908	m
Wier and dam	16	sites	549	m
Irrigation system maintenace, rehabilitation, and construction	22	sites	11,409	m
rice bank store	1	site	1	site
Irrigation survey	4	sites	13,200	m
Irrigation pipe/hose	2	sites	1,900	m
Barbed sire fence	1	site	9,000	m
Veterinary	3	sets	3	persons
Agricultural Infrastructure				
Dispensery construction and renovation, and dormitories for patient	17	sites	19	rooms
Medicine equipment and Village medicine box	23	sets	27	sets
Village Health Volunteer and nursery training, and Nurse stipend	17	sets	21	persons
Clean water system upgrade, Spring fed gravity styem, and Community water supply constuction	218	sites	203,998	m
Drilled well, Hand dug well	305	units	8,820	m
Latrine	8	sites	507	units
ITE				
Agricultural, animal, handicraft training	763	sets	826	persons
Compacity enchancement for local authority, khet teams and others	73	sets	948	persons
Income generation activities	39	sets	906	persons
Naural resource environment conservation	46	sets	177	persons
Saving group	96	sets	1,368	persons
Agriculture and handicraft market and Booth Construction	9	sites	9	sites

With a total investment of 96 billion kip during the first four cycles, PRF was able to fund 1,172 subprojects in the 14 priority districts across five provinces. 199 schools were built (3 kindergartens, 179 primary schools and 17 lower and upper secondary schools) corresponding to 601 classrooms. 207 rural road subprojects were supported corresponding to 1,480 km of road and constructed clean water systems in 218 sites corresponding to 203,998 meters.

4.3. EXTERNAL ASSESSMENT AND SURVEY

4.3.1. BENEFICIARY AND TECHNICAL ASSESSMENTS 2006

From September to November 2006, the PRF hired a team of two consultants to carry out the annual Beneficiary and Technical assessments. A meeting was held on the 27th of March 2007 at PRF national office to share and discuss the conclusions and recommendations of the assessments. This meeting was chaired by HE Mr. Onneua Phommachanh¹⁶, and facilitated by Mr. Sivixay Saysanavongphet¹⁷. Besides PRF teams, 30 participants from concerned ministries and State organizations attended the meeting.

Follow-up of findings and recommendations

The PMT reviewed the findings of the assessments and discussed with the consultants about their pertinence and the feasibility of the recommendations' implementation. The recommendations considered as pertinent and feasible were presented and discussed with PRF provincial and district teams during the annual staff meeting held the 25th and 26th of June 2007. At this occasion, the PRF invited the BA & TA team leaders to present their findings, and to discuss them with the whole PRF team.

Agreed improvements of PRF process were immediately implemented for PRF Cycle V.

One of the main issues identified by the TA 2006 was the lack of work supervision, leading to problems of quality. However, the recommendations aiming at improving this supervision were anticipated by PRF, which had set up a community supervisors' system at khet level which was implemented during Cycle IV (*Cf. details in section XXXX*)

4.3.2. FINAL SURVEY

At the beginning of 2007, PRF contracted the National Statistics Center to conduct the data collection and data entry needed for the project Final Survey. The process was completed and the outcomes sent to the World Bank for further analysis at the end of June 2007.

A draft report has been produced whose main findings are copied below¹⁸:

Health

PRF Water & Sanitation subprojects have reduced the incidence of diarrhea in the North. In the North, a significant impact was found in reduced diarrhea for infants and children, who tend to be the most vulnerable risk group for such diseases. An impact was also found in reduced incidence of cough and cold.

Education

Significant and substantial impacts on educational spending, attendance, and literacy outcomes are attributable to PRF education subprojects in the South, but not in the North. The results can be

¹⁶ Minister to the Prime Minister Office, Vice-President of the National Leading Board, for Rural Development and Poverty Alleviation, Vice-Chair of the PRF Administrative Board.

¹⁷ PRF Executive Director.

¹⁸ Community-Driven Approaches in Lao PDR; *A Review of the Poverty Reduction Fund and Selected Community-Driven Livelihood Projects*; April 2006.

explained by the regional differences in project duration and educational levels prior to the intervention. Overall, enrollment rates of primary and lower-secondary school-aged children have improved in both treatment and control groups since the baseline period, with a larger increase in the treatment group. However, more detailed analyses reveal regional differences. In the South – where literacy rates were low to start with – the estimation finds that PRF educational subprojects significantly increased literacy outcomes. In contrast, no significant impact was found in the North, where in sampled villages all primary school construction took place in cycle IV and where literacy outcomes were higher to begin with.

Consumption

Overall, the evaluation does not find a significant and consistent impact of PRF on consumption. Although some results point to an improvement in consumption in the North, the results are not robust. Given the nature of the PRF intervention which focuses on providing small-scale public infrastructure, it is not surprising to find little consumption impact in the short term.

Access to roads

The analysis finds a positive impact on the access to roads in the North, but no impact in the South. The difference in impact is very likely to stem from the differential need of roads between the North and the South. Before the PRF intervention, only 60 percent of the sampled villages had access to roads in the North, while the proportion was much higher in the South (80 percent).

Cooperative behavior and social capital

In accordance with the results of the qualitative analysis, the PRF appears to have had a stronger impact on cooperative behavior in the North than in the South. Results, however, are significant only with propensity score matching estimation, which questions their robustness. A positive impact on participation rates in community meetings and community organizations, and an increased likelihood in contributing money towards community goals are observed in the North, while no such results are observed in the South. The Northern region also experienced an impact in terms of lower perceived inequality in the village, and in people's subjective well-being. These geographically differentiated results are consistent with the findings of the qualitative evaluation, which finds the participatory approach to work better in the North.¹¹ Most of the impacts, however, are observed by using propensity score matching estimation, while difference-in-difference estimation does not find a significant impact. As the latter controls for time and location fixed effects, the lack of observed impact under difference-in-difference estimation may indicate that, overall, PRF had only a limited impact on social capital.

4.3.3 INTERNAL OUTCOME ASSESSMENT

After more than four years of experience in the implementation of subprojects, PRF has considered necessary to conduct an internal outcomes assessment in order to document the short-term impact of the subprojects in favor of communities since the beginning of the project. Because of time constraints linked to the wide scope of PRF activities, it was decided to limit this exercise to subprojects in the education sector (mainly school construction in cycle II). The objective is to analyse the overall situation of the benefiting villages before and after receiving support from PRF. Other assessments for other sectors will be carried out at a later time.

The assessment was conducted in 14 villages who have been supported by PRF to build a school in 4 districts of two provinces (Huaphanh and Savannakhet). The 14 schools were selected randomly (seven schools per province). However, in order to have a representative sample, the selection was made so that schools located in different settings are included in the list: schools located close to the

city centre, schools further away from district city center but with reasonable access and schools in very remote areas.

Table 38: Number of schools selected for interview

No	Provinces/districts	Type of villages
I	Huaphanh province	
	Xamtay districts	4
	Viengxay districts	3
II	Savannakhet province	
	Sepon districts	4
	Nong districts	3
	Total	14

After having conducted the interviews, PRF is now processing the data and working on the data analysis. Due to the deadline for submission of the annual report, the results and finding will be included in a separate report, which will be completed in the coming two months. The assessment report will then be published and sent to WB later. It will also be posted on PRF website.

4.4. PRF ADMINISTRATIVE BOARD MEETINGS AND OTHER EVENTS

4.4.1. THE NINTH ADMINISTRATIVE BOARD MEETING

The Ninth PRF Administrative Board meeting took place on 6-8 April 2007 in Saravanh provincial capital. The meeting was chaired by H.E. Somsavath Lengsavath, Member of the Party Political Bureau, Deputy Prime Minister, Standing Member of the Government, President of the National Leading Board for Rural Development and Poverty Alleviation, and Chair of the PRF Administrative Board. 43 people attended the meeting, including Mr. Khamboun Douangpanhya, member of the Party Central Committee, members of the Party Committee, Saravanh provincial Governor, and representative of other relevant organizations, from central, provincial and district levels.

