

LAO LAO PEOPLE'S DEMOCRATIC REPUBLIC  
PEACE INDEPENDENCE DEMOCRATIC UNITY PROSPERITY



GOVERNMENT'S OFFICE  
NATIONAL COMMITTEE FOR RURAL DEVELOPMENT  
AND POVERTY ERADICATION

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Poverty Reduction Fund

# Annual Progress Report

October 2013 – September 2014

(CYCLE XI)

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## Abbreviations

ADB	Asian Development Bank
DFAT	Australian Department of Foreign Affairs and Trade
CDD	Community Driven Development
Deepen CDD	Deepen Community Driven Development
DRM	Disaster Risks Management
FB	Feed Back
FA	Finance and Administration
FM	Financial Management
FRM	Feedback and Resolution Mechanism
GOB	Government Budgetary Development Planning Approach
GOL	Government of Laos
GIS	Geography information system
HHs	Households
HR	Human Resource
IEC	Information, Education, Communication
JSDF	Japan Social Development Fund
KBF	Kum ban Facilitator
LAK	Lao Kip (Lao Currency)
LDC	Least Developed Country
LONG	Livelihood Opportunity and Nutrition Gain
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MDTF	Multi-Donor Trust Fund
MET	Monitoring and Evaluation Team
MIS	Management information system
MOF	Ministry of Finance
MOH	Ministry of Health
MPI	Ministry of Planning and Investment
NGPES	National Growth and Poverty Eradication Strategy
NLBRDPA	National Leading Board for Rural Development and Poverty Alleviation
NGOs	None Governmental Organizations
PRF I	Poverty Reduction Fund Project (2003-2011)
PRF II	Poverty Reduction Fund Project (2011-2016)
PM	Prime Minister
PMT	Project Management Team
QMS	Quality management Team
SDC	Swiss Agency for Development and Cooperation
#SP	Number of sub-projects
VFRC	Village Feedback and Resolution Committee
UNDP	United Nations Development Program

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## **PRF at a glance**

The Poverty Reduction Fund (PRF) is an autonomous organization within the umbrella of the National Committee for Rural Development and Poverty Eradication (NCRDPE) that has continuously supported the remotest and poorest villages for more than 12 years.

## **Our history**

The Poverty Reduction Fund (PRF) was established by a Prime Ministerial Decree 073/PM in 2002, as an autonomous organization attached to the Government's Office. PRF program is the Government of Lao PDR's (GOL's) key initiative to reduce poverty and eradicate mass poverty by 2015. The Program/PRF was designed to be consistent with the National Growth and Poverty Eradication Strategy (NGPES) and compatible with GOL policies and plans, such as, the National Socio-economic Development Plan and the Rural Development and Poverty Eradication Plan. In September 2006, the Program was formally transferred to the Government's Office (Decree 222/PM) and overseen by the National Leading Board for Rural Development and Poverty Alleviation (NLBRDPA), now renamed the National Committee for Rural Development and Poverty Eradication (NCRDPE).

Prime Ministerial decree of January 10, 2012 (10/PM) clarified PRF's organization, and it is now overseen by a wider Administrative Board comprised of the ministers, vice ministers or representatives from the Ministries of Finance, Planning and Investment, Agriculture and Forestry, Education and Sport, Public Health, Labor and Social Welfare, Industry and Commerce, and Energy and Mining, the Bank of Lao, the Lao Front for National Construction, the Women's Union, and the Lao Youth Union plus, members from civil society. An Executive Director appointed by the Administrative Board for a 3 year term, is responsible for the PRF's management and is accountable to the Board.

## **Our role**

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

## ***Our Goal***

**To improve poor communities' access to key public services, by building critical social and economic infrastructure at the village level within the country's poorest Kum bans.** The PRF is based on a model of participatory community development that had proven successful in other South East Asian contexts.

## ***Our Objective:***

**The Project Development Objective is to improve the access to and the utilization of basic infrastructure and services for the project’s targeted poor communities in a sustainable manner through inclusive community and local development processes.<sup>1</sup>**

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

## **Our staff**

As of September 2014, we employed 249 staff (30% are women). Our head office is in Vientiane capital, and we are covering 42 districts in 10 provinces throughout the country. As part of our work, we are also working very closely with 624 Kum ban facilitators (39% are women), who are village volunteers elected by their own communities.

## **Our budget**

The PRF has a total envelope of US\$65,700,000 over 5 years, including 72% for direct investments (Table1).

**Table 1: Source of fund by category**

<b>No.</b>	<b>Categories</b>	<b>Allocation (US\$)</b>
1.1	Sub-project Grants IDA	14,638,422
1.2	Sub-project Grants SDC	10,979,358
1.3	Sub-project Grants MDTF	8,597,168
1.4	Sub-project Grants GoL	10,000,000
1.5	Kumban Planning	2,927,684
	<i>Total for Component 1:</i>	<u>47,142,632</u>
2	Consultant Services	10,002,189
3	Goods & Vehicles	376,484

<sup>1</sup>For the purposes of the PRF II, sustainability will be assessed across the following dimensions: (i) developing a viable and replicable model for the government of community planning and financing; (ii) increasing the role of local governments in coordinating and supporting the program; (iii) enhancing the capacity of communities and local governments to plan and undertake local development activities; and (iv) improving the overall design quality and operations and maintenance of sub-project infrastructure, including incorporating disaster-risk reduction designs into relevant sub-projects.

4	Civil Works	201,711
5	Incremental Operating Cost	3,408,233
7	Training, IEC, Socialization	3,992,435
	Contingency	576,316
Total:		<u>65,700,000.00</u>

*Source: Financial and Administration Division, PRF*

## **The way we work**

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

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

### *The ten rules of community development*

- 1) Unity
- 2) Simplicity
- 3) Sustained participation
- 4) Transparency
- 5) Accountability
- 6) Siding with the poorest
- 7) Inclusion
- 8) Gender equality
- 9) Wise investment
- 10) Consensus

## **Our Project components**

1). Component one (US\$ 45,984,726) provides community development grants, whereby targeted communities utilize block grants for their village socio-economic investment activities.

2). Component two (US\$ 6,900,021) is focusing on local development capacity-building support, whereby communities and local government officials increase their capacity to carry out local level planning and development.

3). Component three (US\$ 12,571,113) is focusing on project management activities.

## **Part I. Executive summary**

This annual progress report, covers the fiscal year 2013-2014, and provides a summary of the implementation of PRF key activities. It covers Cycle XI sub-projects implementation, preparation of the Cycle XII but also previous Cycle IX and Cycle X sub-projects progress. Achievements against the indicators and targets defined in the PRF phase II Results Framework are also discussed in this report, as well as key issues faced and action taken to solve them.

Up to date, the PRF has supported the implementation of 988 sub-projects and around 850 villages (44% of the total number of villages covered by the project) have benefited from PRF II interventions in the form of small scale infrastructure support. Furthermore, another 279 villages (in 92 Kum bans) have also received assistance from GOL and other development partners to implement identified priorities through the Village and Kum ban Development Plans they have developed with PRF support.

At the end of September 2014, 90% of the total number of sub-projects has been completed (889 out of 988 sub-projects). Completion rate for the cycle XI reaches 72% (241 out of 333 sub-projects). Water related sub-projects and Education sub-projects remain the key sectors prioritized by the communities (2/3 of the total number of sub-projects in average), followed by the Public Work and Transport sector. But for the first time this fiscal year (Cycle XI), request for Education sub-projects are higher than Water related sub-projects (36% and 27% respectively). Community contributions have remains stable this year, and represents around 10% of the total sub-project costs. Contribution is mainly in the form of voluntary labor and local materials.

The poor communities target remains high with nearly 90% of the sub-projects located in the “poorest” and “poor” villages, while a little bit more than 10% are located in the “moderately poor” villages. Since the PRF II started operating, half of the total number of potential villages has already received PRF support through improvement of basic services access. Only 16% of the sub-projects are located in the poorest villages, where PRF facilitation activities is facing with the difficulties of access and transportation to reach them.

During the cycle XI (2013-2014), the PRF team has worked with 1,951 villages, 278 Kum bans, and 42 poor districts in 10 provinces. 333 sub-projects has been approved and supported by the PRF, providing basic services better access to 166,000 beneficiaries including women (49% of the total number of beneficiaries) and small ethnic groups (60% of the total number of beneficiaries). The Decision making level on the list of priorities to be supported by the PRF, has involved a large number of women in the process (47%), above expectations, and 93% of the sub-projects supported comes from the women list or both men and women lists. Nevertheless, inclusion of the poorest community members in the decisions made is below the expectation of 60%, at only 49%. Reach this percentage has been an issue for the last 3 cycle. Therefore, the project is piloting a new approach with the request to have at least one member of each household to participate village meetings, and to carry out community meetings in hamlets distant from main village settlements under the “Deepen CDD” pilot, in order to increase the level of household participation in decision making processes. If this approach is proven successful, it will be extended in all districts.

This fiscal year shows an increase in the amount of feedback received from the community (19 requests for information, 151 requests for financial support from PRF, 83 feedback to thank PRF, and 9 complaints) despite continuing issues with the hot line (16,160 irrelevant calls received). Complaints were mainly related to technical issues or implementation delays. These issues have been solved and daily phone calls are made to ensure that the hot line respondent can be reached.

Following on the implementation of the Mid-term review, a couple of key issues have been specifically raised by donors: quality of the community participation, quality of the infrastructure supported by the PRF, delays in sub-projects proposal approval, persistent weakness of the monitoring and evaluation activities, Government contribution delays, and lack of safeguards compliance.

On the first point, the PRF launched the “Deepen CDD” pilot activity in five districts in three provinces to strengthen community driven development approach in order to improve quality and increase efficiency and effectiveness of community development planning and implementation.

The 12 key changes applied in the “Deepen CDD” pilot districts are; (i) Community members will formally express willingness to follow rules prior to receive support by signing a document on this purpose (or using finger spring), (ii) Recognize and strengthen village organization and add an additional Kum ban Facilitator per Kum ban, train and motivate them and raise their daily allowance for work, (iii) Agree on non-negotiable principles and rules of ethics to follow, (iv) Increase engagement of women, ethnic groups, youth and other common interest groups at village /hamlet levels in planning implementation monitoring and maintenance by facilitating self-help groups and collective work, (v) Engage communities in household poverty ranking targeting and monitoring benefits, (vi) Disclose and display community profile, social maps and poverty ranking at village and in PRF website for referencing when needed, (vii) Provide more information on possibilities to select need-based infrastructure of the poor groups helping livelihoods, (viii) Focus on promoting self-help groups in villages of no sub projects and link. First results are very promising.

On the second points, the engineering have paid special attention this year in improving sub-projects quality insurance through (i) Implementation of a Quality Management System for the Engineering Division of the PRF, (ii) development and implementation of a Project Quality Plans for each sub-project. Quality Checklists Document to ensure compliance with designs and specifications used, (iv) Development of implementing Inspection and Test Plans for all sub-projects, (v) sub-projects specifications including environmental and social safeguards, (vi) Development of a quality plans for the management of sub-project implementation, (VII) provide to all PRF engineers cameras for documenting work. Furthermore, it was agreed to add a 6 months and 12 months visit after sub-projects completion to assess all sustainability components are in place.

It was also found that sub-projects proposal approval often delay as many documents prepared by communities have to be sent to districts, province and central levels for review. Consequently, it was agreed that Provinces will be empowered to review and clear Sub-projects proposals and grants agreements. PRF central will only do post review on randomly selected SP proposal. The Procedures is currently under development.

On the M&E area, the M&E system has been progressively strengthened over the period of PRF II implementation. Data forms have been developed and/or revised to record key information from the field (district, Kum ban and village levels) needed for both management purposes and M&E. Roles and responsibilities of each PRF staff towards Monitoring and Evaluation have been clarified, resulting in a more operational MIS system in term of timely availability of the data and data reliability. Nevertheless, some weaknesses persist on the PRF capacity in the implementation of external studies, resulting in lack of information to feed progress on the key indicators of the results framework. Consequently, data related to sub-projects costs effectiveness as well as sub-projects utilization were collected but are not accurate enough. To solve this issue, an additional study will be undertaken during the next fiscal year to cover these two key aspects of the project.

Forms covering “social safeguards” have been reviewed and strengthened as well as training provided to PRF staff. During the reporting period, a total of 35 sub-projects have affected the assets / properties of around 315 households. Majority of them have less than 5% of their assets affected and only one household in Houaphan province has requested compensation from their community, while another 208 households voluntarily contributed.

On the Government contribution, delay in transferring the Government contribution to the PRF Bank account is still an issue. Transfer delay is due to the complex process, which involves many different stakeholders from the village to the ministries level. To solve this issue, it was agreed that budget can be transfer to PRF Bank account prior to reception of the supporting documents. Nevertheless, this can be considered only as a temporary measure. The 5 months payment delay of the Cycle XI (2013-2014) might have adverse impact on PRF’s reputation and community confidence towards the PRF, and therefore should be avoided for the next cycles.

The second, key challenge on the government contribution is related to the PRF procedure of fund transfer. Based on the CDD approach, the budget to support community sub-projects (sub-grant) has to be transferred to the community bank accounts. Whereas, the GOL’s contribution to sub-grant has to be transferred directly to sub-contractor’s account and not the community bank account. Consequently, the PRF community beneficiaries are not in position of managing their own fund or to use the Community Force Account methodology where they will be allowed to build their own infrastructures. The PRF has already faced this issue during the cycle X and cycle XI, which will remain an issue in the future if CDD model is fully integrated within the Government body. This issue will be discussed during the next donor’s supervision in November, 2014 in order to identify at the village level the community organization that may be recognized by the Government as the right institutional level to receive Government financial assistance in the near future.

## Part II. Achievements and Analysis

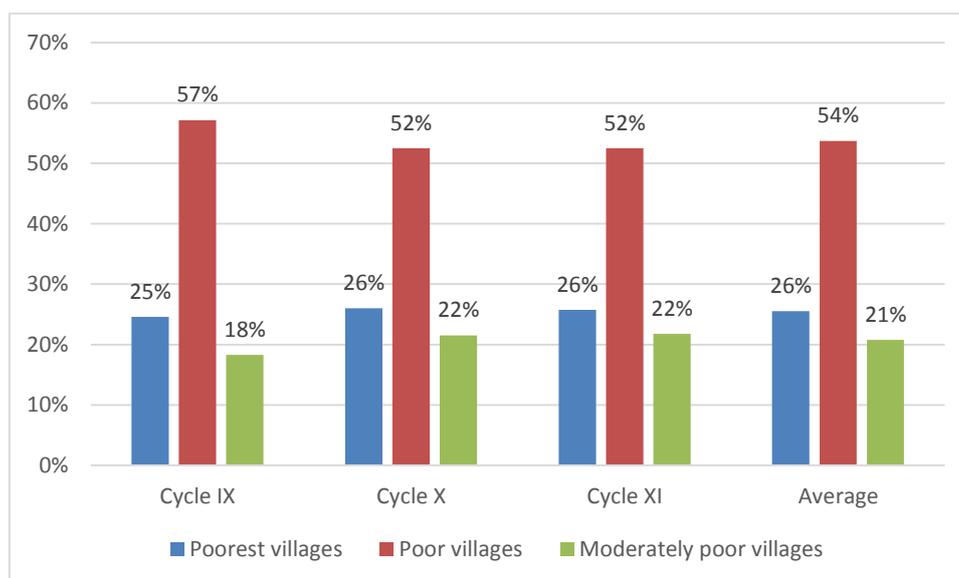
### 2.1. Summary of implementation progress to date

The following section highlights PRF's coverage, sub-project implementation progress and financial disbursements for sub-project construction, for PRF fiscal years 2011-2014.

#### 1). PRF Poverty Targeting

Following on community perception towards poverty level, and based on the Lao PDR Poverty criteria related to access to basic services, around ¼ of the potential village beneficiaries are in the “poorest” category, ½ are in the “poor” category and around 1/5 in the “moderately poor” category (Figure 1). These ratios have remained stable since PRF II starts operating, and seems to reflect a stagnation of the village “Poverty level” from the community view point.