The Executive Director of PRF presented the achievements of PRF and the problems encountered and proposed recommendations at the meeting. PRF Administrative Board finally settled the following decisions:

1. *The PMT will negotiate with the World Bank to extend the closing period of the credit from 31 March to 30 September 2008.*
2. *The district allocation for Cycle V will amount 3,700,000 USD. The PRF will implement Cycle V in 21 districts, five provinces (as in Cycle IV), but in only 161 khets and 1,268 villages.*
3. *The PRF will continue to focus on assisting the basic infrastructures along with ITE activities.*
4. *An inter-institution team will be set up to raise fund for a second phase of PRF. The team will include the National Leading Board for Rural Development and Poverty Alleviation as leader,*

and representatives from the Ministry of Foreign Affairs, the Ministry of Finance, the Committee for Planning and Investment, and the Poverty Reduction Fund.

- 5. The PRF will organize a "Donor Meeting on Participatory Poverty Reduction Process" in order to present PRF objectives, principles and provisional results to potential funders and main Lao institutions. The meeting will be held on 10 May 2007 in Vientiane Municipality.*
- 6. The Administrative Board encourages all the major government organizations and all relevant sectors to participate in the poverty alleviation process as their priority task, as well as to increase awareness of people in the society to join the activities.*
- 7. The PRF will prepare a detailed report about the expenditures and budget management since 2003, and will compare the respective advantages and drawbacks of grant and loan funding.*
- 8. The 10th PRF Administrative Board meeting will be held in Xiengkhouang province in October 2008.*

On the second day, all participants visited some sub-projects implemented in Toumlan district.

4.4.2. MEETING ON PARTICIPATORY POVERTY REDUCTION PROCESS

The Meeting on Participatory Poverty Reduction Process, held at the International Cooperation and Training Centre in Vientiane capital on 10 May 2007, was chaired by H.E. Mr. Onneua Phommachanh, Minister to the Prime Minister Office, Vice-President and Standing Member of the National Leading Board for Rural Development and Poverty Alleviation, Vice-Chair and Standing Member of PRF Administrative Board. 98 participants attended the meeting, including Ambassadors and embassy representatives; representatives from International; Multilateral and Bilateral Organization; Vice Ministers, Director Generals and representatives from concerned ministries; members of PRF Administrative Board; and representatives from Lao National Chamber of Commerce and Industry.

The purposes of the meeting were to present the outputs of PRF since the beginning of the project (2003-2007, presented by the PRF Executive Director) and to share ideas on poverty reduction process in the Lao PDR. Moreover, the meetings aimed at informing potential donors about PRF and at launching a fundraising process to extend and expand the programme.

After the presentations, H.E. Mr. Onneua Phommachanh chaired the discussions, where participants raised some issues to improve PRF process:

- 1. It is recommended to consider a more global approach for the second phase of PRF, taking into account that Lao PDR is more and more integrated into regional economy and networks (ASEAN+ 3 and ASEAN+5). That will lead to various kinds of investment, with both positive and negative impacts for the social-economic development of the country, to anticipate.*
- 2. PRF should share experience and lessons learned with different organizations in terms of infrastructure design in order to improve efficiency.*
- 3. Maintenance and sustainable use of infrastructures by villagers should be taken into account when designing new projects.*
- 4. UNICEF is interested in cooperating with PRF on education, especially because its experience is complementary to PRF process of providing infrastructures and equipment.*
- 5. The European Commission intends to get involved with PRF, but request clearer prospects, especially about upland development issues (resettlement, land policy and industrial plantations, etc.).*

6. *PRF should focus more on market opportunities when promoting income-generating activities; then products can be effectively processed and sold to local and international markets.*
7. *For support to income-generating activities, PRF should develop cooperation with the Small-Medium Enterprise Promotion and Development Office;*
8. *As poverty alleviation concerns the whole society and not only the Government, it can be funded by new taxes to set up on luxurious goods (cars, houses, etc.) as well as on high income (notably from foreigners working in Lao PDR).*

On follow-up of the meeting, H.E. Mr. Onneua Phommachanh issued a letter to donors inviting them to contribute to PRF additional phase of 3 years.

4.4.3. THE TENTH ADMINISTRATIVE BOARD MEETING

The 10th Administrative Board Meeting was held on October 10, 2007 in Xiengkhuang Province and chaired of H.E. Mr. Somsavat Lengsavad, Deputy Prime-Minister, Standing Member of the Government, Chair of The PRF Administrative Board. Participants attending the meeting included the distinguished deputy chair and all the members of the PRF administrative board, representatives of the Lao Women Union, the Lao Front for National Construction, the National Lao Youth Union, social organizations, representatives from the 5 target provinces (Huaphanh, Xiengkhuang, Savannakhet, Saravanh, and Champasack), MOFA, the Department of International Cooperation, the Department of General Planning, the Committee for Planning and Investment, the Director of the Planning and Investment Division of Xiengkhaun Province, District Governors from the targeted districts in the province (Khoun, Khm and Nonghatt district), as well as the PRF coordinators from the government sector in the five targeted provinces, and PRF staff from the provincial and district level. The total number of participants was 43 people.

Participants listened to the presentation made by PRF Executive Director regarding the outcomes of the project since the beginning, especially focusing on the events occurred since the last meeting (9th Administrative Board Meeting) organized in April 2007.

The meeting had agreed upon the following points:

1. The meeting has urged the concerned sectors at all level (village, district and province) to increase their participation in the poverty reduction process in order to complete the PRF subprojects before May 2008;
2. It was agreed to launch an additional phase of PRF covering 15 districts, of which 14 were already supported. The additional one is a new district in Xiengkhuang province. The existing districts include 5 districts in Huaphanh, 2 districts in Xiengkhuang, 4 districts in Savannakhet, 2 districts in Saravanh and one in Champasack. The aim is to maintain the project consistency and to respond to the World Bank objectives. At the same time, it is also essential to continue generating additional funds from different sources to cover the 47 priority districts;
3. It was agreed to focus on the two main components (infrastructure and capacity building for local authority) for the additional phase of PRF and set the duration of the extension of the project to 3 years to take into account the available funding. The livelihood improvement will be opened to other donors who have have an interest in this sector;

4. A budget of \$100,000 to support the preparation of the additional phase was approved. The National Committee for Rural Development and Poverty Alleviation in cooperation with the Ministry of Finance was assigned the task to process the fund releasing process;
5. The next meeting will be held in June 2008 in Vientiane Capital.

4.5. WORLD BANK MISSIONS IN 2007

4.5.1. FIRST QUARTER

In February, the World Bank Vice-President for Asia-Pacific, Mr. James W. Adams went to Lao PDR to meet with GoL officials and visit projects funded by the World Bank. On 11 February, after a brief introduction he visited alongside five World Bank staff members¹⁹ sub-projects in Nong district (Savannakhet province): road upgrading and primary school in Ban Tako and construction of a primary school in Nong.

4.5.2. SECOND QUARTER

A World Bank supervision mission took place from April 23-May 3, 2007, comprising Mr. Jamele Rigolini (Team Leader), Ms. Oithip Mongkolsawat (procurement); Ms. Jennica Larrison (implementation and M&E); Mr. Donald Mphande (financial management); Mr. Kwanpadh Suddhi-Dhamakit (M&E); and Ms. Emiko Naka (Coordinator). The main objectives of the mission were “to review progress in meeting the development objectives and the overall implementation since the last supervision mission and to discuss the future of PRF”²⁰. After few days of reviewing activities at PRF national office, the team went for a three-day field visit in Muang Kham district (Xiengkhouang province). Then, few days were spent in Vientiane to prepare the Cycle V and discuss PRF prospects.

4.5.3. THIRD QUARTER

A World Bank mission visited Lao PDR during September 17-28, 2007 to initiate project preparation of the additional phase of the Poverty Reduction Fund. Participating to the mission were Jamele Rigolini, Task Team Leader; Hope C. Phillips-Volker, Senior Operations Officer; Gillian Brown, Senior Gender Specialist; Emiko Naka, HD Specialist; Natsuko Kiso, M&E Specialist; Oithip Mongkolsawat, Procurement Specialist; Donald Mphande, Senior Financial Management Specialist; Boun Oum Inthaxoum, Operations Officer; Phetdara Chantala, Operations Officer; Viengkeo Phetnavongxay, Rural Development Officer; Juliane Ineichen Maeder, Operations Officer.

The mission expresses its gratitude to *H.E. Mr. Onneua Phommachanh*, Minister to the Prime Minister Office, Vice-President and Standing member of the National Leading Board for Rural Development and Poverty Alleviation, Vice-Chair and Standing Member of PRF Administrative Board, Chair of the National Preparation Team (NPT); *Mr. Bounleua Sinxayvorlavong*, Deputy Director General, External Finance Department, Ministry of Finance, member of NPT; *Mr. Vongxay*, General Planning Department, Committee for Planning and Investment, member of NPT; *Mr. Datsadachanh Xayyaphet*, Vice Director, International Financial Institutions Division, Ministry of Foreign Affairs, member of NPT; *Mr. Kongkeo Vongpaseuth*, Director, Office of the National Leading Board for Rural Development and Poverty Alleviation, member of NPT; *Mr. Sivixay Saysanavongphet*, Executive Director, Poverty Reduction Fund, member of NPT; *Mr.*

¹⁹ Comprising Mr. Ian Porter, Country Director, and Mr. Patchamuthu Illangovan, Country Manager.

²⁰ Aide-Memoire 5/2007, p. 1.

Olivier Ducourtieux, Senior Technical Advisor at the PRF; the PRF Project Management Team, and the entire PRF staff for guidance and assistance. The mission met with many officials during this trip to whom the mission is grateful for their time and valued information²¹.

4.5.4. FOURTH QUARTER: ANNUAL SUPERVISION MISSION

Project Supervision

A World Bank team visited Lao PDR from December 4-14, 2007. The mission was comprised of Mr Jamele Rigolini (Task Team Leader); Ms. Oithip Mongkolsawat (Procurement); Ms. Natsuko Kiso (Implementation and M&E); Mr. Donald Mphande (Financial Management); Ms. Hope C. Phillips-Volker (Senior Operations Officer); Ms. Gillian Brown (Senior Gender Specialist); Juliane Ineichen Maeder (Operations Officer); and Ms Emiko Naka (Coordinator). During supervision, the team reviewed progress in meeting the development objectives; and overall implementation since the last supervision mission. For project preparation, the team reviewed advances in updating the manuals; budget and coverage; and next steps. The project preparation mission was held jointly with the *Swiss Agency for Development and Cooperation (SDC)*, represented by Mr Remy Duiven, Deputy Country Director.

The mission expresses its gratitude to H.E. Mr. Onnea Phommachanh, Minister to the Prime Minister Office, President and Standing member of the National Leading Board for Rural Development and Poverty Alleviation, Vice-Chair and Standing Member of PRF Administrative Board. The team also deeply appreciates the support and collaboration of Mr Sivixay Saysanavongphet (Executive Director), Mr. Olivier Ducourtieux (Senior Technical Advisor), the Project Management Team, and the entire PRF staff during the mission. The mission would like to offer a special thanks to the PRF Provincial and District staff in Savannakhet province for their assistance in arranging the field visits, which were organized with precise detail and care. The mission met with many officials and community members during this trip to whom the mission is grateful for their time and valued information.

Key Finding (excerpt 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. Between February 2003 and September 2007, PRF has initiated implementation of 1,760 sub-projects benefiting more than 1,100 villages, and completed 97% of them. 70% of the sub-projects were directly implemented by communities; 23% by contractors; and 7% jointly by communities and contractors. The final development objective of capacity building also 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.

In Cycle IV, 548 sub-projects had been selected in 21 districts with a total budget of 4,580,000 USD; by 09/30/07, 91% of the sub-projects were completed, and 87% of the budget had been transferred to Khet bank accounts. The project selection process for Cycle V was also started in May 2007, and covered 1268 villages. Overall, 422 sub-project have been selected with an expected budget of 3,700,000 USD. Sub-project implementation has started in September 2007, and by July 2008 implementation of most sub-projects is expected to be completed.

²¹ AIDE MEMOIRE during the World Bank Mission from 17-28 September 2007.

Recommendations

A joint SDC-World Bank field visit was conducted in Savannakhet province (Sepone and Phin districts) during December 5-8, 2007, and during which supervision of PRF sub-projects was conducted. Overall, the mission is satisfied with sub-project implementation. Beneficiaries appeared to be satisfied with sub-project implementation, and most sub-projects reflected the beneficiaries' priorities. The mission also visited the PRF Sepone district office, where losing bids for individual sub-projects were kept. Based on the findings of the field visit, the mission would also suggest some areas of improvement:

- It is recommended that PRF staff should be continuously supervised some of the VNPA's process, and randomly monitors through discussions with beneficiaries the exit and beneficiaries' satisfaction with VNPAs;
- A more comprehensive environmental assessment should have been performed, and all discussions, documents and clearances recorded. In the future, the mission recommends a more strict enforcement of environmental and resettlement safeguards;
- The mission would like to recommend a review of the performance of PRF staff in Saravane, including at the highest levels of responsibility.
- The PRF will also hire a deputy Executive Director to assist the current ED and ensure a smooth transition in case of retirement of the current Executive Director. Due to the importance of the position, the mission suggests to open the position to dispatched civil servants only.
- Some minimum standard requirements should be improved, as well as the quality of some materials used for construction. For instance, thickness of roofs should be increased to avoid leaks after only few years of construction, and wood should always be treated against termites. It has been agreed that PRF will revise, assisted by the World Bank hired architect, minimum quality standards, and the related increase in construction costs (which is expected to be limited) will have to be taken into consideration during the project design and prioritization phase;
- The unit cost database contains outdated information (the last revision was in 2004). It has therefore been agreed to revise it by means of a new unit cost survey.

Project Components

The mission finalized the revision of the project components. As detailed in the Aide Memoire of the September 17-28, 2007 mission, after the restructuring the project will put stronger emphasis on building capacity of communities in assessing their own needs, and in promoting participatory planning approaches by improving the dialogue between communities and district. To achieve these goals, the team has defined the categories for each component as defined below²²:

- A. Sub-Project Grants for Infrastructure and Training;
- B. Capacity Building and Community Empowerment;
- C. PRF Management;
 - Budget and Coverage;
 - The use of the remaining funds;
 - New procurement rules and World Bank's general conditions;
- Financial Software
- Reporting Requirements

²² detail of each components are available in the Aid Memiore from 4-14 December 2007

- Future of and Long Term Vision for the PRF
- Cooperation with the District Development Fund
- Revision of the Technical Guidelines
- Learning Exchange Program
- Monitoring and Evaluation (M&E).