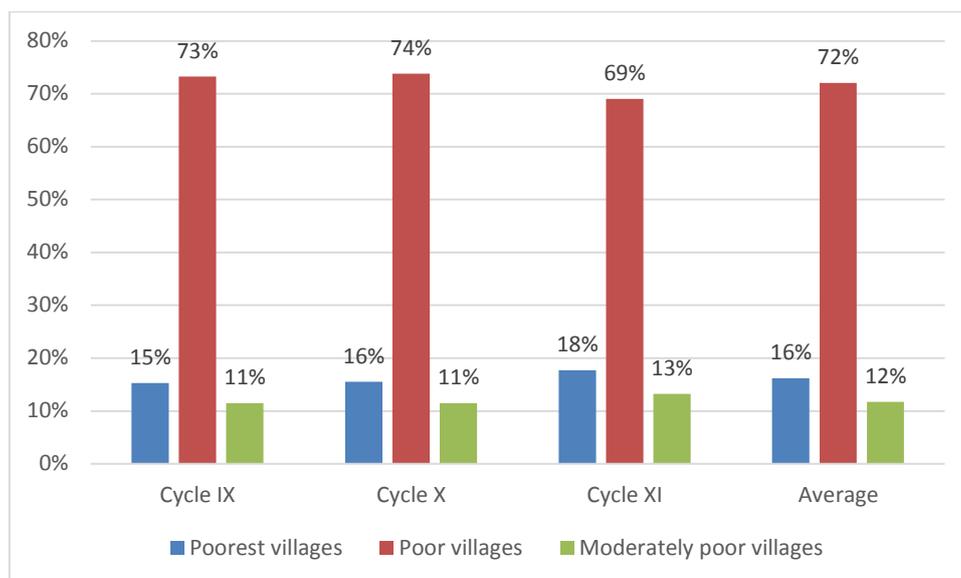
**Figure 1: Poverty ranking ratio of the village covered by the PRF**



Source: MIS of Monitoring and Evaluation Division, 30 September 2014

On another aspect, focusing more on sub-projects location and based on the PRF Poverty criteria (Annex10), the figure 2 shows that nearly 3/4 of the sub-projects in average are located in “poor” villages, while 16% are located in the poorest villages. Therefore, nearly 90% of the sub-projects are located in the “poorest” and “Poor” villages, while a little bit more than 10% are located in the “moderately poor” villages. This graph shows that, while the PRF target of giving priority to the poor is behind the target, the total number of sub-projects located in the poorest villages remains low and highlight the difficulties of access and transportation costs that may be contradictory to the principle of wise investment. Therefore, it should be envisaged to start collecting data on the village indirect benefiting from the sub-projects (sub-projects not located in their village but in less than one hour by walk), in order to ensure that access to basic services for the poorest communities have improved thanks to PRF support. These data can be, for instance, collected as part of the 6 months and 12 months sub-project visits.

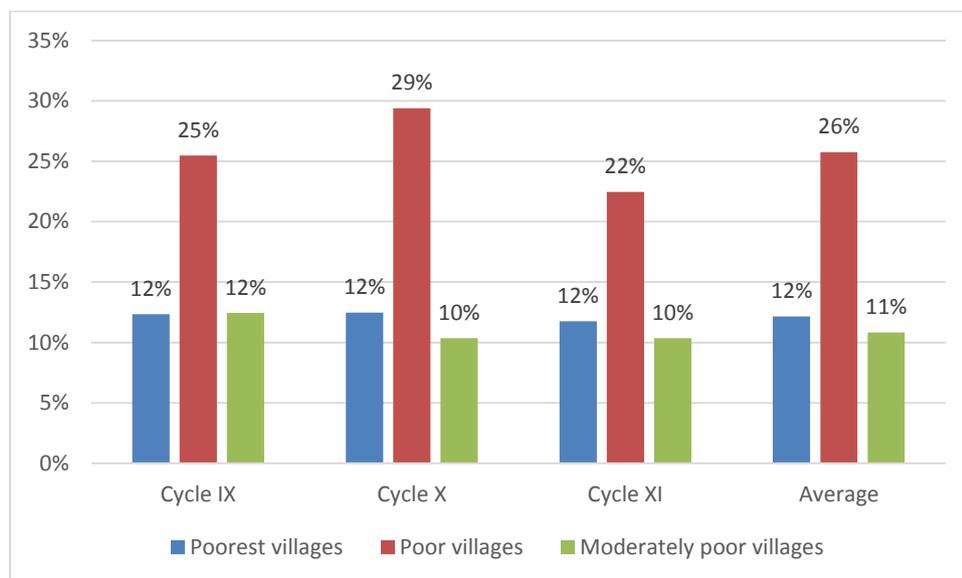
**Figure 2: Sub-project location ratio versus village poverty ranking**



Source: MIS of Monitoring and Evaluation Division, 30 September 2014

Finally, data focusing on the total number of villages that have received sub-project within each of the 3 village categories confirm that the “poor” village concentrates the highest ratio of sub-projects (figure 3). Up to date, ¼ of the total number of “poor” villages covered by the PRF have received at least one sub-project in their village, while only 12% of the total numbers of poorest villages have received at least one sub-project.

**Figure 3: Ratio of the total number of villages that directly benefit from a sub-project per village category**



Source: MIS of Monitoring and Evaluation Division, 30 September 2014

## 2). Progress of sub-project implementation and beneficiaries

The progress of sub-project implementation for Cycle XI has been very satisfactory. Out of a total of 333 sub-projects, 241 have already been completed.<sup>2</sup>This compares well with Cycle X where only 39 % of sub-projects were completed as the end of September 2013. The completion of sub-projects in Cycles IX and X is also summarized in Tables 3 and 4. Only 6 sub-projects from Cycles IX and X are still to be completed. One sub-project in Luang Namtha Province has been cancelled due to a hydropower dam construction (discussed in the previous Annual Report for 2013). The other 6 sub-projects are expected to be completed by April 2015. There are three main reasons for the delayed implementation: (i) storm damage affecting road access to the sub-project locations, (ii) in the case of wells, difficulty to reach a suitable aquifer. The rebuilding of damaged roads has yet to be completed because the effected districts are facing budget shortfalls and (iii) suspension bridges using imported technology that required more time to be completed due to the materiel quality control that needs to be organized before the materials imported to Laos.

**Table 2: Sub-project beneficiaries by poverty status (2011-2014)**

Poverty status of targeted villages	Cycle IX			Cycle X			Cycle Xi			Total (2011-2014) Beneficiaries
	Tot. beneficiaries <sup>3</sup>	female	%	Total	female	%	Total	Female	%	
<b>Very poor</b>	26,539	13,332	50	43,644	21,501	49	37,118	18,555	50	107,301
<b>Moderately poor</b>	67,032	33,521	50	106,064	52,367	49	81,565	40,386	50	254,661
<b>Relatively poor</b>	22,526	10,973	49	42,473	21,243	50	47,699	23,541	49	112,698
<b>TOTALS</b>	116,097	57,826	50	192,181	95,111	49	166,382	82,482	50	474,660

Source: - MIS of Monitoring and Evaluation Division, 30 September 2014

- Poverty status of targeted village is classified on a basis of PRF Poverty criteria (Annex10)

The following table summarizes the status of the few delayed projects from Cycles IX and X.

<sup>2</sup>The remaining Cycle XI sub-projects are expected to be completed by May 2015.

<sup>3</sup> The number of beneficiaries

**Table 3: Status of delayed sub-projects from Cycles IX and X and the reasons for the delays**

SP location	Sub-project (SP)	Progress	Budget (LAK)	Cause of delay	PRF responsibility	Risk reduction
* Attapeu province * Sanamxay district * Kum ban Beangvilay * Beangvilay village	Drill well construction	85%	237,023,110	The company has difficulty to approach to the location due to damaged road.	PRF district officer and company has been already visited the sub-project location and agreed to re-start the construction during February to April 2015.	This sub-project benefits three villages through the construction of <b>11 drill wells</b> . The company recently complete the construction of <b>8 drill wells</b> whereby two villages are utilizing for daily life. Only 3 drill wells are in progressive construction.
* Attapeu province * Sanamxay district * Kum ban Oudomsouk * Oudomxay village	Drug well with pipe	48%	393,499,780	The company has a difficulty to dig the drill wells because the quality of land is made of sand. As a result, the company is unable to dig the drill well at the standard level of 18 to 20 meter deep.	PRF district officer and company has been already visited the sub-project location and agreed to re-start the construction during February to April 2015.	This sub-project benefits 3 villages through the construction of 22 drill wells. The company recently complete the construction of <b>7 drill wells</b> whereby the villagers are utilizing them for daily life. Only 15 drill wells are in progressive construction.
* Attapeu province * Sanamxay district * Kum ban Misamphan *	Drug well with pipe	48%	281,743,587	The company has a difficulty to dig the drill wells because the quality of land is made of sand. As a	PRF district officer and company has been already visited the sub-project location and agreed	This sub-project benefits a big village through the construction of <b>15 drill wells</b> . The

Nongkoung(Midsam phanh 1) village				result, the company is unable to dig the drill well at the standard level of 18 to 20 meter deep.	to re-start the construction during February to April 2015.	company recently complete the construction of <b>10 drill wells</b> whereby the villagers are utilizing them for daily life. Only 5 drill wells are in progressive construction.
* Sekong province * Darkcheung district * KumbanDakpra-Laksao * Darklongyai village	Drill well construction	0%	174,735,249	The company has difficulty to approach to the location due to damaged road of about 10 kilometer long.	PRF district officer and company has been already visited the sub-project location and agreed to re-start the construction during February to April 2015.	The people still use and drink the water from channel
* Luang Namtha * Nalea district * KumbanSlueng * Donethip village	Student's Dormitory construction	10%	393,141,399	The sub-project is canceller due to Hydro power dam construction		

Source: Monitoring and Evaluation Division, September 2014

### 3). Financial management for sub-project implementation

The progress of sub-projects budget transfers to community bank account has been timely and has met the financial needs for sub-project physical implementation (Tables 4).

Key achievements are as follows:

- 98% of total budgets have been transferred for the 257 completed sub-projects implemented under Cycle IX.
- 97% of total budgets have been transferred for the 391 completed sub-projects of Cycle X.
- 241 sub-projects (72% of the total number of sub-projects) were already completed and 59 % of the total budgets for sub-grants have been transferred for Cycle XI.

**Table 4: Disbursement from Cycle IX –XI (2011-2014, USD)**

Provinces	# SPs	Cycle IX (2011-2012)			Cycle X (2012-2013)			Cycle XI (2013-2014)		
		Budget	Expenditure	%	Budget	Expenditure	%	Budget	Expenditure	%
Phongsaly	48		-		670,438	650,409	97%	618,719	350,116	57%
Oudomxay	108		-		1,580,140	1,580,140	100%	1,648,401	1,548,480	94%
Luang Phabang	87		-		1,194,342	1,092,601	91%	1,266,656	675,931	53%
Luang Namtha	71	617,070	17,070	100%	471,446	466,081	99%	445,274	323,547	73%
Houaphan	265	2,031,705	2,031,705	100%	1,866,626	1,858,113	100%	1,718,110	1,055,661	61%
Xiengkhuang	95	1,144,095	1,144,095	100%	951,591	951,591	100%	845,871	395,195	47%
Savannakhet	142	1,825,180	1,804,277	99%	1,389,466	1,353,545	97%	1,412,226	660,113	47%
Salavanh	49	567,382	567,382	100%	578,930	571,651	99%	549,360	71,691	13%
Sekong	68	937,763	925,622	99%	652,663	611,207	94%	672,229	524,793	78%
Attapeu	55	530,577	390,159	74%	534,244	504,360	94%	522,001	136,322	26%
<b>Total</b>	<b>988</b>	<b>7,653,772</b>	<b>7,480,310</b>	<b>98%</b>	<b>9,889,886</b>	<b>9,639,698</b>	<b>97%</b>	<b>9,698,847</b>	<b>5,741,849</b>	<b>59%</b>

Source: PRF Financial Report, 30 September 2014

## 2.2. Achievements against indicators in PRF's result framework

### 2.2.1. Progress against project development objective (PDO) indicators (Annex 2: Results framework)

**A). Decision-making on allocation of PRF resources involve at least 40% women and 60% poorest community members.**

The last Mid-term Review by donors in February 2014 indicated that the percentage of female attendance in village planning meetings is an insufficient measure of strengthening the “voice of women” in the decision-making process. It does not provide adequate insight into the “extent of women’s agency or influence”. Notwithstanding this criticism, nearly 50% of adult participants in PRF village planning meetings have been women as reflected in the table 5.

Nevertheless, the percentage of poorest community members participating in the decision making process on allocation of PRF resources remains below 60% (49% in average). As the smallest unit to proceed to poverty ranking is the village level, the PRF staff is not able to identify, during village meetings, the participants who belong to the poorest households. Therefore, this task is delegated to the Kum ban Facilitator and the village head who will use their own data. Therefore, PRF can hardly proceed to data quality checking in order to ensure reliability of the data regarding participation of the poorest community members. Therefore, the PRF is implementing in the 5 “Deepen CDD” pilot districts (Section 3.1) a new approach where PRF staff are facilitating the process of identifying the poorest households by using poverty criteria selected by the community members. The second key change piloted in the “Deepen CDD” district is the request to have at least one member of each household to participate village meetings, with a preference given to the women. Such measures are considered to increase the participation of poorest community members. If this approach is proven successful, it will be extended in all districts.

**Table 5: Participants in village planning meetings (2011-2014)**

	Cycle IX (2011-2012)		Cycle X (2012-2013)		Cycle XI (2013-2014)		Total	
	Number	%	Number	%	Number	%	Number	%
<b>Adults in villages</b>	334,368		156,108		469,683		<b>960,159</b>	
<b>All participants</b>	183,932	55%	91,880	59%	241,976	52%	<b>517,788</b>	<b>54%</b>
<b>Female participants</b>	85,640	47%	45,920	50%	111,628	46%	<b>243,188</b>	<b>47%</b>
<b>Ethnic participants</b>	141,505	77%	72,878	79%	159,193	66%	<b>373,576</b>	<b>72%</b>
<b>Poor participants</b>	95,446	52%	42,491	46%	115,569	48%	<b>253,506</b>	<b>49%</b>

*Source: MIS of Monitoring and Evaluation Division, 30 September 2014*

The MIS has been progressively strengthened since February 2014 and can now reliably generate data on the source of each PRF sub-project in terms of whether it was the priority of women only, men only or the priority of both men and women during village planning meetings. This reliable set of data is presented in the table 6.

**Table 6: Priorities selected by groups, Cycle XI (2013-2014)**

Type of sub-projects	Female	%	Male	%	Both	%	Total
Agriculture and Forestry	9	24%	1	3%	28	74%	<b>38</b>
Education	43	36%	11	9%	65	55%	<b>119</b>
Health	11	50%	1	5%	10	45%	<b>22</b>
Public Work & Transport	22	39%	4	7%	31	54%	<b>57</b>
Water & Sanitation	40	44%	5	5%	46	51%	<b>91</b>
Electricity	6	100%	0	0%	0	0%	<b>6</b>
<b>Total</b>	<b>131</b>	<b>39%</b>	<b>22</b>	<b>7%</b>	<b>180</b>	<b>54%</b>	<b>333</b>

Source: MIS of Monitoring and Evaluation Division, 30 September 2014

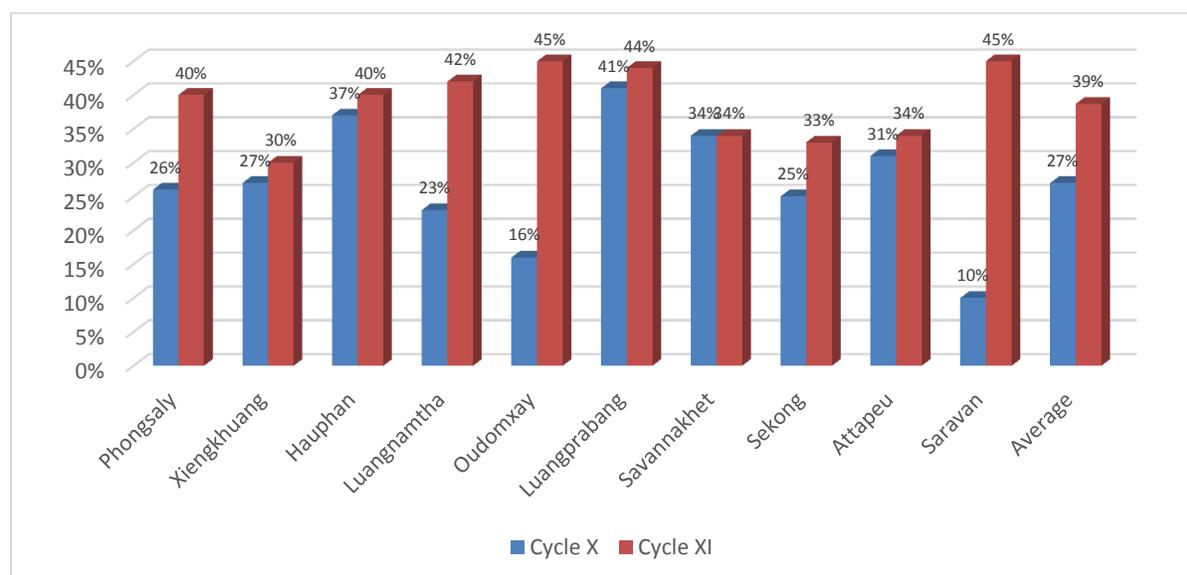
AGR: Agriculture Sector (mainly irrigation works), EDU: Education Sector, HLT: Health Sector, PWT: Public Works and Transportation, W&S: Water Supply and Sanitation, E&M: Energy and Mines (mainly village electrification).