5. FINANCIAL AND ADMINISTRATIVE ISSUES

5.1. STAFFING ISSUES

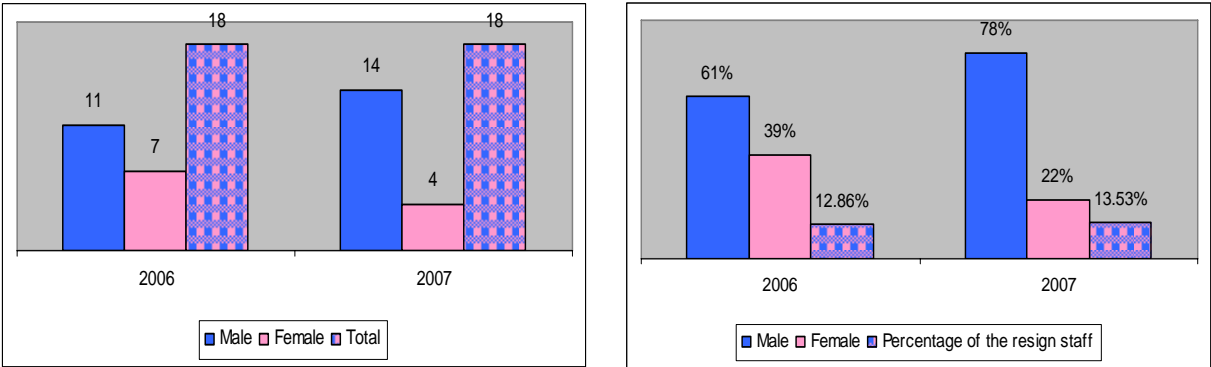
End of December 2007, the total number of PRF staff at central and provincial level amounted to 133 people including 37 women (28%). The number of male employees is nearly three times higher than the number of female employees. PRF strongly encouraged women to participate in every recruitment process and tried to achieve gender balance. The proportion of female employees is clearly higher in the community development sector.

Table 39: PRF staff at the end of 2007

Level	Total	Males	Females	% female
Central Office	24	16	8	33%
Huaphanh	36	27	9	25%
Xiengkhouang	19	15	4	22%
Savannakhet	21	15	6	29%
Saravanh	16	12	4	25%
Champassack	17	11	6	35%
Total	133	96	37	28%

Nevertheless, in 2007, PRF continued to sustain a relatively high level of staff turnover, with 13.5% of change in twelve months (0.7% higher than in 2006 when the rate was of 12.86%). The total number of staff leaving within the year 2007 was of 18 people. To ensure that this turnover does not affect PRF working performance, new staffs have been recruited to replace those leaving positioning accordance with actual needs in the concerned area. In some districts where some positions were redundant, staffs were allocated to a different district in the same province.

Figure 12: Comparison of the number and percentage of staff movement between the years 2006 and 2007



In general, the number of staff movements is similar in 2006 and 2007. is similar to the year 2007 (18 persons). However, the percentage is higher in 2007 as the total number of staff decreased between 2006 (140 persons) and 2007 (133 persons).

Amongst the 18 staff who left the organization, 10 persons did it voluntarily (8 men and 2 women) for different reasons including further studying, offer of a new position with government organizations or other employers (international organizations, NGOs). The remaining 8 persons

were laid off (6 men and 2 women) mainly because of a lack of qualification or because they were not performing well.

Figure 13: Percentage of staff movement in 2007

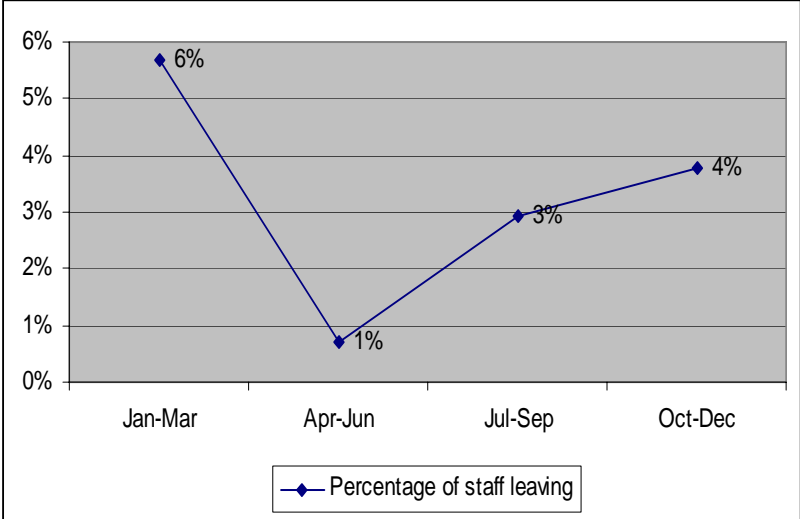


Figure 14: Percentage of staff movement by gender in 2007

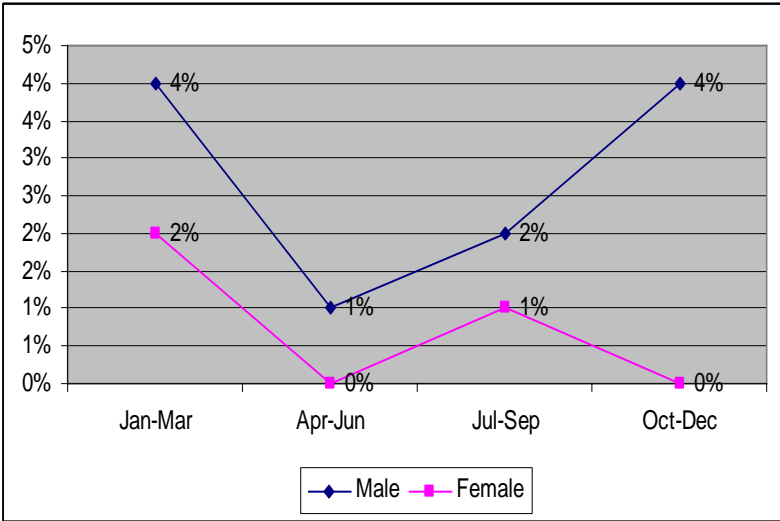
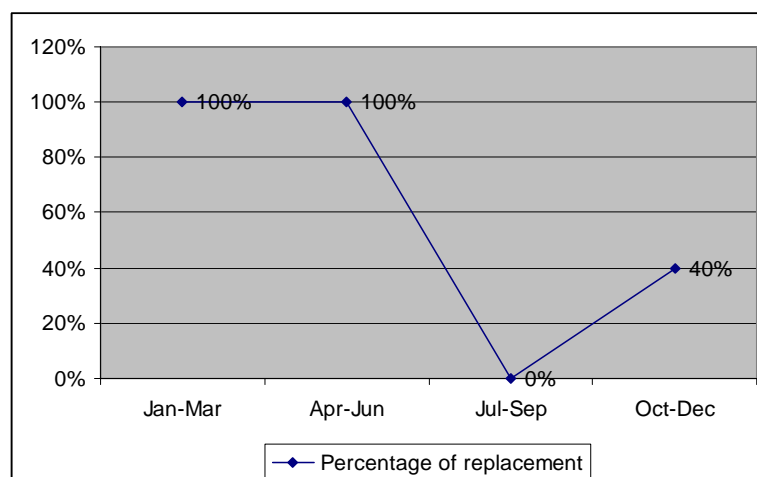


Figure 15: Percentage of staff replacement in 2007



There was no replacement during the third quarter because of the following reasons:

- It was considered that the remaining staff had gained enough experience over the years to be able to handle the current workload;
- As the project was moving toward the end of the first phase, some positions needed to be revised. As a result some recruitment was postponed until finalization of the formal restructuring of the program;
- Some staff assessments were conducted at that time and some positions were considered as non essential and thus some staff members were not replaced.

The slight increasing (by 40%) of the number of replacements during the fourth quarter (Oct-Dec 2007) is due to the insufficient number of staff in some specific districts which led to several new recruitments.

Note: In addition to the existing staff at all level, PRF implementation relies also on hundreds of village and khet volunteers. Approximately 483 "khet facilitators" (3 people per khet) facilitate activities, represent the PRF at village level and make the link between village communities and the Fund. Over 644 "khet representatives" (4 people per khet, including two women) and many other khet and village people work with and represent the communities in the PRF process. In total, more than 2,576²³ people are members of the khet teams (9 people per khet) and are the core component of the PRF.

5.2. FINANCIAL REPORT

5.2.1. ANNUAL AUDIT FOR FISCAL YEAR 2006

The third annual audit of PRF began in February 2006 and the hired company, Price Waterhouse Coopers (Lao) *Ltd* finalized its report at the beginning of April. 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 2006 (1/10/2005-30/09/2006). The audit report found PRF's financial processes

²³ the figure 2,576 are calculated from 483 (3*161)+ 644 (4*161)+ 1,499 (9*161)

to be acceptable. They saw no major accountability or internal control issues and proposed some specific and minor improvements.

5.2.2. PROJECT EXPENDITURES

1.1. IDA FUNDING AND EXPENDITURES

From the beginning of the project until the 31/12/2007, PRF received funds from IDA covering Replenishment Applications No. 0001 to 00039, for a total amount of 19,447,930.02 USD.

Table 40: IDA credit funding and expenditures

	01/10/2007 to 31/12/2007	From beginning to 31/12/2007
Credits to PRF A/C	1,255,825.56	19,447,930.02
Expenditure	1,586,902.24	18,430,151.81
Advance	-	7,181.92

1.2. PRF BUDGET MONITORING

The transfer payment shows in table 41 was disbursed according to the district allocation for cycle I-IV and the first payment for subproject of cycle V.

Since the beginning of the project up to the end of the year 2007, the PRF office has disbursed subproject cost according to the contract signed between PRF and Community to Khets'bank account with the total of almost \$14 million.

Table 41: Budget transferred for sub-project implementation

	<i>USD</i>	From beginning to 31/12/2007
1	Savannakhet	3,413,473.02
2	Huaphanh	6,025,596.14
3	Champassack	1,693,275.81
4	Xiengkhouang	1,885,844.43
5	Saravanh	911,348.63
Total		13,929,538.03

Table 42: expenditures by categories (IDA budget)

	Category (USD)	01/01/2007 to 31/12/2007	From beginning to 31/12/2007
1	Sub-grant	5,587,632.33	13,929,538.03
2	<i>Consultant's Service</i>	635,941.65	2,574,911.48
3	<i>Goods</i>	10,632.77	423,280.15
4	<i>Work</i>	36.92	59,792.80
5	<i>Incremental Operation Costs</i>	239,114.47	1,213,211.60
7	<i>Training</i>	45,952.84	229,417.75
	Total Operating Costs	931,678.65	4,500,613.78
	Total	6,519,310.98	18,430,151.81

Table 43: expenditures by categories (IDA+GoL budget)

	Category (USD)	01/01/2007 to 31/12/2007	From beginning to 31/12/2007
1	Sub-grant	5,605,256.28	13,947,161.98
2	Consultant's Service	635,941.65	2,704,633.71
3	Goods	10,632.77	426,411.34
4	Work	36.92	66,354.77
5	Incremental Operation Costs	239,114.47	1,241,303.35
6	Training	45,952.84	232,317.75
7	Total Operating Costs	931,678.65	4,671,020.92
	Total	6,536,934.93	18,618,182.90

End of December 2007, the PRF expended approximately 18.62 million USD, including almost 13.95 million (75%) for sub-grants and 4.67 million (25%) for operating costs²⁴.

1.3. BUDGET PROSPECTS

For the up coming cycle (cycle V), PRF plans to work in 1,268 villages, covering more than 400,000 people in 21 existing district as in cycle III, in 5 provinces, using the total budget of 3,700,000 million kip.

Table 44: District Allocation for Cycle V (2007-2008)

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) $B \times C \times D \times E \times F \times G$	District Allocation (USD, proportionally adjusted to available budget) budget 3.7 millions USD	District Allocation (Cycle V / Cycle IV) %
	Population	Villages	Basic Allocation									
Savannakhet	99,505	354	417,814	1.4						734,945	824,000	90%
Nong	17,486	70	84,529	1.4	1.2	1.10	0.91	1.17	0.90	149,684	188,000	93%
Sepone	18,683	91	107,394	1.4	1.2	1.10	0.88	1.16	0.95	192,463	216,000	73%
Vilabouly	24,266	91	103,301	1.4	1.2	1.10	0.91	1.17	0.95	193,089	216,000	119%
Phin	39,070	102	122,590	1.4	1.2	1.00	0.91	1.18	0.90	199,710	224,000	86%
Champassack	65,109	121	149,891	1.0						190,116	213,000	54%
Khong	20,361	38	52,945	1.0	1.0	1.10	0.84	1.14	0.90	50,193	57,000	76%
Mounlapamok	11,443	22	37,933	1.0	1.1	1.20	0.96	1.19	1.00	57,202	64,000	43%
Phathoumphone	16,264	33	25,124	1.0	1.1	1.20	0.86	1.16	0.95	31,430	35,000	51%
Sukuma	17,041	28	33,889	1.0	1.2	1.10	0.98	1.17	1.00	51,291	57,000	56%
Huaphanh	153,231	479	738,215	1.4						1,274,613	1,427,000	76%
Add	11,185	37	47,938	1.4	1.1	1.10	0.97	1.06	0.95	79,321	89,000	45%
Siengkho	17,021	43	64,019	1.4	1.2	1.20	0.93	1.10	0.90	116,827	133,000	66%
Sobbao	9,650	29	41,538	1.4	1.1	1.20	0.91	1.11	1.05	81,414	91,000	42%
Xamtay	54,213	170	281,404	1.4	1.2	1.10	0.90	1.08	0.90	454,925	510,000	95%
Viengxay	19,606	68	65,744	1.4	1.2	1.20	0.92	1.01	0.95	116,419	130,000	52%
Huameuang	19,239	67	105,170	1.4	1.2	1.20	0.91	0.98	1.05	198,536	222,000	87%
Viengthong	22,317	65	132,404	1.4	1.2	1.20	0.91	1.03	0.90	225,170	252,000	116%
Xiengkouang	69,544	183	289,585	1.4						570,311	639,000	75%
Kham	33,116	63	70,348	1.4	1.1	1.00	0.97	1.17	1.05	129,097	145,000	67%
Khoun	16,251	53	98,308	1.4	1.2	1.10	0.98	1.15	1.05	214,982	241,000	76%
Nonghaed	20,177	67	120,930	1.4	1.2	1.10	0.96	1.11	0.95	226,232	253,000	79%
Saravanh	56,086	131	319,667	1.4						532,960	597,000	110%
Taoy	22,520	56	135,167	1.4	1.1	1.10	0.87	1.08	0.90	193,628	217,000	93%
Toumlan	21,785	32	118,984	1.4	1.1	1.20	0.85	1.10	0.95	195,311	219,000	108%
Samoy	11,781	43	65,517	1.4	1.2	1.20	0.94	1.16	1.00	144,021	161,000	152%
TOTAL	443,475	1,268	1,915,172							3,302,946	3,700,000	81%

²⁴ Including feasibility study (PPF), monitoring, evaluation, and community capacity building.

6. PRF ADDITIONAL PHASE PREPARATION PROCESS

PRF is now moving towards the end of the current funding. There are still a lot to be done to reach the GOL objectives in terms of poverty alleviation and to leave the group of the least developed countries by 2020. In view of the outstanding achievements of PRF during the first phase of its implementation, which are in line with NGPES policy, the GOL acknowledged the importance of PRF as key to address poverty. As a result, the GOL has expressed its intention to support the continuation of PRF through the launch of an additional phase which will focus on the improvement of the livelihood of the poorest communities located in the most remote areas. In order to ensure a smooth transition between the two phases, the preparation process was initiated early. According to the agreement made during the 10th Administrative Board held the 10 October 2007 in Xiengkhuang province, a budget of \$100,000 taken out of the additional envelop resulting from exchange rate variation, was allocated to support the development of the manuals and to hire two additional consultants to assist with the preparation process.