This table clearly indicates that sub-projects reflect women's priorities with only 7% of sub-projects selected not from women priorities. This suggests considerable women's influence in the decision-making process, with guarantee that sub-projects will bring benefit to women.

Specific efforts have been made during the planning phase to enable women's voice to be heard in term of proposing, and prioritizing sub-projects. Consequently, the large majority of PRF's sub-projects correspond to the needs of women.

Key activities of gender equity improvement include **(i)** organizing more than 10 trainings and discussion workshops on "gender and social inclusion" for PRF staff at all levels. All participants agreed that certain measures can be feasible at one location but not feasible for another location. Thus it is suggested that PRF should avoid uniform principles to be applied for all locations which could lead to exclusion of some groups of people. The PMT agreed that membership of each Kum ban facilitation team in the five pilot districts in three provinces shall compose of two females. The most updated data show that number of female facilitators has sharply increased compared to numbers in 2013 (figure 4).

**Figure 4: Comparing the number of female Kum ban facilitators in 2013 (blue) and 2014 (Red) breakdown by province**



Source: Community Development Division, 30 September 2014

***B). Greater than 75% satisfaction levels reported by beneficiaries in targeted villages regarding improved services and local development planning.***

There is no routine source of information collected by PRF staff to assess beneficiary satisfaction with services and development planning. Surveys have been required to provide information on this indicator. The Capacity Building Assessment (2014) reported that 54% of households surveyed were satisfied with the quality of construction of sub-projects. This report also stated that 79% of household respondents believed that “the efforts made during planning and review meetings were successful”. The Technical and Costs Effectiveness Study (2014) reported community satisfaction at 96.8% using a different methodology.

On this indicator, there are also information provided through the Feedback and Resolution Mechanism (See table 7).

Key achievements are highlighted below:

***Feedback and resolution***

**Table 7: Feedback and resolution during 2013-2014**

Feedback Received	2013			2014								Total
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
Request for information	2	2	2	2	1	-	-	4	1	4	1	19
Request for	11	1	17	5	16	79	7	11	-	-	4	151

Fund/technical assistance												
Thanks to PRF	11	8	12	5	5	15	5	5	2	15	-	83
Compliant	-	3	-	-	-	3	2	1	-	-	-	9
Irrelevant to PRF	2,081	2,172	1,383	794	1,276	715	739	1,334	3,503	1,219	944	16,160
Total	2,105	2,186	1,414	806	1,298	812	753	1,355	3,506	1,238	949	16,422
Feedback related PRF	24	14	31	12	22	98	14	21	3	19	5	263

Source: Monitoring and Evaluation Division, October 2014

The fiscal year 2013-2014 marked an increase in the amount of feedback received from the community (19 requests for information, 151 requests for financial support, 83 feedback to thank PRF, and 9 complains) despite continuing issues with the hot line (16,160 irrelevant calls received). Complaints were mainly related to technical issues or implementation delays. These issues were, however, quickly resolved at village level.

### **Sub-project utilization and maintenance**

The last survey and data collection by PRF district staff and Kum ban facilitators in September 2014 indicated that greater than 98% of sub-projects were being maintained and were operational two years after sub-project completion. 640 out of a total 648 completed sub-projects (98.7%) from Cycles IX and X were still in good condition and meeting the needs of beneficiaries.

**Table 8: The numbers of completed subprojects used and unused in each province**

Province	Cycle IX			Cycle X			Total Cycles			
	# SP	Used	Unused	#SP	Used	Unused	#SP	Used	Unused	% unused
Louang Namtha	25	24	1	29	28	1	<b>54</b>	52	2	4%
Huaphanh	107	107	0	89	89	0	<b>196</b>	196	0	0%
Xiengkhouang	32	32	0	34	34	0	<b>66</b>	66	0	0%
Savannakhet	41	41	0	56	56	0	<b>97</b>	97	0	0%
Saravanh	14	14	0	18	18	0	<b>32</b>	32	0	0%
Attapeu	14	13	1	20	19	1	<b>34</b>	32	2	6%
Sekong	24	21	3	23	22	1	<b>47</b>	43	4	9%
Luang Phabang				43	43	0	<b>43</b>	43	0	0%
Oudomxay				54	51	3	<b>54</b>	51	3	6%
Phongsaly				25	23	2	<b>25</b>	23	2	9%
Total	257	252	5	391	383	8	648	635	13	2%

Source: Data collected by PRF district staff and Kum ban facilitators under the guidance of the M&E Division, September 2014

The survey also determined that the small number of “unused sub-projects” was largely the result of damage by natural disasters and that the rebuild costs were higher than the maintenance fund held by the communities. There were three unused dispensaries in Oudomxay because no nurses were available to work there. Two unused dispensaries in Phongsaly had missing dispensary equipment. This issue is mainly related to the difference in planning timeline between PRF and the Government. As an important measure, PRF has

agreed with Ministry of Health (MOH) specific procedures to ensure that staff and equipment are provided to PRF dispensaries on time, and the MoU between MOH and the PRF will be revised accordingly.

In addition, nearly all completed sub-projects (99%) had set up operation and maintenance committees (Table 9). Most committees levied user fees and encouraged villagers to provide voluntary labor for routine maintenance to ensure sub-projects sustainability.

**Table 9: The establishment of sub-project operation and maintenance committees for completed sub-projects (Cycles IX and X)**

Province	#SP	Established	To be established	No yet planned
Louang Namtha	54	52	2	0
Huaphanh	196	196	0	0
Xiengkhouang	66	66	0	0
Savannakhet	97	97	0	0
Saravanh	32	32	0	0
Attapeu	34	32	0	2
Sekong	47	44	2	1
Luang Phabang	43	43	0	0
Oudomxay	54	54	0	0
Phongsaly	25	25	0	0
Total	648	641	4	3

*Source: Data collected by PRF district staff and Kum ban facilitators under the guidance of the M&E Division, Sept. 2014.*

PRF has also provided operation and maintenance training after sub-project completion. Operation and maintenance activities monitoring will be strengthened with 2 additional visits by PRF staff and concerned sectors 6 months and 12 months after sub-projects completion, and also through the next cost effectiveness and sustainability assessment. These activities will provide more data for the specific indicator but will also be the opportunity to deliver additional training to the community members to ensure maintenance will be done according to the O&M plan.

The PRF is also strengthening its O&M activities, which plan to provide more clarification and commitments from the concerned sectors when maintenance can not only be done with the communities available resources.

***C). Total number of beneficiaries of which x% are female and ethnic***

PRF simply defines the sub-projects beneficiaries from a perspective of the village population where the sub-project is located. In some cases this will result in an underestimate of the number of people using the infrastructure (e.g. roads) and in other cases an overestimate number (e.g. primary schools). Nevertheless, the end line survey at the completion of PRF II will provide a better estimate of the number of beneficiaries for each type of sub-project.

MIS data show that small ethnic groups represent a large majority of PRF beneficiaries. Females represent around 49% <sup>4</sup>of the village populations in sub-project villages and as such are also key beneficiaries. This percentage remains stable for the last 3 cycles and is above the target as set in the project's results framework.

**Table 10: Beneficiaries and ethnicity Cycle IX (fiscal 2011-2012)**

Type of Sub-project	# SP	Total	Ethnic minorities	Lao	Ethnic Female	%
Agriculture	19	8,219	6,038	2,181	2,888	48%
Education	73	33,083	23,409	9,674	11,479	49%
Health Sector	10	6,146	4,059	2,087	1,972	49%
Public works and transportation	45	16,689	12,922	3,767	6,214	48%
Water and sanitation	112	49,223	31,922	17,301	15,921	50%
Community electrical power system	3	2,737	1,028	1,709	487	47%
<b>Total</b>	<b>262</b>	<b>116,097</b>	<b>79,378</b>	<b>36,719</b>	<b>38,961</b>	
%			68%	32%	49%	

Source: MIS of Monitoring and Evaluation Division, 30 September 2014

**Table 11: Beneficiaries and ethnicity Cycle X (fiscal 2012-2013)**

Type of Sub-project	# SP	Total	Ethnic minorities	Lao	Ethnic Female	%
Agriculture	18	7,124	4,796	2,328	2,325	48%
Education	94	44,180	28,265	15,915	13,925	49%
Health Sector	23	9,961	7,404	2,557	3,685	50%
Public works and transportation	107	50,249	34,231	16,018	16,862	49%
Water and sanitation	144	75,621	47,739	27,882	23,620	49%
Community electrical power system	7	5,046	1,734	3,312	821	47%
<b>Total</b>	<b>393</b>	<b>192,181</b>	<b>124,169</b>	<b>68,012</b>	<b>61,238</b>	
%			65%	35%	49%	

Source: MIS of Monitoring and Evaluation Division, 30 September 2014

**Table 12: Beneficiaries and ethnicity Cycle XI (fiscal 2013-2014)**

Type of Sub-project	# SP	Total	Ethnic minorities	Lao	Ethnic Female	%
Agriculture	38	18,513	10,877	7,636	5,172	48%
Education	119	61,235	42,143	19,092	21,016	50%
Health Sector	22	15,504	8,236	7,268	3,918	48%

<sup>4</sup> The total number of ethnic minority female per total ethnic minority beneficiaries.

Public works and transportation	57	24,509	18,850	5,659	9,257	49%
Water and sanitation	91	42,957	30,674	12,283	15,140	49%
Community electrical power system	6	3,664	2,334	1,330	1,111	48%
<b>Total</b>	<b>333</b>	<b>166,382</b>	<b>113,114</b>	<b>53,268</b>	<b>55,614</b>	
%			68%	32%	49%	

Source: MIS of Monitoring and Evaluation Division, 30 September 2014

## 2.2.2. Progress against PRF Intermediate Results Indicators (IRI)

### A). Outputs/outcomes of IRI 1: Number/type of sub-project activities implemented

With the support from the GOL and donors over three fiscal years (2011-2014), there has been significant progress in sub-projects implementation as highlighted in the previous section 2.1.

**Table 13: Type of sub-projects covered by PRF's fiscal 2011-2012 (Cycle IX)**

Type of sub-projects (SP)	Very poor	Medium poor	Relative poor	Total	
				#SP	%
Agriculture	5	13	1	19	7%
Education	12	54	7	73	28%
Health	2	8		10	4%
Public and transportation	6	34	5	45	17%
Water and sanitation	15	81	16	112	43%
Community electricity line		2	1	3	1%
<b>Total</b>	<b>40</b>	<b>192</b>	<b>30</b>	<b>262</b>	<b>100%</b>

Source: MIS of Monitoring and Evaluation Division, 30 September 2014

**Table 14: Type of sub-projects covered by PRF's fiscal 2012-2013 (the Cycle X)**

Type of sub-projects (SP)	Very poor	Medium poor	Relative poor	Total	
				#SP	%
Agriculture	1	17		18	5%
Education	16	61	17	94	24%
Health	3	19	1	23	6%
Public and transportation	21	80	6	107	27%
Water and sanitation	20	108	16	144	37%
Community electricity line		5	2	7	2%
<b>Total</b>	<b>61</b>	<b>290</b>	<b>42</b>	<b>393</b>	<b>100%</b>

Source: MIS of Monitoring and Evaluation Division, 30 September 2014

**Table 15: Type of sub-projects covered by PRF's fiscal 2013-2014 (the Cycle XI)**

Type of sub-projects (SP)	Very poor	Medium poor	Relative poor	Total	
				#SP	%
Agriculture	1	32	5	<b>38</b>	<b>11%</b>
Education	21	84	14	<b>119</b>	<b>36%</b>
Health	7	14	1	<b>22</b>	<b>7%</b>
Public and transportation	12	38	7	<b>57</b>	<b>17%</b>
Water and sanitation	18	59	14	<b>91</b>	<b>27%</b>
Community electricity line		3	3	<b>6</b>	<b>2%</b>
<b>Total</b>	<b>59</b>	<b>230</b>	<b>44</b>	<b>333</b>	<b>100%</b>

Source: MIS of Monitoring and Evaluation Division, 30 September 2014

Water related sub-projects and education sub-projects remain the key sectors prioritized by the communities (2/3 of the total number of sub-projects in average), followed by the Public Work and Transport sector. But for the first time this cycle, request for Education sub-projects are higher than Water related sub-projects (36% and 27% respectively). The hypothesis to explain this trend is that access to clean water has considerably increased in the project areas (at least partly thanks to previous PRF support), so the second prior key priorities which is education becomes first priority. Nevertheless, this assumption will need to be confirmed.

***B). Outputs/outcomes of IRI 2: Percentage of sub-project activities are of high technical quality***

The Capacity Building Assessment (2014) reported that 54% of households surveyed were satisfied with the quality of construction of sub-projects. The Technical and Cost Effectiveness Study (2014) examined 70 sub-projects from Cycles 9 and 10 and reported that for the large majority there were only *minor* technical quality issues. However, three wells in the sample had *moderate* issues and one concrete weir had *serious* issues. These 4 sub-projects represented 6% of the 70 sub-projects in the sample.

This fiscal year, and based on the findings of the study mentioned above, the PRF Engineering division has committed to consistently improve quality and the following objectives have been set:

- Improve the quality of infrastructure constructed in the Kum Ban sub-projects through the development and continual improvement of a quality management system.
- Ensure that the sub-projects meet the objectives and expectation of the PRF in terms of quality of construction while adhering to all key quality policy requirements of the project.
- Ensure the sub-project constructions are compliant with the standards of line ministries.

- Satisfy the quality requirements of the project donors in documenting compliance with design and specifications of all sub-projects.
- Reduce or mitigate critical issues regarding quality during sub-project implementation.
- Have no deviations from the new quality management system requirements.
- Complete all sub-project activities on time with quality work and within allocated budget.

During the fiscal year a number of important measures have been undertaken to ensure high quality construction:

- All sub-project proposals in the Cycle XI (2013-2014) and Cycle XII (2014-15) were agreed and stamped by the GOL's District Public and Transportation Division to indicate that the design of sub-projects met the national standard.
- Sub-Project Design Checklists and Hazard/Risk Assessment Forms (forms related to schools, roads, bridges, irrigation works, and water supply systems) were developed as a key document to be attached to sub-project proposals.
- Initiative Environmental Examination (IEE) forms (for schools, irrigation works and roads) have been drafted.
- Quarterly Work Plans for Technical Assistants have been developed to ensure appropriate advisory inputs for each sub-project.
- A Technical Field Visit Monitoring Table has been developed to increase working performance of all technical staff at all level.
- A Technical Manual for Field Staff on national standards for sub-project design has been developed and is routinely utilized by field staff.
- A Manual on Sub-project Operation and Maintenance has been developed and is routinely utilized by field staff.
- Tools (information, communication and education (IEC)) for community on "sub-project operation and maintenance" have been developed and are utilized for community training.
- Distribute Cameras to every engineer for documenting work.