6.1. ESTABLISHMENT OF A NATIONAL PREPARATION TEAM

In order to prepare the additional phase of PRF, a national preparation team was established in accordance with the Agreement No. 84/pm issued by the Prime Minister, dated August 02, 2007. The National Preparation Team includes:

1. H.E. Mr. Onneua Phommachanh, Minister to the Prime Minister Office, Vice-President and Standing member of the National Leading Board for Rural Development and Poverty Alleviation, ***Chair of the Preparation team;***
2. Mrs. Viengthong Siphandone, Deputy Minister, Ministry of Finance, ***Deputy Chair of the team;***
3. Mr. Bounleua Sinxayvorlavong, Deputy Director General, External Finance Department, Ministry of Finance ***as member;***
4. Ms. Phonevanh Oudavong, Deputy Director General, General Planning Department, Committee for Planning and Investment ***as member;***
5. Mr. Datsadachanh Xayyaphet, Vice Director, International Financial Institution Division, Ministry of Foreign Affairs ***as a member;***
6. Mr. Kongkeo Vongpaseuth, Director, Office of the National for Rural Development and Poverty Alleviation ***as member;***
7. Mr. Sivixay Saysanavongphet, PRF Executive Director, ***as member.***

The main roles of the preparation team were to facilitate the preparation process of the additional phase of PRF, to ensure the respect of the diplomatic procedures, to negotiate with the World Bank and other donors the funding of the additional phase, to exchange on lessons learnt, to reach agreements with the donor agencies regarding the principles and the consistence with the National Policy for Rural Development and Poverty Alleviation of the government and to stimulate the interest and the involvement of the concerned sector of the GoL in the preparation work.

Annex 1
Completion and disbursement for Cycle IV

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
HUAPHANH									
<u>Sobbao: 68 villages</u>				Sobbao				Sobbao	
Suspension bridge construction	1	70%	0	2,145,471,318	2,145,471,318	2,090,318,717	97%	2,090,318,717	97%
Continuing rural road upgrade	2	2 100 %	2						
Primary school construction	6	6 sub100%	6						
Learning material-teaching material	1	100%	1						
Natural resource and environment protection	1	100%	1						
Village saving group	1	70%	0						
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Mushroom planting training	1	100%	1						
Frog raising training	1	100%	1						
Spring gravity fed system	1	100%	1						
Total:	18		16						
<u>Add: 78 villages</u>				Add				Add	
Irrigation system construction	1	100%	1	1,957,080,496	1,956,480,496	1,924,016,184	98%	1,924,016,184	98%
Weir	5	5sub100%	5						
Weir renovation	1	100%	1						
Continuing irrigation channel renovation	6	6 sub 100%	6						
Irrigation pipe	1	100%	1						
Suspension bridge construction	1	100%	1						
Rural road upgrade	1	100%	1						
Continuing rural road upgrade	2	2 sub 100%	2						

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Main electrical line access	1	100%	1						
Primary school construction	1	100%	1						
Lower secondary school construction	1	100%	1						
Natural resources environment protection	1	100%	1						
Village saving group	1	100%	1						
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Mushroom planting training	1	100%	1						
Watermelon planting method training	1	100%	1						
Pig raising training	1	100%	1						
Handing craft training	1	100%	1						
Natural drying training	1	100%	1						
Latrine	1	100%	1						
Hand dug well	1	100%	1						
Spring gravity fed system	2	2sub 100%	2						
Total:	35		35	1,957,080,496	1,956,480,496	1,924,016,184		1,924,016,184	
<u>Xiengkhor: 59 villages</u>				Xiengkhor				Xiengkhor	
Continuing irrigation channel renovation	3	100%	3	1,978,819,506	1,978,819,506	1,897,459,002	96%	1,897,459,002	96%
Rural road upgrade	3	100%	3						
Continuing rural road upgrade	1	100%	1						
Main electrical line access	1	100%	1						
Primary school construction	1	100%	1						
Lower secondary school construction	1	100%	1						
Leaning material-teaching material	2	100%	2						
Dispensary construction	1	100%	1						
Nurse upgrading	1	100%	1						
Natural resources environment protection	1	100%	1						

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Village saving group	1	70%							
Capacity enhancement for local authority	1	100%	1						
Weaving training	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Mushroom planting training	1	100%	1						
Cucumber planting method training	1	100%	1						
Pig raising training	1	100%	1						
Handing craft training	1	100%	1						
Frog raising training	1	100%	1						
Clean water system upgrade	1	100%	1						
Latrine	1	100%	1						
Spring gravity fed system	4	100%	4						
Total:	31		30	1,978,819,506	1,978,819,506	1,897,459,002		1,897,459,002	
<u>Viengxay: 116 villages</u>				Viengxay				Viengxay	
Dam	1	100%	1	2,430,395,572	2,430,195,572	2,246,697,724	92%	2,246,697,724	92%
Weir	1	100%	1						
Weir renovation	1	100%	1						
Irrigation system construction	1	100%	1						
Veterinary	1	100%	1						
Rural road upgrade	4	100%	4						
Continuing rural road upgrade	3	3 sub 100%	3						
Primary school construction	1	100%	1						
Upper secondary school construction	1	100%	1						
Leaning material-teaching material	3	3 sub 100%	3						
Natural resources environment protection	1	100%	1						
Village saving group	1	100%	1						
Capacity enhancement for local authority	1	100%	1						

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Mushroom planting training	1	100%	1						
Long bean planting method training	1	100%	1						
Cucumber planting method training	1	100%	1						
Pig raising training	1	100%	1						
Production upgrading training	1	100%	1						
Natural drying Training	1	100%	1						
Clean water system upgrade	2	100%	2						
Latrine	2	100%	2						
Spring gravity fed system	8	8sub 100%	8						
Total:	40		40	2,430,395,572	2,430,195,572	2,246,697,724		2,246,697,724	
Huameaung: 78 villages				Huameaung				Huameaung	
Rural road upgrade	6	6 sub 100%	6	2,498,199,297	2,498,199,297	2,411,003,462	97%	2,411,003,462	97%
Continuing rural road upgrade	1	100%	1						
Submerged bridge construction	1	100%	1						
Primary school construction	3	3 sub 100%	3						
Teacher stipend	2	100%	2						
Kindergarten construction	1	100%	1						
Leaning material-teaching material	1	100%	1						
Teacher upgrading	1	100%	1						
Natural resources environment protection	1	70%							
Village saving group	1	70%							
Capacity enhancement for local authority	1	100%	1						
Agriculture and handicraft market	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Mushroom planting training	1	100%	1						

Type (and target numbers) of sub- Projects / activities	No. of sub- projects	% of work progress as of Dec 2007	No. Sub- projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred todate from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Handing craft training	1	100%	1						
Clean water system upgrade	1	100%	1						
Spring gravity fed system	5	100%	5						
Total:	30		28	2,498,199,297	2,498,199,297	2,411,003,462		2,411,003,462	
<u>Xamtay: 168 villages</u>				Xamtay				Xamtay	
Continuing irrigation system maintenance	1	100%	1	5,252,092,004	5,252,092,004	4,859,467,219	93%	4,859,467,219	93%
Continuing irrigation channel construction	1	100%	1						
Veterinary training	1	100%	1						
Rural road upgrade	13	13 sub 100%	13						
Continuing rural road upgrade	5	5 sub 100%	5						
Primary school construction	2	2 sub 100%	2						
Upper secondary school construction	1	100%	1						
Leaning material-teaching material	1	100%	1						
Natural resources environment protection	1	70%							
Village saving group	1	70%							
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Mushroom planting training	1	100%	1						
Pig raising training	1	100%	1						
Fertilizer produce usage training	1	50%							
Fruit tree growing training	1	100%	1						
Clean water system upgrade	2	100%	2						
Spring gravity fed system	13	13 sub 100%	13						
Total:	49		46	5,252,092,004	5,252,092,004	4,859,467,219		4,859,467,219	