Moreover, the PRF has drafted a new 6 and 12 month monitoring form which will also provide further information on the technical quality of completed sub-projects, but also on Operation and Maintenance aspects. The forms are under development and will start to be used during the next fiscal year.

***C). Outputs/outcomes of IRI 4: Sub-project activities are x% more cost effective compared to other means of delivering services (w/ similar technical standards)***

The Technical and Cost-effectiveness Study (2014) was reviewed and improved following PRF and donors recommendations. The study shows that the average sub-project costs in the four areas of education, irrigation, power and roads were more cost-effective than similar infrastructure projects in Laos particularly GOL projects. However, spring gravity

fed water supply systems and health sector sub-projects showed higher unit costs compared with similar sub-projects supported by the Ministry of Public Health.

Nevertheless, the findings of the study are still questionable due to the methodology used. Therefore it was agreed to undertake a deepen study on the costs-effectiveness and sustainability aspects. A TOR for a *Technical, Cost Effectiveness and Sustainability Audit* has been prepared and submitted to donors for comments and suggestions. The audit is expected to start early 2015.

### **2.2.3. Outputs/outcomes of PRF's program component two: Local Development Capacity-building Support - Communities and local government officials increase their Capacity to carry out local level planning and development**

#### **A). Number of communities able to plan, implement and monitor their activities**

Key achievements are as follows:

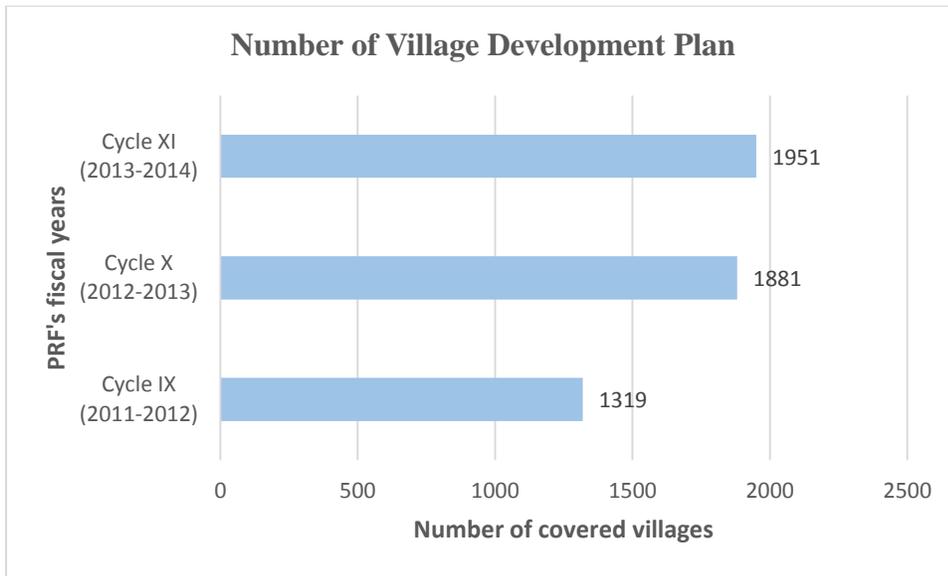
- 1,951 villages and 278 Kum bans have developed/review their long-term Village/Kum ban Development Plans.
- Another 179 villages (159 ethnic villages) and 24 Kum bans in the 5 pilot districts (Deepened CDD) in three provinces have developed their long-term Village/Kum ban Development Plans using a different methodology, allowing better community participation (See section 3.1.1).
- Discuss the regular submission of monthly Sub-projects implementation monitoring forms by kum ban facilitators and Village Implementation Team (VIT)

**Table 16: Number of villages/Kum ban that have developed long-term development plans**

	<b>Number of Kum bans and villages with development plans</b>		
	<b>Cycle IX (2011-2012)</b>	<b>Cycle X (2012-2013)</b>	<b>Cycle XI (2013-2014)</b>
# Kum bans	185	270	278
<b># Villages</b>	<b>1,319</b>	<b>1,881</b>	<b>1,951</b>
# Very poor villages	324	489	502
# Moderately poor villages	754	987	1024
# Relatively poor villages	241	405	425

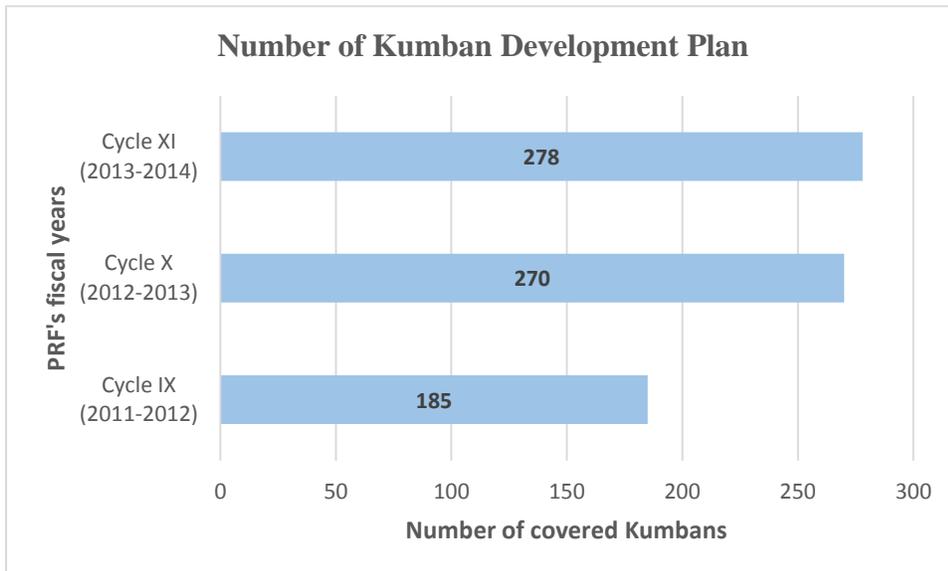
*Source: MIS of Monitoring and Evaluation Division, 30 September 2014*

**Figure 5: Number of villages able to make long-term development plans**



Source: MIS of Monitoring and Evaluation Division, 30 September 2014

**Figure 6: Number of Kumbans able to make long-term development plans**



Source: MIS of Monitoring and Evaluation Division, 30 September 2014

***B) Number of districts where district officials provide technical assistance and supervision to communities***

Cooperation between PRF staff and GOL officer continues to be one of the key focus. Greater than 98% of districts provide GOL officers to work closely with PRF staff to support communities in development planning, sub-project implementation and operations and

maintenance activities (data based on the MIS record of people participation meetings, field visit of sub-project implementation, survey design, sub-project final inspection, etc.).

Moreover, and for transparency reasons, it is of most importance that Government representatives participate key steps of the PRF Cycle. Therefore, one representative of the Rural Integrated Office (representative of the CRDPE at the District level and Kum ban level) systematically join the meetings held at the village and Kum ban level. District Planning and Coordination meeting is benefiting from the participation of local authorities as well as mass organization and each concerned sector. In the same spirit, concerned sectors are invited to attend the survey-design step, bid opening, and regular sub-projects quality supervision visits.

Another significant progress made is the collaboration between staff from the National Committee for Rural Development and Poverty Eradication and PRF's PMT as well as provincial coordinator, on "transparency of PRF's procurement activities". In this regard, a workshop between both parties to discuss on the "PRF's sub-project procurement activities" will be held in November 2014.

**C). Percentage of PRF Kum ban plans used by government and/or other development actors for planning and funding.**

As of September 2014, 278 Kum ban Development Plans (KDPs) have been developed by communities with PRF facilitation. Of these, 92 KDPs (33%) have been used by 35 other organizations (both government agencies and other development partners) whereby one or more sub-projects within the KDP have been supported. This exceeds the results framework target of 25%.

**Table 17: Number of KDPs used by GOL agencies and other development partners**

	Districts	KDPs supported by others	# Village development plan	Supporters	# GOL agencies	# Int. Org.	# Int. NGO	#Lao NGO	#Co., LDT	# Village Fund	Total
Huaphan	3	9	15	17	11	6	13	1	4	4	35
Luangprabang	5	25	92	115							
Phongsaly	1	1	1	1							
Salavan	3	7	12	12							
Savanakhet	4	20	37	48							
Sekong	3	10	24	32							
Xiengkhuang	4	20	46	54							
<b>Total</b>	<b>23</b>	<b>92</b>	<b>227</b>	<b>279</b>							

Source: MIS of Monitoring and Evaluation Division, 30 September 2014

Table 17 shows that the outputs of CDD planning developed by communities are definitely accepted by various development partners (particularly, GOL agencies and international non-governmental organizations). It is nevertheless expected that the number of KDP sub-projects supported would greatly increase, if all Kum bans can promote their needs identified in the KDP other projects and the Government. The coordination aspects can also be further strengthened in order to ensure that more of the priorities selected by the communities can found financial and technical support. On this matter, the PRF plan to improve the organization of the “District Planning and Coordination Meeting”. The PRF also envisages the opportunity to increase visibility of the Kum Ban Development Plan by posted them on the PRF website.

#### **2.2.4. Outputs/outcomes of PRF's program component three: *Project Management*** ***Project is supported administratively and managerially***

##### ***A). Percentage of PRF fully staffed***

As of September 2014, PRF II employs 249 staff (including 79 females) which represents 98% of the total number of PRF positions. 79 staff (20 females) are based at the provincial level and 136 (38 females) at the district level (Table 20).

As at early November 2014, 5 positions were not currently filled: Architect, MIS Officer, Budget & Finance Officer, Provincial Engineer, and District Community Development Officer. The recruitment process started and positions are expected to be filled by the end of November, 2014.

**Table 18: Number of PRF staff by province (% female)**

Office	Central				Province				District				Total
	Male	Female	Total	% of female	Male	Female	Total	% of female	Male	Female	Total	%*	
Vientiane	23	11	34	32.35									<b>34</b>
Savannakhet					6	2	8	25.0	11	6	17	35.3	<b>25</b>
Sekong					7	1	8	12.5	10	3	13	23.1	<b>21</b>
Salavan					7	1	8	12.5	7	2	9	22.2	<b>17</b>
Attapeu					6	2	8	25.0	9	0	9	-	<b>17</b>
Xiengkhouang					7	1	8	12.5	10	4	14	28.6	<b>22</b>
Houaphanh					4	4	8	50.0	11	8	19	42.1	<b>27</b>
Luang Namtha					5	3	8	37.5	7	2	9	22.2	<b>17</b>
Luang Phabang					5	3	8	37.5	13	7	20	35.0	<b>28</b>
Oudomxay					6	2	8	25.0	11	7	18	38.9	<b>26</b>

Phongsaly					6	1	7	14.3	6	2	8	25.0	15
<b>Total</b>	<b>23</b>	<b>11</b>	<b>34</b>	<b>32.35</b>	<b>59</b>	<b>20</b>	<b>79</b>	<b>25.32</b>	<b>95</b>	<b>41</b>	<b>136</b>	<b>30.15</b>	<b>249</b>
<b>Percentage of total female staff: 28.92 %</b>													

Source: Human Resource Unit, PRF, September 2014

Key achievements in 2014 are as follows:

- In 2014, job announcements were more focused on encouraging female applicants and those from ethnic minorities
- PRF currently employs 24 staff from small ethnic groups. 8 of these are working in PRF provincial offices and 16 at the district level. The number has increased by 21% compared to the same period in 2013 when only 19 staffs were from small ethnic groups.
- The number of female staff has increased slightly (1.6%) compared to the same period last year.
- Staff turnover has decreased by 5% compared to the same period in 2013. Interviews/survey of 30 staff who had resigned indicated five main reasons for leaving: working for government 12 persons (39%), working for another project 5 persons (16%), resuming study 5 persons (16%), launching own business 4 persons (13%) and personal reasons 5 person (16%), *see detail in annex 1*.
- However, the difficulty of PRF recruitment at local level is still an issue (particularly, a little female and ethnic applicants in comparison to Lao/male applicants) due to the fact that local people is likely interested in working for the government agencies than for others because the government agencies can provide them with long term “employment”. To solve the aforementioned problem, PRF plans to employ “Human Resource Specialist” to conduct such key activities like comprehensive assessment on PRF human resource management, draft of Human Resource Management Strategy and related policies. During the report period, there have been already 13 applicants. As a result, the individual human resource management specialist contract will be affected in January 2015.

### ***B). Achievement of studies/evaluations completed in a timely manner***

Key achievements are as follows:

- Three external studies (Capacity Building Assessment, Technical and Cost Effectiveness Study and Gender and Social Inclusion study). Baseline study results were also presented during the reporting period 2014, as well as the preliminary findings of the longitudinal Community Beneficiaries Assessment, aiming at understanding in greater depth the level local processes and dynamic behind the PRF implementation cycle (findings will be reported after the report finalized).

- In addition, PRF completed its own study on the utilization and maintenance of sub-project two years after completion of construction. The study was conducted by PRF district staff in 42 districts and involved Kum ban facilitators.

***C). Progress reports prepared on time***

- PRF's provincial reports have been shared with the PRF office at central level every first week of each month.
- PRF at central level has shared its monthly reports with the National Committee for Rural Development and Poverty Eradication every first week of each month.
- Annual progress report for the period 2012-2013 has been completed as well as the semi-Annual progress report (both with delay). The quality of the semi-annual progress report was also not up to donors expectations.

***D). MIS is improved to produce necessary information for monitoring program effectiveness and results***

Key achievements have been made in response to the last MTR findings:

- MIS data quality screening was conducted in June 2014. Data have been checked in order to identify missing and erroneous data from PRF's MIS.
- A "Manual for Field Staff on MIS Data Quality Screening" has been developed and has been utilized by field staff since June 2014.
- An Annual Review Workshop on MIS Capacity-building for PRF staff was organized by PRF's Monitoring and Evaluation Division, in September 2014.

This has led to important improvements in MIS data quality. Consequently, greater than 90% of the Annual Report 2013-14 data has been derived from PRF's MIS.

## Part III. SPECIFIC ISSUES

### 3.1. Environmental and Social Safeguards

#### 3.1.1. Social safeguard

PRF II social safeguards have been strengthened since the recent Mid-term Review. In particular, a new form for monitoring social safeguards has been developed as agreed with donors. Moreover, the first training on the use of this form was organized for community development officers in March 2014, before the Cycle XI implementation commenced. The following table shows the current monitoring of social safeguards for the fiscal year 2013-2014.

**Table 19: Current situation of social safeguard in PRF's coverage areas in 2014**

Description	Phongsaly	Luangnamtha	Udomxay	Louangphabang	Huaphan	Xienghuang	Savannakhet	Saravane	Sekong	Attapeu	Total	
											#	%
PRF Targeted Village	158	76	268	230	396	185	237	146	170	85	<b>1,951</b>	
# Resettlement Village	2	-	-	1	-	3	-	-	16	1	<b>23</b>	1%
# of sub-project	23	16	54	43	69	29	45	16	20	18	<b>333</b>	
# of sub-project construction affected on household (HH).	1	1	-	3	-	1	16	7	6	-	<b>35</b>	11%
# Total HH are affected less than 5% compared to their properties	107	8	-	18	1	2	130	43	7	-	<b>315</b>	
# of HH are affected more than 5% compared to their property.	-	-	-	-	-	-	-	-	-	-	-	0%
# of HH voluntarily contributed.	-	8	-	18	-	2	130	43	7	-	<b>208</b>	66%
# of HH compensated.	-	-	-	-	1	-	-	-	-	-	<b>1</b>	0%

Source: Community Development Division, 30 October 2014

In 2014, only 23 (or 1%) of PRF sub-project villages were adversely affected by the construction of sub-projects. Some 35 (11%) of the total of 333 sub-projects affected the properties of 315 households. Impact costs were, however, estimated to be less than 5% of the value of the affected household properties. The construction of rural roads and irrigation systems were the main types of sub-projects that affected household properties.