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Viengthong71 Villages:				Viengthong				Viengthong	
Weir renovation	1	100%	1	2,135,998,937	2,135,998,937	2,101,361,876	98%	2,101,361,876	98%
Irrigation channel construction	1	100%	1						
Veterinary training	1	100%	1						
Rural road upgrade	4	4 sub 100%	4						
Primary school renovation	1	100%	1						
Natural resources environment protection	1	100%	1						
Capacity enhancement for local authority	1	75%							
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Mushroom planting training	1	100%	1						
Natural drying training	1	100%	1						
Spring gravity fed system	13	100%	13						
Total:	27		26	2,135,998,937	2,135,998,937	2,101,361,876		2,101,361,876	
Total HUAPHANH:	230		221	18,398,057,130	18,397,257,130	17,530,324,184	95%	17,530,324,184	95%

XIENGGKHOUANG									
Nonghet: 109 villages				Nonghet				Nonghet	
Irrigation channel construction	1	100%	1	3,134,290,286	3,134,290,286	2,974,532,464	95%	2,974,532,464	95%
Rural road upgrade	3	3 sub100%	3						
Continuing rural road upgrade	7	7 sub100%,	7						
Primary school construction	1	100%	1						
Teacher stipend	1	100%	1						
Teacher upgrading	1	100%	1						
Medical equipment	1	100%	1						
Natural resources environment protection	1	100%	1						
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Community capacity building	1	100%	1						
Grass planting method for animal raising training	1	100%	1						
Peach expanding method training	1	100%	1						
Production upgrading training	1	100%	1						
Spring gravity fed system	5	5 sub 100%	5						
Total:	27		27	3,134,290,286	3,134,290,286	2,974,532,464		2,974,532,464	
<u>Khoun: 89 villages</u>				Khoun				Khoun	
Suspension bridge construction	1	100%	1	3,106,976,328	3,106,976,328	2,704,348,978	87%	2,704,348,978	87%
Rural road upgrade	5	100%	5						
Continuing rural road upgrade	1	100%	1						
Submerged bridge construction	1	100%	1						
Primary school construction	2	2sub 100%	2						
Natural resources environment protection	1	100%	1						
Capacity enhancement for local authority	1	100%	1						
Agriculture and handicraft market	2	2 sub 100%	2						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Corn Planting cultivation method training	1	100%	1						
Fish raising training	1	100%	1						
Cattle raising method training	1	100%	1						
Poultry raising training	1	100%	1						
Carving method training	1	55%							
Spring gravity fed system	8	8 sub 100%	8						
Total:	29		28	3,106,976,328	3,106,976,328	2,704,348,978		2,704,348,978	
<u>Kham: 118villages</u>				Kham				Kham	
Rural road upgrade	6	100%	6	2,106,946,050	2,106,946,050	2,040,126,780	97%	2,040,126,780	97%
Continuing rural road upgrade	1	100%	1						

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Leaning material-teaching material	2	100%	2						
Natural resources environment protection	1	100%	1						
Capacity enhancement for local authority	1	100%	1						
Agriculture and handicraft market	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Garlic planting method trading	1	100%	1						
Corn planting cultivation method training	1	100%	1						
Latrine	2	100%	2						
Spring gravity fed system	5	5 sub 100%	5						
Total:	23		23	2,106,946,050	2,106,946,050	2,040,126,780		2,040,126,780	
Total Xiengkhouang	79		78	8,348,212,664	8,348,212,664	7,719,008,222	92%	7,719,008,222	92%

SAVANNAKHET									
Sepone: 110 villages				Sepone		Sepone		Sepone	
Main electrical line access	4	4 sub 100%	4	2,881,200,000	2,881,200,000	2,691,301,298	93%	2,690,524,958	93%
Primary school construction	8	100%	8						
Primary school renovation	1	100%	1						
Lower secondary school construction	2	100%	2						
Teacher stipend	3	3 sub 50%							
Leaning material-teaching material	1	100%	1						
Dormitory for patients construction	1	100%	1						
Natural resources environment protection	1	100%	1						
Village saving group	1	50%							
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Fish raising training	1	100%	1						
Pig raising training	3	3 sub 100%	3						
Booth construction	1	100%	1						
Banana cultivation training	1	100%	1						
Spring gravity fed system	3	2 sub 100%, 1 sub 0%	2						
Total:	34		29	2,881,200,000	2,881,200,000	2,691,301,298		2,690,524,958	
<u>Nong: 79 villages</u>				Nong				Nong	
Weir	1	100%	1	1,773,800,000	1,773,800,000	1,536,011,120	87%	1,536,014,355	87%
Rural road upgrade	1	100%	1						
Culvert	1	100%	1						
Primary school construction	5	5 sub 100%	5						
Natural resources environment protection	1	100%	1						
Village saving group	1	50%							
Capacity enhancement for local authority	1	50%							
Capacity enhancement for Khet Team	1	100%	1						
Community capacity building	1	100%	1						
Goat raising training	1	100%	1						
Spring gravity fed system	1	100%	1						
Total:	15		13	1,773,800,000	1,773,800,000	1,536,011,120		1,536,014,355	
<u>Vilabury: 89 villages</u>				Vilabury				Vilabury	
Suspension bridge construction	1	100%	1	1,773,800,000	1,773,800,000	1,620,657,287	91%	1,619,689,221	91%
Rural road upgrade	1	100%	1						
Bridge maintenance	1	100%	1						
Primary school construction	11	11 sub 100%	11						
Medical equipment	1	100%	1						
Village saving group	1	80%							
Capacity enhancement for local authority	1	90%							

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %					
Capacity enhancement for Khet Team	1	100%	1											
Community capacity building	1	100%	1											
Corn planting cultivation method training	1	100%	1											
Chili cultivation training	1	100%	1											
Total:	21		19	1,773,800,000	1,773,800,000	1,620,657,287		1,619,689,221						
Phin: 115 villages				Phin				Phin						
Rural road upgrade	3	3 sub 100%	3	2,538,200,000	2,538,200,000	2,431,784,992	96%	2,431,488,978	96%					
Primary school construction	11	11 sub 100%	11											
Natural resources environment protection	1	100%	1											
Village saving group	1	9%												
Capacity enhancement for local authority	1	50%												
Agriculture and handicraft market	1	100%	1											
Capacity enhancement for Khet Team	1	100%	1											
Community capacity building	1	100%	1											
Grass planting method for animals training	1	100%	1											
Rice cultivation training	1	100%	1											
Cattle raising method training	1	100%	1											
Total:	23		21	2,538,200,000						2,538,200,000	2,431,784,992		2,431,488,978	
Total SAVANNAKHET:	93		82	8,966,999,999						8,966,999,999	8,279,754,697	92%	8,277,717,512	92%

SARAVAN									
Samoi: 57 villages			Samoi				Samoi		
Rural road upgrade	2	1 sub 100%, 1 sub 40%	1	1,841,166,199	1,840,431,596	1,354,974,162	74%	1,354,995,912	74%
Primary school construction	1	100%	1						
Hospital renovation	1	100%	1						
Natural resources environment protection	1	100%	1						