### 3.1.2. Environmental safeguard activities

Following on the recommendations of the Mid-term Review, key achievements include the following:

- The Initial Environmental Examination (IEE) form, the Environmental Monitoring Plan (EMP), the Environmental Code of Practice (ECOP) and the Environmental Monthly Report (EMR), were reviewed and revised to reinforce PRF's environmental safeguards in a more practical manner.
- All PRF's field staffs were trained on how to use the aforementioned forms and procedures.
- The current environmental safeguard status is summarized in the following table.

**Table 20: Summary of environmental safeguard status (Cycle 2013-2014)**

Location	Sub-project type	Type of impacts	Mitigation action	Recovery Plan
<b>Landslide and erosion control</b>				
HP,XK,LPB,LNT,ODX, PSL	rural access, irrigation, building and water supply	Erosion on irrigation canal, Weir and intake	Remove landslide and compact	Contractor resolve
HP,XK,LPB,LNT,ODX, PSL	rural access and irrigation	Minor Impacts to paddy field, agriculture land and buildings	excavation the earth volum from the impacted area	Contractor+ Villager resolve
HP,XK,LPB,LNT,ODX, PSL	building, water supply and irrigation	Land slide and impacts to the structure	Tree Plantation	Community
HP,XK,LPB,LNT,ODX, PSL	Building	landslide around the building	Widening the area for building	Villager resolve
HP,XK,LPB,LNT,ODX, PSL	Rural access and irrigation	Soil erosion on entrance of bridges and wing-wall of weirs	Land slide protection and soil back fill	Villager resolve
<b>Construction and Operation Completion</b>				
HP,XK,LPB,LNT,ODX, PSL,SV,SRV,SK,ATP	Building, irrigation, building and water supply	the waste material from wooden for work form, nail, cement bags etc. lefted behind completion of construction	move all waste material from the construction side before hand over	Villager and contractor resolve
HP,XK,LPB,LNT,ODX, PSL,SV,SRV,SK,ATP	Rural access and bridge	Waste oil from machine	prepare the hold and bury into the ground before handing over	Villager and contractor resolve
HP,XK,LPB,LNT,ODX, PSL,SV,SRV,SK,ATP	Water supply	Waste material from wood for work form, nail, cement bags etc. lefted around water points	Routine maintenance and remove all rubbish	Villager and contractor resolve

HP,XK,LPB,LNT,ODX, PSL,SV,SRV,SK,ATP	Building and water supply	Waste material remain from concrete mixing	remove remains of concrete	Villager and contractor resolve
<b>Unsuitable location of construction site</b>				
HP,XK,LPB,LNT,ODX, PSL	Building	the building are located in the slopping area	Land slide protection and soil back fill	Villager resolve
HP,XK,LPB,LNT,ODX, PSL	Water supply	Water point are located in the swampy area esp drill well and drug well	Manage the waste water and cleaning drainage system and raise the backfill	Villager resolve
HP,XK,LPB,LNT,ODX, PSL	Building, irrigation, building and water supply	Construction material are not well manage or storage	Construction site mush be well prepared ahead	Contractor and Villager resolve
HP,XK,LPB,LNT,ODX, PSL,SV,SRV,SK,ATP	Water supply	No Fencing around water points and its facility buildings	Organize the training for community	Villager resolve
HP,XK,LPB,LNT,ODX, PSL	Building	No tree around the building and it increases the heat to student school	Planting the tree around school	Villager resolve
<b>Insufficient drainage system</b>				
HP,XK,LPB,LNT,ODX, PSL	Rural access, irrigation, building and water supply	Land slide to the river during construction	Remove the soil from the cutting slop and dump to located area by community	Contractor+ Villager resolve
HP,XK,LPB,LNT,ODX, PSL	Water supply	Drainage system damaged by animal	The VIT will review the training	Villager resolve
HP,XK,LPB,LNT,ODX, PSL	Water supply	Water level at water source reduce and insufficient water flow to water tank esp GFS	Protecting the water source and review the regulation	Villager resolve

Source: Engineering Division, PRF, 30 October 2014

*Notice: 1. this data is summarized from 10 Provincial Monthly Reports on "Environmental Safeguard" during a period from 2013-14.*

*Ten provinces includes Attapue (ATP), Huaphan (HP), Luangprabang (LPB), Oudomxay (ODX), Phongsaly (PSL), Xiengkuang (XK), Luangnamtha (LNT), Savannakhet (SV), Saravan (SRV) and Sekong (SK)*

*2. The summary screening only the different issue impact on sub-project during a period of construction and after construction.*

### 3.1.3. Disaster and community risk management

In 2014, three sub-projects were seriously damaged by tropical storms. The damaged infrastructure have been temporarily repaired by the impacted communities. The details of damage are shown in the following table.

**Table 21: Disaster and community risk management**

Location	Type of Subproject	Level of Damage	Estimated Damage value (USD)	Plan for Rehabilitation	Remark
Louangnamtha, Viengphouka district	Irrigation weir (under the PRF's fiscal 2013-14)	Retaining wall and scheme were damaged	28,000	<ul style="list-style-type: none"> <li>- Masonry stone</li> <li>- Concrete slab</li> <li>- Install PVC pipe</li> <li>- Impact soil</li> </ul>	The community build the temporary stone weir
Luangprabang, Phonexay district	Over flood bridge (under the PRF's fiscal 2012-13)	Both side approach roads and bridge structure are moved away from alignment.	37,000	New construction	This subproject is unable to use
Houaphanh, Xamtay district	Over flood bridge (under the PRF's fiscal 2012-13)	Both side approach road and bridge structure removed away from alignment.	32,500	New construction	This subproject is unable to use

Source: Engineering Division, PRF, 30 October 2014

### 3.2. Community contribution

From a total budget of US\$ 9,507,188 planned for the 333 sub-projects in Cycle XI (2013-2014), the beneficiaries have pledged to contribute an equivalent of US\$ 1,055,162. The large part of this contribution is in the form of community labour. Expressed as a percentage of the PRF contribution, the community contribution is expected to reach nearly 11%. This contribution has varied between provinces, with an average contribution of 6% in Salavanh up to an average contribution of nearly 19% of the PRF contribution in Xiengkouang province.

From the average sub-project cost of US\$ 31,178<sup>5</sup> the community has pledged to contribute an average of US\$3,168 (11% of the average PRF contribution of US\$ 28,550).

<sup>5</sup> As PRF budget and/plus community contribution

**Table 22: Community contribution in fiscal year 2013-2014 (US\$)**

By Provinces	Population	Community Contribution	PRF Contribution	%
ATTAPEU	11,865	56,413.64	526,637.96	11%
HUAPHANH	30,611	179,923.08	1,801,476.31	10%
LUANG NAMTHA	6,664	41,263.77	444,081.56	9%
LUANG PHABANG	22,392	205,128.16	1,264,301.58	16%
OUDOMXAY	34,751	184,953.65	1,649,651.15	11%
PHONGSALY	8,407	67,673.27	618,525.86	11%
SARAVANE	9,526	33,336.91	539,028.88	6%
SAVANNAKHET	20,562	132,363.38	1,408,401.15	9%
SEKONG	8,630	44,509.62	681,892.56	7%
XIENGHUANG	12,974	109,596.88	573,191.00	19%
<b>Grand Total</b>	<b>166,382</b>	<b>1,055,162.35</b>	<b>9,507,188.01</b>	<b>11%</b>
<b>BY SECTORS</b>				
<b>Agriculture</b>	<b>18,513</b>	<b>111,862.60</b>	<b>875,126.64</b>	<b>13%</b>
<b>Education</b>	<b>61,235</b>	<b>421,482.13</b>	<b>4,008,736.30</b>	<b>11%</b>
<b>Energy and mine</b>	<b>3,664</b>	<b>11,704.41</b>	<b>178,114.54</b>	<b>7%</b>
<b>Health</b>	<b>58,461</b>	<b>339,034.22</b>	<b>2,610,366.27</b>	<b>13%</b>
<b>Public work and transportation</b>	<b>24,509</b>	<b>171,078.99</b>	<b>1,834,844.25</b>	<b>9%</b>
<b>Grand Total</b>	<b>166,382</b>	<b>1,055,162.35</b>	<b>9,507,188.01</b>	<b>11%</b>

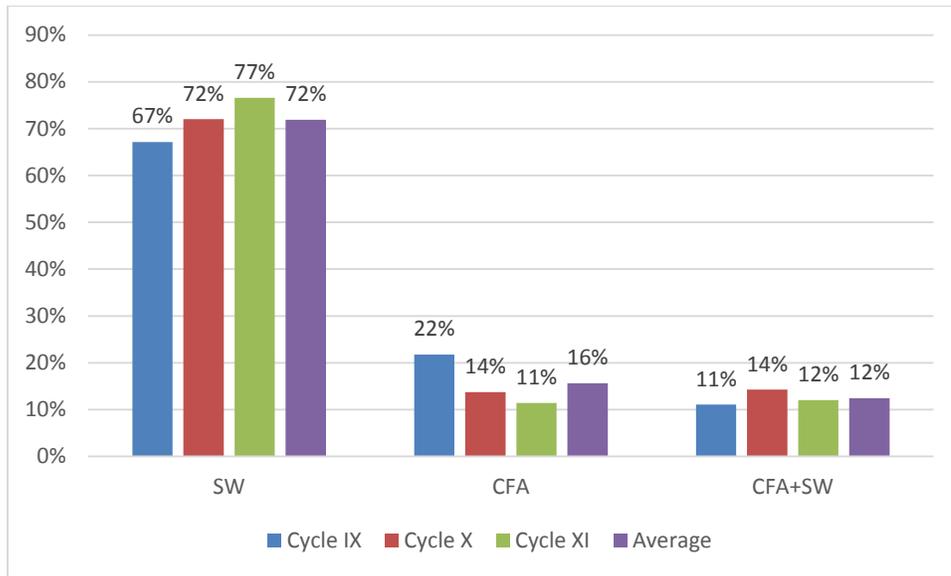
Source: MIS of Monitoring and Evaluation Division, 30 September 2014

Considering the community contribution by sector (Cycle XI), Table 25 shows that the proportion of community contribution in the energy sector is only 7%, while in health and agriculture it is a higher proportion of community contribution (13%).

### 3.3. Sub-projects implementation methodology

Based on the figure below for the period 2011-2014, in average, 72 % of the total sub-projects number (988 sub-projects) had been implemented by sub-contractors (SW), while 16 % by community force account (CFA) and 12 % by mixed implementation (SW+CFA).

**Figure 7:** mechanisms to implement works activities Cycle IX to Cycle XI



*Source: Monitoring and Evaluation Division, MIS, October 2014*

The implementation of the PRF is based on the demand-driven priorities based the requests from communities within an item “eligible” that includes areas like water supply, transportation (access roads), education, health, irrigation and agriculture, etc. Through a participatory process, project staff and selected villagers act as guides, trainers, and monitors in the preparation and operation of the projects that will address their established priorities.

The implementation type depends on the capacity of community, particularly the sub-projects with use basic techniques that may be implemented by community themselves. For the high construction techniques (such as bright construction, electricity network, dispensary, etc.) communities usually prefer to use sub-contractors. Nevertheless PRF is working on revising process and procedure in order to increase the total number of sub-projects implemented through Community Force Account Methodology (see section related to QA/QC).

### 3.4. Meetings and Training

#### 3.4.1. Community meetings and training

A list of all the trainings delivered during the reporting period can be consulted in annex 8. Therefore, the following contents report highlights only what has been done to ensure successful completion of the activities in the 5 “deepen CDD” pilot districts.

#### Village Orientation Meeting (VOM)

VOM as such Nambak and Chomphet districts (Luangprabang Province), Nong district (Savannakhet Province), Namor and Xay districts (Oudomxay Province) since June 2014 and completed in late July 2014. VOM has been implemented in the numbers of 179 villages; 159 ethnic villages 195 hamlets (24 Kum ban) in 5 pilot districts by utilizing a new approach of telling stories with pictures by Kum ban facilitators focusing on the participants easily understand and drew their attraction on CDD approach. It mainly encouraged the villagers to take action on the development which from their needs, implemented by villagers and benefited by villagers. VOM had the total number of 15,413 participants from villages; 8,368 women equivalent to 54%; VOM has used the budget expenditure of 23,747 USD.

### Village Development Planning (VDP)

Up to the end of September 2014, VDP in Savannakhet Province (Nong district) about 50% in progress and plan to complete in the last week of October 2014; Luang prabang Province (Chomphet and Nambak districts) and Oudomxay Province ( Xay and Namor districts) have already completed their VDP. In PRF II, VDP was organized for two days in the village with adult participants attended. For CDD approach, VDP is organized for 3 days in each hamlet and a representative from each household attended.

Moreover, in the fiscal year 2013-2014, the trainings for communities in over 200 villages, where the sub-project completed, was organized on the sub-project operation and maintenance (COM) as to ensure the sustainability of those completed sub-projects. Following the training the village operation and maintenance committes were formed.

### 3.4.2. Staff training and Workshop

Capacity building activities remained a key focus during the reporting period. Training has been provided to both new and existing staffs to strengthen their capacity. Training has also been conducted to strengthen the capacity of the community to plan, manage, implement and monitor sub-projects. Trainings were mainly related to PRF II principles, processes and procedures, as briefly described below:

- A 5-day (7-11 July 2014) training program covering procurement, finance, community development, technical issues, environmental and social safeguards, and monitoring and evaluation, was organized for PRF staff from 6 provinces in the north (held in Luang Prabang), while in the south the training was organized between 1-5 September 2014 (held in Pakse).
- A 3-day training program on the Revised Community Procurement Manual and standard request for quotation and bid evaluation forms to be used for Cycle 12 was conducted for 10 provincial procurement officers at Vientiane Capital.
- A 1-2 days training program by PRF district/provincial staff for the Village Implementation Team (VIT) of each targeted village during the period 28 January 2014 to 15 February 2014 to strengthen and enhance their knowledge regarding the procurement procedures, rules and regulations, especially the procedures regarding the bid opening process and evaluation and how to prepare evaluation

reports for the upcoming sub-projects in Cycle 11 for which the bid opening is expected to be done during the period February - March 2014.

- CDD training and workshop, to raise awareness on CDD for PRF staff during May 2014. These staff then conducted training for KBFs in 5 pilot districts during May to June 2014.
- The annual review and training workshop was held in Vientiane (September 22-26, 2014) and M&E staff at each level attended. Training covered key achievement indicators of PRF II, the MIS database use and data quality checking, the reporting system, Feedback Resolution Mechanism (FRM form), and GIS work.

### Summary of key issues faced during the reporting period and actions undertaken, on-going or planned

Key areas	Main Issues identified	Actions taken or On-going
<b>Community Participation</b>		
Quality of Community Participation	While attendance during meetings organized at village-level is acceptable, the quality of participation remains a challenge.	Skills of the facilitators have been strengthened through: 1/ Training materials enhanced (ie. using tools that are, by design, more interactive) 2/ IEC tools revised: films using local languages, and use of story-telling and drawings for facilitation
Group Size	During PRF village meetings, there are often more than 100 attendees (though divided between women and men groups for part of the meeting).	Meetings organized with smaller groups using village unit and by organizing meetings in hamlet villages in the “deepen CDD” pilot district
Building Trust with Communities	Level of interaction between project staff and the village is limited due to the remoteness and number of villages to be covered.	1/ Role of the Kum ban Facilitators have been upgraded (not restricted to only provide translation in local languages when PRF facilitators visit villages) 2/ Remuneration of (KBF) have been increased 3/ Selected KBFs are representative of the beneficiaries (ie. from the same ethnic groups and speaking the same language) 4/ 3 KBF per Kum ban with at least 2 women to ensure better gender balance among KBFs and enhance women participation in the priorities selection in the 5 “deepen CDD” districts
Quality of Facilitation	There are still many shortfalls as well as widely varying levels of facilitation skills within the PRF	A CDD expert has been recruited to oversee training curriculums, enhance curriculum on participatory development and then roll it out directly for national and provincial staff, and for district staff in the 5 “deepen CDD” pilot

		districts (completed for planning stages)
Participation of Women and Ethnic Groups	Participation of women remains a weak point and is compounded with women who are members of small ethnic groups. This is due to linguistic obstacles but also to long patterns of social exclusion that manifest as a lack of self-confidence and assertiveness.	1/ Women's and small ethnic groups member enhanced by recruiting women and representative of small ethnic groups as KBFs to ensure that facilitation of community meetings is carried out by female facilitators and in the same language as the majority of participants in the "deepen CDD" pilot districts. It was also decided to hire one additional Kum ban Facilitator in the 5 "deepen CDD" districts to ensure female Kum ban facilitator feel more secure when travelling to villages. 2/ Decision are made using anonymous "seed-based" voting system that allow to track priorities of women and small ethnic groups (by using different type of seeds or seed of different color)
Avoiding "Elite Capture"	Village authorities (nayban, deputy nayban, and village security head, lead representatives of mass organizations and any members of the Kum ban Development Committee) tend to have considerable influence during PRF meetings and over sub-project selection. Therefore, there is some concern that village authorities may not always reflect the wishes of the community at large in terms of identifying development priorities and proposing interventions.	1/PRF will Keep track of the percentage of village authorities who are elected as Village representatives or Kum ban Facilitators 2/ Decision are made using anonymous "seed-based" voting system. 3/ Meetings organized with smaller groups to reduce village authorities or well-respected persons influence to fewer number of people in the "Deepen CDD" pilot districts.
Managing Meeting Times	There is a tendency to spend too much time during village meetings reviewing PRF principles (using the IEC posters developed by the CD division).	1/ Less time is spend reviewing PRF principles at the beginning of community meetings in favor of more time spent identifying, reviewing and discussing the root causes of poverty in the village and the kinds of activities that will address the causes of poverty. 2/ In "deepen CDD" pilot districts, the village meeting duration is held in three days rather than two days
<b>Community Planning and Poverty Targeting</b>		
Revising KDP and PRF Investment Plan Priorities	KDPs and PRF Investment Plans were not being routinely reviewed as part of Village Review Meetings.	This issue has now been clarified and CD staff informed that Village Review Meetings should review and change

	Facilitators had been mistakenly informed that changes in village and KDP priorities could not be made to the plans.	priorities in the Village Development Plan according to the wishes of the community.
Village-level Poverty Rankings	In villages that includes sub-villages or clusters, the more isolated sub-villages further away from the village center often tend to be the poorest, but are also less likely to attend PRF meetings. Consideration may also be given to running an internal (ie. within the village) poverty ranking that rates the relative poverty levels of the sub-villages with a view to ensuring that the remoter sub-villages are duly considered as the possible site for PRF sub-projects.	Village Vision meetings are organized in each "Sub-village", and poverty rankings that rank poverty for each sub-village is done. Then, a village meeting comparable to the Kum ban meeting is organized in the main village with participation of each "sub-village" representatives. For other villages (no sub-villages or clusters), poverty ranking is done at the household level, using poverty criteria selected by the community.
<b>Coordination</b>		
Coordination within the PRF	There is an overall lack of collaboration and coordination between CD and TA Divisions, particularly at the central and provincial levels.	1/ The PMT have work towards a stronger degree of unity among the Divisions by organizing regular meetings. Work plan and related budget of each division are presented and approved by all PMT members, as well as quarterly achievements. 2/ It is envisaged that CD and TA will go more often to provide support to the communities, especially during key stages (village development plan meetings, Kum ban Development Plan meeting, SP confirmation meeting, village accountability meeting). Budget is under preparation
Development Planning and Coordination with District & Provincial Governments	There are still shortfalls in the level of coordination between PRF and local governments, especially at the district levels. This pertains to four main areas: 1) coordination with other development activities (including those of INGOs and bilateral donors) in terms of type and location of sub-projects; 2) use or non-use of the KDPs; 3) local government commitments to operations and maintenance plans, 4) Government Planning and PRF planning are not aligned which results in SP not	1/ PRF staff will review the KDP during District Coordination Meetings and carefully tracking the use of KDPs (ie. whether or not District/Provincial governments are directly or indirectly supporting KDP priorities). Data will be inserted in the 6 months and annual progress report 2/ Collaboration with District Government will be extended to clarification of the government's role on operations and maintenance of sub-projects, notwithstanding regular budget. 3/ Efforts have been made to align <i>Kum ban</i> planning with Government of Lao

	operational straight after completion until GOL Human resources budgeted and available.	<p>PDR planning processes to ensure that GoL district staff have information needed to include recurrent budget needs in their plans (Cycle XII planning started 3 month ahead of the new fiscal year)</p> <p>4/ For the Cycle XII, PRF agreed to follow up on how much budget and/or human resources from the different sectors (Education, Health, Public Works&amp; Transport, Agriculture and Forestry) are provided in support of the PRF investment.</p> <p>5/ 6 months &amp; 12 months monitoring visits will be organized to verify that requested staff and equipment are provided, starting during the Cycle XII</p> <p>6/ Coordination and cooperation between the PRF and NCRDPE have been strengthened at the provincial and district level and structure formalize and the first National/Provincial coordination meeting is planned in November 2014.</p>
PRF Policy on Resettlement	There is still insufficient clarity on the District consolidation and settlement plan and list of villages potentially involved in physical resettlement.	<p>1/ Even though it is a sensitive issue with Government, the PRF policy on resettlement has been reiterated and highlighted during discussion with Government counterparts during the Mid-term review.</p> <p>2/ Form collecting data at the village level have been reviewed to include information related to resettlement in order to cross-checked information from local authorities' level.</p>
<b>Financial Management &amp; Procurement</b>		
Quality of Training on Procurement, Financial Management & Technical Construction	Trainings on FM and procurement is not adequately equipping community representatives with the skills required to manage SP procurement and finances. Training materials are perceived as overly complicated and not user friendly for ordinary villagers.	This issue will be reviewed with the goal of simplifying procedures (ie. both training curriculum and materials) that will enable, in particular, a greater percentage of community force accounts and community procurement. An International CDD specialist will assist the PRF on this issue during the first half of the next fiscal year.
Community Labor Payment / Community Contribution	Some communities indicated that they had either not yet been paid or had been underpaid by contractors for labor provided during sub-project	1/ PRF is currently reviewing contractual terms with sub-project contractors to clarify community labour payment and documentation requirements

	implementation.	2/ PRF may envisage to use CD and M&E staff to verify during the supervision visit the terms of payment for paid workers and the voluntary will of unpaid workers
Community-led construction	PRF should be placing greater emphasis on having communities take the lead on SP construction. However, preliminary data indicates that an even higher percentage of SPs are being built by sub-contractors during PRF II compared to those using community force accounts.	In the “deepen CDD” District, community contracting modality is compulsory. Other method will be applied only if it has been proven that CFA methodology cannot be applied, and with PMT approval.
Budget and planning	The current accounting software only records expenditures by component and at aggregate level and not able to provide detailed information to the level required for detailed cost analysis	1/ Work plan and related budget separated between District, Provincial and Central Level, and each division is responsible to prepare their annual and quarterly work plan and budget. Quarterly budget and work plan reviewed and updated by each division at the end of each quarter to ensure that next quarter’s activities include carried forward activities and are still in line with the annual work plan. 2/ ACCPAC will be updated in order to provide more details in order to strengthen financial management and analysis at the Central level
Sub-project proposal approval and fund transfer	Sub-projects proposal approval often delay as many documents prepared by communities have to be sent to districts, province and central levels for review	Provinces will be empowered to review and clear SP proposals and grants agreements. PRF central will only do post reviews on randomly selected SP proposal (Procedures to be developed)
<b>Sub-projects</b>		
Sub-projects Technical Quality	Weaknesses in the technical quality of some sub-projects (sometimes design was compromised to fit within the <i>Kum ban</i> budget allocation).  For half the school construction sub-projects assessed under the Technical and Cost Effectiveness Study, latrines required in the specifications were not built.  Number of poor quality fixtures and fittings has been observed	1/ Engineering Division, with the assistance of an International Engineer of has designed and currently implement a program to strengthen QA/QC of built infrastructure by provincial and district teams working with Village Implementation Teams 2/ Simple technical guidance with list of elements that should not be omitted (using photo-standard and pictograms).from each sub-project type is under development. 3/ Budget have been approved by donors to retrofit latrines (including

	that will increase the future community maintenance burden	water access where necessary) and ceilings to any cycle IX and X sub-projects where it was missing. 4/ Standard checklist and Construction Site Log Book have been developed and started to be used in some provinces. 5/ For roads, PRF apply the principle to focus on spot improvement. No longitudinal improvement longer than 4 km section or new construction is allowed.
Sub-projects Cost-Effectiveness	Technical Quality studies as well as data collected internally could not clearly provide reliable data on the PRF sub-projects cost-effectiveness.	1/ PRF agreed to compile and analyze data on historical unit costs of PRF sub-projects, and update them on annual basis. 2/ The PRF is reviewing standard designs to identify areas where alternative designs or construction techniques could be used to more cost effectively address community needs. 3/ Further study will be undertaken during the next fiscal year in order to measure Costs-effectiveness of Sub-projects supported by PRF compare with other similar sub-project supported by other projects/Government.
Sub-projects Supervision	supervision and quality assurance of subproject implementation is challenging due to limited availability of human resources at the district or <i>kum ban</i> level, distance between district centers and villages, difficulties of transportation (especially during the rainy season), and simultaneous implementation of subprojects with limited coordination between them	1/ The Engineering Division will review the quarterly implementation plans against available engineering capacity and make recommendations for adjusting plans or supervision resources. 2/ The PRF envisage to develop use of phone in areas where there is phone coverage for the Village Implementation Team to inform District PRF team of the progress in sub-project implementation to allow PRF engineers to visit communities when critical works are to be done, so as to enhance efficiency in supervision as well as the speed and relevance of the feedback mechanism in mitigating sub-project quality non-conformance case during construction activities. 3/ A Quality Management Officer has been integrated in the Engineering divisions for insuring the quality management plan is implemented.
Sub-projects drawing	Standard drawings for drilled and hand-dug water wells lack	PRF agree to check standard drawing of other projects and the standard designs

	sufficient details for proper supervision	of the Ministry of Health to provide missing details
Operations and Maintenance Plan	Some Village Delegates and VITs did not seem to be aware of the need to have an established O&M plan. It is unclear as to whether O&M plans are being routinely developed.	The O&M manual has been revised in order to ensure that: 1/ The community are fully advised of future annual and routine financial and resource commitments that are applicable to prioritized SP. 2/ Communities can develop O&M funds that are sufficient to cover at least routine maintenance over three to five years of operation.
<b>Monitoring and Evaluation</b>		
MIS	quality and timeliness of monitoring information is not yet achieved	1/ The project has hired several young graduates to enter the backlog of data and data for Cycles IX and X 2/ New Head of M&E Division has been recruited 3/ for the recruitment of a specialist in order to strengthen M&E has been finalized and improved the quality of data. 3/ in the “deepen CDD” pilot districts, Young graduate have been hired to monitor the new community engagement process.
<b>Others</b>		
Social and Environmental Safeguards	Minor environmental issues were observed (e.g. cutting trees in school areas)	1/ The Environment Code of Practice (ECOP) have been integrated in sub-projects contract and related training for PRF staff started to be implemented. 2/ A safeguards monitoring form has been developed to address potential environmental and social issues 3/ Safeguards related issues will be systematically integrated in the 6 months and annual progress report
Feed Back and Resolution Mechanism	While many villagers appear to be aware of the 161 hotline, call attempts of the hot line 161 often fail and are not accessible.  There continues to be a lack of understanding of and engagement with the FRM on the part of communities. Apart from polite thanks and request for additional SPs, little feedback is received.	1/ Weekly testing of the hotline 161 to ensure its functionality and accessibility. There is a log book for Head of M&E division to sign off to verify the testing is being performed on a regular basis. 2/ The FRM will be systematically discussed during PRF visit to villages and more visibility of the 161 have been made in villages (stickers)
PRF staff Turn	PRF staff turnover remains high	1/ More systematic analysis of the

over		<p>reasons for staff departure have been put in place.</p> <p>2/ ToR have been developed in order to recruit an HR specialist to include standard compensation policy and performance management policy.</p>
Gender Equality and Social Inclusion	Number of women working with the PRF under-represented and for majority of them with low level of responsibilities.	<p>1/ preferential /affirmative recruitment practices has been put in place to increase the number of women and non-Lao Tai members of staff</p> <p>2/ A Gender Equality and Social Inclusion (GESI) Officer was appointed within the CD division at the central level, to conducted a series of gender sensitization training events. Three GESI focal points within the engineering, M&amp;E and finance divisions has also been identified and appointed.</p> <p>3/ Minimum quota of women and people speaking ethnic languages have been set up, particularly, the PRF started hiring one additional female Kum ban facilitators to team up with another existing female KBF, this aims to enhance the participation of female community members and to ensure female KBF feel secure when traveling to villages (Will detail in next semi-annual report).</p>

### 3.5. LONG's annual overview

- With elapsed on 86% time of the implementation of LONG, project has achieved 62% financial progress. Project interventions have reached all 85 target villages of 4 districts completing 100% targeting for the outreach.
- Against the target of 260 SHG, LONG has established 306 SHG. The project has benefited 4,372 households covering 26,016 people under livelihood activities against the target of 2,600 households and 15,600 people.
- The Project has given emphasis on gender mainstreaming. Out of the total 4,372 SHG members, 3,181 (73%) are women. Women members are actively participating in the livelihood components and there is 72% participation of women in the decision making process of SHG activities.
- Starting with support to 24 SHG in cycle-1, income generation activities have been started by all of the target households of 24 SHGs. Total savings of cycle-1 SHGs have

reached 45 million Kip comprising of 15.5 million Kip in Sepone district and 29.5 million Kip in Hiem. 361 households of cycle-1 have started income generation activities. Of these 161 have been commenced by women. A total of 351 million Kip has been used by the members for IGA as credit and generated income of 725 million Kip with net profit of 374 million Kip.

- During the cycle-2 LONG has focused to promote livelihood activities for 134 SHG (51 SHG in Sepone, 38 in Hiem and 45 in Son district) in 44 villages. All of these SHG have started regular savings and amount of savings has reached to 77.7 million Kip
- Out of the total members of 1,955 under cycle-2, 1,851 members are in the process to start the IGA. Key activities planned are Chicken raising by 632 members, Goat raising by 359 members, pig raising by 331, weaving 172 HH, Fish 141, duck 81 members, catfish by 61 members, frog 31 members, mushroom by 11 members and chilly 5 members. In Hiem and Son district all members have planned to implement the activities while in Sepone district out of 743 members, 639 planned to implement the IGA and remaining members will implement after repayment of the loan by the members who borrowed the funds for first time.
- Cycle-3 target villages are comparatively new and efforts are being made for their capacity building and promoting them for the regular meetings and savings. Out of the total 148 SHG formed in 35 villages targeted under the Cycle-3, 81 SHGs have started regular meetings and savings. 67 SHG of Nong districts which is targeted for the cycle-3 comprising of 98% women members is highly encouraging for the gender sensitivity for the targeting.
- Project has supported establishment of 15 VNC. VNC investment plans have been prepared for all of 15 VNC and funds have been transferred all 15 VNC. In first cycle 6 VNC have been established in six pilot villages in two districts. During the second cycle another 10 VNCs established.
- A total of 699 members have joined the 15 VNCs out of those only 77 are from the SHG. Out of the total members, 621 members (89%) are from ethnic people.
- There are total 322 children members of VNC out of those 378 are from the age group of 0-24 months and 44 from 25-60 month. Out of 322 children 222 are boys and 100 girls. There are 67 members in the VNC management committee and all are women. All VNC are headed by women.
- IEC material has been developed for the livelihood and nutrition activities. Project has developed SHG Guidelines, savings and credit manual, several technical guidelines for the livelihood activities, 4 modules for the professional nutrition activities and 4 modules for the livelihood linked nutrition activities. VNC record management hand book and nutrition data collection handbook also developed and distributed the staff. In order to record the nutrition data for the height and weight of the children, project has started procurement process for the height and weight measurement equipment.