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Rice cultivation improve training	1	100%	1						
Clean water system upgrade	1	100%	1						
Spring gravity fed system	4	100%	4						
Total:	14		13	1,841,166,199	1,840,431,596	1,354,974,162		1,354,995,912	
<u>Toumlan: 66 villages</u>				Toumlan:					
Concrete steel wood bridge construction	1	0%		1,741,517,240	1,741,517,240	1,040,927,496	60%	1,041,460,424	60%
Rural road upgrade	4	4 sub 100%	4						
Main electrical line access	1	100%	1						
Primary school construction	1	100%	1						
Continuing lower secondary school construction	1	100%	1						
Leaning material-teaching material	1	100%	1						
Natural resources environment protection	1	100%	1						
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Fish raising training	1	100%	1						
Latrine	3	3 sub 100%	3						
Total:	17		16	1,741,517,240	1,741,517,240	1,040,927,496		1,041,460,424	
<u>Ta oey: 56 villages</u>				Ta oey:					
Rural road upgrade	1	100%	1	1,722,520,266	1,722,520,266	1,441,264,104	84%	1,441,646,728	84%
Bridge maintenance	1	100%	1						
Primary school construction	6	6 sub 100%	6						
Leaning material-teaching material	6	6 sub 100%	6						
Natural resources environment protection	1	100%	1						

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Fish raising training	1	100%	1						
Poultry raising training	1	100%	1						
Spring gravity fed system	1	100%	1						
Total:	21		21	1,722,520,266	1,722,520,266	1,441,264,104		1,441,646,728	
Total Saravan:	52		50	5,305,203,705	5,304,469,102	3,837,165,762	72%	3,838,103,064	72%

CHAMPASACK									
<u>Mounlapamok: 67 villages</u>				Mounlapamok				Mounlapamok	
Wier	1	100%	1	1,450,400,000	1,450,400,000	1,377,407,330	95%	1,377,407,330	95%
Fish pond	1	100%	1						
Concrete steel wood bridge construction	1	100%	1						
Primary school construction	6	6 sub 100%	6						
Lower secondary school constuction	1	100%	1						
Uper secondary school constuction	1	100%	1						
Dispensary construction	1	100%	1						
Natural resources enviroment protection	1	100%	1						
Village saving group	1	100%	1						
Compacity enhancement for local authority	1	100%	1						
Weaving training	1	100%	1						
Compacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Cattler raising method traning	1	100%	1						
Poultly rasing training	1	100%	1						
Handing craft training	1	100%	1						

Type (and target numbers) of sub- Projects / activities	No. of sub- projects	% of work progress as of Dec 2007	No. Sub- projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred todate from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Mat planting method training	1	100%	1						
Noodle training method	1	100%	1						
Carving method training	1	100%	1						
Drilled well	1	0%							
Total:	25		24	1,450,400,000	1,450,400,000	1,377,407,330		1,377,407,330	
<u>Khong: 133 villages</u>				Khong				Khong	
Concrete steel wood bridge construction	1	95%		735,000,000	735,000,000	684,093,760	93%	684,093,760	93%
Primary school construction	2	2 sub 100%	2						
Primary school renovation	1	100%	1						
Lower secondary school construction	1	100%	1						
Continuing primary school construction	4	4 sub 100%	4						
Leaning materials-teaching materials	2	100%	2						
Dispensary construction	1	100%	1						
Natural resources environment protection	1	100%	1						
Village saving group	1	100%	1						
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Cattle raising method training	1	100%	1						
Poultry raising training	1	100%	1						
Pig raising training	1	100%	1						
Latrine	1	100%	1						
Total:	21		20	735,000,000	735,000,000	684,093,760		684,093,760	
<u>Sukuma: 61 villages</u>				Sukuma				Sukuma	
Dam	1	100%	1	989,799,999	989,800,000	954,761,929	96%	954,761,929	96%
Weir	2	100%	2						
Primary school construction	2	100%	2						
Lower secondary school construction	3	3 sub 100%	3						

Type (and target numbers) of sub-Projects / activities	No. of sub-projects	% of work progress as of Dec 2007	No. Sub-projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred to date from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Upper secondary school construction	1	100%	1						
Continuing primary school construction	6	100%	6						
Leaning material-teaching materials	1	100%	1						
Dispensary construction	1	100%	1						
Natural resources environment protection	1	100%	1						
Village saving group	1	100%	1						
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						
Community capacity building	1	100%	1						
Mushroom planting training	1	100%	1						
Peanut planting training	1	100%	1						
Fish raising training	3	3 sub 100%	3						
Cattle raising method training	1	100%	1						
Poultry raising training	1	100%	1						
Pig raising training	1	100%	1						
Goat raising training	1	100%	1						
Handing craft training	1	100%	1						
Total:	32		32	989,799,999	989,800,000	954,761,929		954,761,929	
<u>Pathoumphone: 93 villages</u>				Pathoumphone				Pathoumphone	
Primary school construction	2	100%	2	666,400,000	666,400,000	580,926,952	87%	580,926,952	87%
Primary school Renovation	3	100%	3						
Lower secondary school construction	1	95%							
Upper secondary school construction	1	95%							
Dispensary construction	1	90%							
Natural resources environment protection	1	100%	1						
Village saving group	1	100%	1						
Capacity enhancement for local authority	1	100%	1						
Capacity enhancement for khet team	1	100%	1						

Type (and target numbers) of sub- Projects / activities	No. of sub- projects	% of work progress as of Dec 2007	No. Sub- projects completed	PRF Total planned expenditure (KIP)	PRF Expenditure Changed (KIP)	PRF Fund transferred todate from VTE-Prov.	as %	PRF Fund transferred to date from Prov.-Khet	as %
Community capacity building	1	100%	1						
Mushroom planting training	1	100%	1						
Fruit tree growing Training	1	100%	1						
Pig Raising Training	1	100%	1						
Total:	16		13	666,400,000	666,400,000	580,926,952		580,926,952	
Total CHAMPASACK:	94		89	3,841,599,999	3,841,600,000	3,597,189,971	94%	3,597,189,971	94%
Grand Total	548	0%	520	44,860,073,498	44,858,538,896	40,963,442,836	91%	40,962,342,953	91%

Total sub-projects competed:	520	95%
Total sub-projects > 50%	23	4%
Total sub-projects < 50%	5	1%
Grand Total:	548	100%

Annex 2: Sub-Project Progress by Sector for Cycle IV

Sectors	Progress	Huaphan	Xiengkhuang	Savannakhet	Saravanh	Champasack	Total Sub-pr	Percentage by sector
Education	0	0	0	0	0	0	0	0%
	<50	0	0	0	0	0	0	0%
	>=50	0	0	3	0	2	5	4%
	100	31	7	39	16	36	129	96%
		31	7	42	16	38	134	100%
Access and Energy	0	0	0	0	1	0	1	1%
	<50	0	0	0	1	0	1	1%
	>=50	1	0	0	0	1	2	2%
	100	49	25	12	8	1	95	96%
		50	25	12	10	2	99	100%
Heath	0	0	0	1	0	1	2	2%
	<50	0	0	0	0	0	0	0%
	>=50	0	0	0	0	1	1	1%
	100	59	21	5	10	4	99	97%
		59	21	6	10	6	102	100%
Agricultural Infrastructure	0	0	0	0	0	0	0	0%
	<50	0	0	0	0	0	0	0%
	>=50	0	0	0	0	0	0	0%
	100	27	1	1	0	5	34	100%
		27	1	1	0	5	34	100%
ITE	0	0	0	0	0	0	0	0%
	<50	0	0	1	0	0	1	1%
	>=50	8	1	6	0	0	15	8%
	100	55	24	25	16	43	163	91%
		63	25	32	16	43	179	100%
Total:		230	79	93	52	94	548	