- LONG has produced 24 types of IEC material comprising of manuals, flipbooks, posters and leaflets. IEC materials is produced to target the District and Kumb Ban staff and for the target farmers. However, there is further need to develop more IEC material for the nutrition to complete the remaining 8 modules for the professional nutrition education and 8 modules for the livelihood linked nutrition education.
- LONG activities have also been replicated by non-targeted households. LONG approach to support the livelihood based on CDD and SHG has significant impact not only the targeted community, this model is being replicated by the other non-target household to support their livelihood. 34 HH in Kaengkee village have been trained by district LWU and started weaving activities. These households successfully conducting the weaving and generated net income of 152 million Kip. District LWU of Sepone district, who performed as master trainer for the LONG target households in Kaengkee village, has used the similar approach and replicated weaving activities in 6 new villages. 84 households in Ban Ban Asing, Ban Phosai, Ban Labor, Ban Manchi, Ban Thame and Ban KengKok of Sepone district are conducting the weaving activities.
- LONG has achieved 100% progress for the targeting of the district and villages covering 85 villages in 4 districts. No. of direct project under the livelihood activities are 26,232 people against target of 15,600 achieving 168% progress. However, project couldn't achieve the target number beneficiaries under VNC. Against the target of 9,000 people, LONG has reached to 2,280 people. There is need to revise the target for the VNC because one VNC couldn't reach to 600 people. LONG is encouraging women and poorest in decision making and against the targets of 50 and 60% for women and poorest members, there is 72% participation of women and 70% participation of women in decision making. Most of the IGA started in cycle-1 of targeting hence against the target of 60%, till now 18% HH adopted pro-nutrition livelihood activities. Against the target of 260 SHG, 306 SHG have been established and 78% has satisfactory performance rating against the target of 60%. It is because of very good interest from the target community to adopt CDD. Women are taking lead role in SHG management as against the target of 50% leadership position for the women, 57% management position occupied by the women. 90% of the SHG has expressed the satisfaction with quality of service provided. 42% of SHG showing increased livelihood opportunities against the target of 70%. 10 types of livelihood activities has been started using seed grant and savings from SHGs. Against the target of 50% of women in SHG, 15% women members have adopted more balance diet. There is need to further capacity building for the nutrition and improvement of livelihood to achieve this target. Regarding behavior changed strategy for the nutrition link livelihood need further analysis.
- Since the establishment of the SHG has been completed in all of the 85 villages now LONG will focus on more capacity building of SHG for the savings and credit, preparation of the subprojects, family investment plan, loan repayment and capacity building for the technical aspects for the activity implementation. Project will support establishment of the service providers for the production of the small

livestock, strengthen the vaccination system for the small livestock by supporting the vaccination supply chain, creation of revolving funds for the vaccination at DAFO and providing the vaccination kits to the village veterinary workers in target villages. LONG staff will also work for the sustainability of the activities by the SHG by providing the backstopping technical support to SHG and promotion of repayment of the credit and revolving of the credit to other members of the SHG. Project will support the remaining SHG to open accounts in the commercial bank at district level and establish the linkages of the SHG with bank for the easy access of finance for the SHG from the commercial bank.

### **3.6. A pilot for Deepening Community Driven Development (Strengthened CDD Pilot).**

#### **3.6.1. Progress of Strengthen CDD activities in pilot districts**

The strengthened CDD Pilot was undertaken in response to the recommendations endorsed by the MTR mission on February 2014 for learning considering the budget and time limitations. The purpose was to practice 12 changes to strengthen the application of community driven development principles for efficiency and effectiveness of planning and implementation project interventions.

The 12 changes are; **(i)** Make village selection demand driven by communities formally expressing willingness to follow rules prior to be selected, **(ii)** Recognize and strengthen village organization and add an additional Kum ban Facilitator per Kum ban, Train and motivate them and raise their daily allowance for work, **(iii)** Agree on nonnegotiable principles and rules of ethics to follow, **(iv)** Increase engagement of women, ethnic groups, youth and other common interest groups at village /hamlet levels in planning implementation monitoring and maintenance by facilitating self-help groups and collective work, **(v)** Engage communities in household poverty ranking targeting and monitoring benefits, **(vi)** Disclose and display community profile, social maps and poverty ranking at village and in project website for referencing when needed, **(vii)** Provide more information on possibilities to select need-based infrastructure of the poor groups helping livelihoods, **(viii)** Focus on promoting self-help groups in villages of no sub projects and linking VDPs/KDPs to other sources of funding, **(ix)** Include social auditing to FRM improving accountability, **(x)** Independent project appraisal and monitoring for quality and sustainability, **(xi)** Form Appraisal and Monitoring Team for sub project appraisal and milestone checking for disbursement and add a young graduate to district team as M&E and accountability staff member **(xii)** Promote best performing model villages for cross learning

The area for the CDD Pilot appears in table below.

#### **Table 23: "Deepen CDD" pilot districts**

Province	District	Number of Kum bans	Number of Vilages
<b>Luang Prabang</b>	Nam bak	4	25
	Chomphet	4	37
<b>Savannakhet</b>	Nong	7	51
<b>Udomxay</b>	Xay	4	27
	Namor	5	33
<b>Total</b>	<b>5</b>	<b>24</b>	<b>173</b>

Source: CD Division, October 2014

### 3.6.2. Training and Dissemination of CDD

A national level four day training program was conducted<sup>6</sup> from May 13 th to 16th 2014, in Vientiane to train a core team of 50 key staff and kum ban facilitators as TOTs for deeper understanding of what CDD is and why deepened CDD is needed to effect change and to dissemination and practice the changes with the deepened planning process. Sixty seven participants took part in the program, 10 from the national office and 55 from the five districts of three provinces with 32% female participation. Among the participants were all concerned sectors of PRF both Central, Provincial and district levels such as Community Development Division, Monitoring and Evaluation Division, Finance Division, Engineer Division and Kum ban facilitators from 5 pilot districts.

Training materials and methods with pictures, videos, stories, narrations, illustrations and group activities were used to enable the participants to effectively communicate messages to illiterate/less literate multi ethnic communities and a facilitators tool kit was introduced to be used in the field. The project produced xxx of these facilitators tool kit and made available with the field staff and Kum ban facilitators for use.

A training manual was prepared in local language to be used with the training manual in dissemination.

The core team in turn returned to districts and trained other relevant staff and other kum ban facilitators who formed district and Kum ban facilitation teams for launching the planning process with communities applying the procedures and practice agreed.

**Table 24: # people trained, additional Kum ban Facilitators and budget allocated**

Inputs	Plan	Total/Female		Luang Prabang		Savanna khet	Oudomxay	
		Achieved	%	Nam bak	Chomphet	Nong	Xay	Namor

<sup>6</sup> Training was conducted by Dr, Gamini Batuwitige , Institutional Development Consultant under technical assistance provided by the World Bank

1. # of participants who received Core Team Training on Deepened CDD	65	67/21	103	7/3	7/3	16/3	6/3	7/3
# of Kum ban facilitators	10	10/5	100	2/1	2/1	2/1	2/1	2/1
# of district staff	28	27/10	96	5/2	5/2	8/2	4/2	5/2
# of Provincial and centre office staff	18	17/3	94	5/1		6/1	6/1	
2. # of district facilitation team members including Kum ban facilitators, district staff and RDO trained by the TOTs of core team (95% targeted)	97	98	111	16	18	37	12	15
3. # of Kum ban facilitators added as the third KF	24	24	100	4	4	7	4	5
4. # of young graduates working as district M&E and accountability staff member	5	5	100	1	1	1	1	1
5. Amount of operational funds spent on CDD Pilot upto end of September 2014	140,486	154,187	110	24,639	25,937	37,507	25,599	20.618

Source: CD Division, October 2014

### 3.6.3. Practice, Output and Initial Results in the villages, hamlets and Kum bans of CDD

The initial training of a core team of trainers, their subsequent training of the district and Kum ban facilitators including relevant rural development department officers, recruitment and deployment of five young graduates one to each pilot district to work as M&E and accountability officers, and deploying an additional Kum ban facilitator to each Kum ban of pilot districts and provision of operational funds as inputs produced the following outputs and results during the past four and a half month period.

**Table 25: "Deepen CDD" outputs**

Outputs/Results	Plan	Achieved	%	Luang Prabang	Savanna khet	Udomxay
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1. # of Kum bans completed orientation	24	24	100	4	4	7	4	5
2. # of district facilitation team members including Kum ban facilitators, district staff and RDO trained by the TOTs of core team (95% targetted)	97	98	111	16	18	37	12	15
3. # of villages in Kum bans completed orientation	170	170	100	25	30	46	38	31
4 # of households in Kum bans attended orientation (Plan 80%)	11,214	12,448	111	2573	1718	2721	3810	3196
5. # of people attended orientation. Total Women % of women participated	11.214 5,607 50%	15,971 8,916 56%	142 159	4,202 ,248 53%	2,404 1,366 57%	2,483 1,554 63%	4,084 2,221 54%	2,780 1,527 55%
6. # of Kum bans expressed willingness to follow rules	24	24	100	4	4	7	4	5
7. # villages formed social audit committees	170	170	100	25	30	46	38	31
8. # of villages completed Household wealth ranking	170	170	100	25	30	46	38	31
9. # of Kum bans completed KDP	24	24	100	4	4	7	4	5

Source: CD Division, October 2014

During the village level planning, communities recorded the participants ethnic group and also they recorded the ethnic group of those who proposed the priority solutions to the problems. In Nong district all kum bans have population all of ethnic minorities (Ta Oey, Trii and Makong). Therefore all participants of the planning process represent 100% of

minority ethnic communities in this case, the poorest ethnic communities. The Kum ban facilitators and other representatives are also from ethnic minorities.

#### Lessons and Issues

- The response of the communities as well as staff and Kum ban facilitators on the use of new tools of communication was very encouraging and found useful to convey messages effectively
- The time required to adopt all required steps was not uniform across the districts with distance, difficult access to villages and weather conditions affecting conducting community meetings
- The lack of adequate transport hinders the participation of female staff of the district teams in attending the field sessions. The presence of the Provincial CD officer with his vehicle provided for the female staff participation which was found very useful for the team and was admired by the community and was effective.
- The planning process has not yet completed in all five districts up to finalizing the sub projects to know the results by the end of September. A quick review is required to know more from the field staff on lessons.

## **Part IV. Management and accountability: Specific activities during a period of report**

### **4.1. Administration and finance (Financial report)**

#### **4.1.1. Government contribution**

The Lao Government contribution for the cycle X (LAK 16 billion, or (approximately US\$ 2 million) has been transferred to PRF account by the National Treasury at the end of March 2014. This fund has been disbursed to support 86 sub-projects in the 7 old provinces, following the fund flow and disbursement mechanism as per the Financial and Administration Manual.

Regarding, the progress of the Cycle XI, LAK15.4 billion (approximately US\$1.9 million) have been already transferred to PRF bank account and allocated to support 63 sub projects in 5 provinces.

#### ***Key challenges:***

The first key challenge this year is related to the delay in transferring the Government contribution to the PRF Bank account, especially for the Cycle X.

Transfer delay is due to the lengthy and complex process, which involves many different stakeholders from the village to the ministries level. All supporting documents and the payment requests are prepared and initiated by the Village Implementation Team with the PRF support from the district level. These documents are then sent to the central level through the provincial office. PRF at the central level will then lead the process and submit all of the supporting documents as following: all bidding documents, Agreement between PRF and community, contract between community and contractor, work order, invoice, tax calculation sheet, cheque payment from the contractor for the VAT, requested for payment from each level and e.g. to the National Committee for Rural Development and Poverty Eradication (NCRDPE) to prepare the official request to the Planning Department of Ministry of Planning and Investment (MPI), followed by approval from the Budget Department of the Ministry of Finance (MoF) who will provide confirmation of the budget allocation for each fiscal year, based on the budget committed from GOL. Finally after MOF approval, the National Treasury will process payment into PRF bank account. To solve the issue of delay in transferring the Government contribution to the PRF bank account, it was agreed internally the PRF will request MoF that Sub-grant budget for Government funding can be transferred to PRF Bank account prior to reception of supporting documents, following the same process as others the PRF donors. . The 5 months payment delay for the payment to contractors under GoL financed sub-projects (after closing the end of fiscal year) might have adverse impact on PRF's reputation and community confidence towards the PRF, and therefore should be avoided for the next cycles.

Payment of sub-grants cannot be made to the community bank account in accordance with PRF procedure of fund transfer. For GOL's finance projects, payments need to be made directly to the suppliers or contractor and not the community bank account. Consequently, the PRF community beneficiaries were not able to manage their own fund or to use the Community Force Account methodology to build their own infrastructures. The PRF has already faced this issue during the cycle X and cycle XI, and will remain an issue in the future if CDD model is fully integrated. This issue will be discussed during the next donor's supervision in November, 2014 in order to identify at the village level the community organization that may be recognized by the Government as the right institutional level to receive Government financial assistance in the near future.

#### **4.1.2. Interim unaudited financial report (IFR)**

The PRF's IFRs have been submitted in a timely manner as well as the improvement to the IFRs from quarter to quarter, by following all donors recommendations. However, Variance analysis has to be further strengthened using inputs from all divisions.

#### **4.1.3. External Audits**

The PRF Financial Audit report and management letter for the FY 12/13 fiscal year has been submitted on time (end of March 2014) and considered unqualified and satisfactory by the World Bank. However, the major audit recommendations were related to the issues of incomplete or inappropriate data in the supporting document for certain expenditure, which mainly comes from the Kum Ban and or Village Implementation Team (VIT)'s expenditures report. This issue is mainly related to their lack of capacities in financial and procurement management. PRF agreed with the recommendations for the auditor and tried to solve the issue mentioned by organizing training to province and district staff on the Financial Management training. After the refresh training the PRF province and district staffs have to train to Kum Ban and Village Implementation Team in order to continue to enhance the capacity and empowerment of the VIT. Procurement training materials will be reviewed by the Institutional specialist in order to ease community members understanding towards the procurement activities.

For the next Financial Audit (fiscal year 2013/2014), the PRF will undertake the procurement process for the recruitment of a qualified firm in order to conduct financial audit tasks accordingly.

#### **4.1.4. The World Bank's Integrated Fiduciary Review Assessment**

The Financial Management's review, field visit and Integrated Fiduciary Review Assessment (IFSA) finding and recommendations to the PRF project are as follow:

1/ Issue related to the fund transfer delayed to Village Implementation Team bank accounts.

According to the issue mentioned above, PRF has clarified reasons for delay of the payment. For instance under normal circumstance, the all process can be done within 30 days, but due to the remoteness and related difficulties of access, it may happen that transfer will take more than 30 days. For instance, during the audit period, a natural disaster in Oudomxay was the key reason for the delay. Therefore, PRF cannot guarantee that this kind of issue will not occur again in the future, but PRF team commits to always do their best to manage proceeding payment within 30 days.

In order to find out the solution of the fund transfer delayed, PRF agreed with the WB team to simplify document review at the central level for improvement of the efficiency in the disbursement of community grant. The decision to approve fund transfer will have to rely almost entirely in the technical and fiduciary review done by provincial and district staff. However, the check list will still need to be developed to help district PRF staff verify physical progress and other key milestones in sub project implementation before they send request for budget transfer to the central level. As agreed with WB that the check list will be attached to the revised of Financial Management Manual.

To support this transfer of responsibilities from central to province and district level, the F&A team from the central level has enhanced the capacity of provincial and district staff on the Financial Management by conducting training on the role and responsibilities of the staff in each level regarding streamlining fund transfer mechanisms and as well as the internal control system. Training was organized in July and September, 2014 for all provincial and district staff of 10 provinces.

2/ There was also recommendation on the issue related to the payment delayed to contractors.

PRF clarified the cause of the delayed for the payment to the contractor, which was partly due to incomplete documents provided by the supplier, in particular evidence of VAT payment and unavailability of PRF staff to process the payment at that time. Regarding this issue, the WB team recommends that PRF Finance team informs the supplier upfront of this requirement, i.e. when they sign contract with the supplier. This will give them time to obtain such documents without delaying payment.

PRF agreed with this recommendation and sent the notice to province and district offices that PRF team has to inform the contractor or supplier to submit the evident of VAT or the receipt of the tax payment to PRF office in advance or at least before submitting the request of the second installment. In addition, PRF team has reviewed and clearly specified this issue in the contract condition of the contractor and supplier. The review contract will be applied for the cycle XII.

The FM mission provided comment on Sub-project signboard. Receipt available for payments made; however, there is no evidence that the sign board has been received and installed at the village – no photo available on file.

Since, the beginning PRF agreed that it can be only subproject sign receipt board attached in the project document and it was not necessary to have photo. However, PRF agreed with WB recommendation to attach a photo of sign board to each sub-project financial report.

PRF central office has sent the notice to all province and district to follow up and take action to address the issue of sign board. This issue was also discussed during the FM training for the north and south provinces and to be applied the next sub-project cycle.

#### 4.1.5. Disbursement

As of September 30, 2014 disbursement reached 71% for the IDA grant (H6850) and 41% for the MDTF (executed trust fund grant (TF 12419)) The Swiss Agency for Development Cooperation (SDC) disbursement rate reached 62% and the Government of Lao's contribution 20%. The requested for revision of disbursement ratio between H6850 and TF 12419 has been submitted to the World Bank, and will be addressed in the upcoming Level 2 restructuring (which the data from the PRF 's Interim Un- Audited Financial Report).

**Table 26: PRF II Financing - Disbursement (as of September 30, 2014)**

Source of Financing	Disbursement as of September 30, 2014	Disbursement (Percent of Total Allocated by Source of Financing)	Total Allocated (US\$ million)
World Bank (DA)	17,639,426.86	71%	25,000,000.00
MDTF	7,153,032.97	41%	17,500,000.00
SDC	8,195,756.85	62%	13,200,000.00
GOL	1,976,722.02	20%	10,000,000.00
OTHERS	876.20		-
	<u>34,965,814.90</u>	<u>53%</u>	<u>65,700,000.00</u>

Source: PRF FA Division, 30 September 2014

During the reporting period, PRF has proceeded withdrawal application (SOE "statement of expenditure) from the donors total amount of USD15,750,113.02 ( USD5,956,703.83 from IDA6850, USD3,498,398.7 from TF12419, USD4,300,000.00 from SDC and USD1,995,012.47 from GOL contribution).

**Table 27: Summary fund use**

Fund Source	Fund Received FY 2013 - 2014	Expenditure FY2013 - 2014	percentage of Uses
<b>IDA6850</b>	5,956,703.83	6,500,523.22	109%
<b>TF12419</b>	3,498,398.72	3,806,953.49	109%
<b>SDC</b>	4,300,000.00	3,863,055.04	90%

<b>GOL</b>	1,995,012.47	1,976,722.02	99%
<b>Total:</b>	15,750,115.02	16,147,253.77	103%

Source: PRF FA Division, October 2014

PRF had transferred the sub-grant budget to villagers for a total amount of USD11,390,767.75 (USD 3,845,608.88 from IDA6850 fund, USD2,258,532.15 from TF12419 fund, USD3,317,326.10 from Swiss Agency Development Corporation (SDC) fund and USD1,969,300.62 from Lao PDR Government contribution). As the annual budget plan 2013-2014 for sub-grant is only USD10,800,000, therefore, PRF has completed the sub-grant transfer according to the budget line (USD 590,676.75 or around 5% of the total sub-grant budget).

During the reporting period, PRF has spent a total amount of USD 6,147,787.96 (USD 12,358,635.38 supported to the village subproject grants, USD1,444,045.67 was disbursed for the capacity building, IEC materials and subproject monitoring activities and USD2,345,106.91 was used for the project management activities).

**Table 28: Expenditure in each component**

Description for component	Expenditures (2013-2014)	percentages
Village Subproject Grants	12,358,635.38	76.53%
Capacity Building	1,444,045.67	8.94%
Project Management	2,345,106.91	14.52%
Total	16,147,787.96	100.00%

Source: PRF FA Division, October 2014

## 4.2. Procurement Progress Report

Community Procurement Manual had been prepared and updated from time to time. The new Community Procurement Plan was revised and updated on 18 July 2014 with 17 pages including the cover page, contents, introduction, procurement rules, regulation and process, and list of annexes with 52 pages including request for quotation, bid opening, bid evaluation, contracts and other forms. Head of Community Development Division suggests that the procurement process should be prepared in the form of pictures and charts, so that it's easier for the communities to understand. After discussions amongst the World Bank Procurement Specialist, PRF Procurement Officer and Head of Community Development Division, it has been agreed that the CD Department will assign somebody to develop those guideline in the future.

**Action:** CD Division with the assistance of Procurement Officer is preparing the procurement training materials for Village Implementation Team (Community) which includes: Community Procurement Guideline and a short video in Lao and other ethnic languages which is expected to be used for cycle 13.

Moreover, the specific activities related PRF's procurement work can summarize as below:

#### **4.2.1. Goods and works**

##### **4.2.1.1. Procurement at National and Provincial Level**

###### **1/ PRF**

- Completed preparation of the Procurement Plan for FY 2014 for goods, works, and consultancy services under PRF II and submitted to the WB for their review on 8 November 2013. The comments received from the World Bank on 18 November 2013 were incorporated into the Procurement Plan and the revised version re-submitted to the World Bank on 20 November 2013.
- Completed the procurement of small equipment for PRF new province and new district offices added in Luang Prabang Province for which the purchase order was issued on 6 December 2013 to Boulath Shop in the contract amount of 14,520,000 LAK, and the goods were delivered on 23 December 2013.
- Completed the procurement of Paper Folding Scan Machine, for which the contract was signed on 20 March 2014 with Cyberia Co. in the contract amount of 8,000,000 LAK, and the goods was delivered on 3 April 2014.
- Completed the procurement of 15 motorcycles, for which the contract was signed on 19 May 2014 with New Chip Xeng Co. in the contract amount of 156,908,703 LAK, and the goods were delivered on 15 July 2014.
- Completed the procurement of 3 pick-ups, for which the contract was signed on 9 June 2014 with Keo Auto Group Co. in the contract amount of 679,185,000 LAK, and the goods were delivered on 7 October 2014.
- For the procurement of printing/publishing of the Information Education Communication Strategy (IEC), detail in procurement and IEC annual report.

###### **2/ LONG**

- Completed preparation of the Procurement Plan for FY 2014 for goods, works, and consultancy services of LONG and submitted to the WB for their review on 15 November 2013. The comments received from the World Bank on 6 December 2013. And the revised version re-submitted to the World Bank on 25 July 2014.
- Completed the procurement of IT Equipment which included 5 Laptops, 5 LCD sets, 5 Speakers, 4 Cameras, for which the contract was signed on 14 January 2014 in the contact amount of 78,250,000 LAK with NSV Computer Co., and the goods were delivered on 14 February 2014.
- The Provincial Procurement Officer had completed the procurement of furniture provided to newly added district offices in Xiengkhor and Xamtai, for which the contract was signed on 27 January 2014 in the contact amount of 7,524,000 LAK with Lamphoun Furniture Factory and the goods were delivered on 21 March 2014.
- Completed the procurement of poster container pipes, for which the contract was signed on 25 July 2014 with Photo Compact Shop in the contract amount of 4,500,000 LAK, and the goods were delivered on 28 July 2014.

- Completed the procurement of sleeping bags, for which the contract was signed on 25 July 2014 with Thon Shop in the contract amount of 26,400,000 LAK, and the goods were delivered on 28 July 2014.
- Completed the procurement of First Aid Kits, for which the contract was signed on 8 September 2014 with Aravanh Pharma Sole Co. in the contract amount of 5,400,000 LAK, and the goods were delivered on 12 September 2014.
- Completed the procurement of motorbike emergency repair equipment, for which the contract was signed on 26 August 2014 with Xay Shop in the contract amount of 7,900,000 LAK, and the goods were delivered on 27 August 2014.

Notice: *Detail of Annual report of procurement is detail in Annex 9 in separated document.*

#### **4.2.1.2. Hiring consultants**

##### **1/ PRF**

Completed the procurement of consultancy service (firm) for Capacity Building Study through CQS procurement method and subject to the World Bank's prior preview which the contract was signed on 14 October 2013 with Mixai Techno Engineering & Consulting Co

##### **2/ LONG**

Completed the procurement of consultancy service (firm) for Baseline Survey through single source selection procurement method and subject to the World Bank's prior preview which the contract was signed on 30 May 2014 with Indochina Research (Laos) Ltd.

#### **4.2.2. SUB-PROJECT (Cycle XI and Cycle XII)**

Completed revised Community Procurement Manual and submitted to World Bank Procurement Specialist for review and comments on 8 July 2014, whereby the comments were received on 18 August 2014 and the revised version has been updated incorporating these comments and this manual will be used for training the Village Implementation Team (VIT) from cycle 12 onward.

##### **Cycle XI**

Completed preparation of the Sub-project Procurement Plan for Cycle 11 based on approval list of sub-projects received from the World Bank on 22 January 2014 and 22 May 2014 for 334 *sub-projects* under PRF II using IDA/MDTF, SDC, and GOL (63) fund in Houaphan (70), Xiengkhaoung (29), Luang Namtha (17), Phongsaly (23), Oudomxay (55), LuangPrabang (43), Savannakhet (45), Saravan (13), Sekong (21), and Attapeu (18) and submitted to the PMT on 10 February 2014.

##### **Cycle XII (FY 2014-2015)**

- Completed preparation of the Procurement Plan for Cycle 12 for 74 sub-projects using GOL fund and submitted to the WB for their review and no objection letter on 14 August 2014. The no object letter was received from the World Bank on 6 October 2014.

#### **4.2.3. Issues, Challenges and Action**

a) Village Implementation Team (VIT) cannot conduct the bid opening and select the bidder by themselves without the presence of PRF district staff as Facilitator.

- Rules and regulations of the procurement process and relevant forms need to be filled out and everything need in writing for the purpose of auditing in the future.
- low level of literacy at the community level, some villagers do not understand or speak Lao
- Village Implementation Team (VIT) have limited ability and experience regarding the procurement process (one village received only one sub-project)
- In some villages, VIT selects a related or familiar Bidder, without following the procurement rules and regulations.

##### **Action:**

- Completed revising the Community Procurement Manual on 18 July 2014 incorporating the World Bank's comments and based on the lessons learnt during the previous implementation.
- Provide training to VIT on procurement procedures and the process of bid opening, evaluation and contract award before starting implementation of sub-projects in next cycle.
- Allocate PRF District Team to follow up and assist VIT in each village during the procurement process of sub-projects in next cycle.

b) Limited numbers of contractors/suppliers are interested in PRF's sub-projects.

- Most of the PRF sub-projects are located in very remote areas as compared to other rural development projects in Lao PDR, some sub-project locations do not even have access roads, thus making it difficult to complete the sub-projects within the targeted timeframe.
- There are no construction material supplier shops located in the villages or nearby. They are located only in the districts and provinces center.
- Only small or newly established construction companies or companies who have worked on previous cycles with PRF are interested in PRF sub-projects, because PRF sub-projects are small-sized projects.
- No construction companies interested in PRF sub-projects using GOL funds, as payments are mostly delayed by more than 5-6 months.

##### **Action:**

- Advice Village Implementation Team to post advertise for quotation on information boards at the village/kum ban, Governor's Office, and local radio/television where possible, besides sending invitations directly to the qualified bidders.
- Since request for quotations were posted on several public places, the quotation evaluation can be proceed if even less than three quotations were received at the deadline of quotation submission.

c) Delay on submission request for signing contract with selected bidder from VIT to PRF Provincial Office

- Number of sub-projects in each cycle in each district
- Lack of specialized and experienced PRF district procurement staff to assist in each village, even though they have received the procurement training from provincial/central procurement officers once or twice each year as well as from the World Bank Procurement Specialist before commencing the bid opening for sub-projects each year
- One PRF district staff has been assigned to attend as Facilitator to VIT in more than one village for bid opening, bid evaluation and selection of the bidder. It has been agreed to organize the Bid Opening at the Village Level, which has been applied to all PRF sub-projects since Cycle XI onwards. PRF district staff shall collect and submit the contract proposals for the selected bidders along with relevant documentation from VIT to the PRF Provincial Office, after completion of the bid opening in all the villages that have been assigned to them.

**Action:**

- Provided training at the National Office for PRF staff at the district and provincial levels on general procurement methods, revised community procurement manual, standard request for quotation, and bid evaluation forms to be used for next cycle in July 2014 for the Northern provinces and in September for the southern provinces.
- Provide training to PRF District Officers before starting the procurement process of next cycle.
- Each PRF District Staff have to collect and carry the request for signing contract with the selected bidders with all support documents from VIT after attending the last village assigned to attend and submit to PRF Provincial Officer within 5 days

### **4.3. Monitoring and evaluation**

#### **4.3.1. The performance of Monitoring and Evaluation System**

The M&E system has been progressively strengthened over the period of PRF II implementation. Data forms have been developed and/or revised to record key information from the field (district, Kum ban and village levels) needed for both management purposes and M&E. A new MIS system is now in place and holds key data from these forms. This is the first Annual Report for which the MIS has been largely up-to-

date enabling summary data on progress and performance to be easily extracted and reported.

Commencing in late 2013 and continuing into early 2014, casual staffs were recruited to enter all data form records into the MIS. All M&E staffs were then provided refresher training as part of the annual review and capacity building workshop conducted in September 2014 in Vientiane to ensure they were familiar with data forms and the MIS.

In addition to the data recorded in the MIS, PRF staffs collect data each year on the implementation of Kum ban priority sub-projects by other development actors, and on the supervision and technical assistance provided to PRF sub-project villages by district government staff. A new form has been drafted for regular M&E of sub-projects with particular emphasis on technical quality, operation and maintenance, and sustainability of completed sub-projects.

Notwithstanding the considerable recent improvements in the operation of the M&E system, there are some remaining challenges to ensure MIS data are accurate and comprehensive. Recent field monitoring of the performance of district and provincial staff and the records they keep, concluded that some key data were inconsistently recorded or omitted from key forms. Not all district staffs were clear on how to complete these forms and the importance of the data contained within them.

As a result of these findings the PMT has identified a subset of key MIS data that is used for regular reporting to donors and GoL that will be essential to enter accurately on data forms and subsequently into the MIS. Simple, clear guidelines will be drafted to ensure district and M&E staff are clear on how to record these data appropriately. Training will then be conducted for district staff. Supervisors at provincial level will be made responsible for monitoring data quality recorded by district staff and Kum ban facilitators.

Problems with slow internet at the provincial and district levels continue to make updating the MIS a slow and frustrating process. PRF has recently discussed with IT consultants the prospects of entering data off-line and uploading after hours. If feasible, changes will be made to the MIS to enable this to take place.

Other initiatives identified to further improve the M&E system over the coming period include:

- Some simple additions or alterations to existing forms to better address results framework indicators.
- A new form or new section to assess the technical quality of completed sub-projects (to be completed by PRF and district government staff).
- The rolling out of the draft Community Capacity Form.
- A focused sample survey of a random sample sub-projects (stratified by type of project) to assess community participation and satisfaction, technical quality, operation and maintenance and sustainability (to be conducted by external consultants).

### **4.3.2. Geography information system (GIS)**

During the reporting period, the M&E Division produced various types of PRF map, which capture several outcomes: maps with sub-project location of PRF I and PRF II in both Lao and English languages (including Cycle XI), maps with information on government priority target (167 Resettlement and stabilization of settlement, 54 focus zone, Kum ban, Ban “Sam sang” and Government priority target covering cycle X-XI).

A GIS training was organized on the Kum ban Development plan for all M&E staff from the 10 provinces (February 2014).

On-going activities:

- Map of sub- project use & unused as well as maintenance
- Finalization of the information of Kum ban and village distance from District center and province center
- Providing Map and Information showing villages and Kum ban area in Chomphet District, Luang Phabang province

### **4.4. PRF Internal Audit Activity**

The Internal Audit Unit (IAU) of the PRF is functioning independently, objectively and professionally. During October 2013 to September 2014 IAU has completed audits at national and provincial/ district level and issued 15 internal audit reports. The highlight of activities can summarize below:

#### **4.4.1. National Level**

Audit has noted that the PRF is designing and implementing project activities as per its objectives and sub projects implementation is in track of achieving progress as planned. System and procedures are in place for Community development, Engineering standards, Monitoring and Evaluation, Financial management, Procurement, and Human Resource management.

Main recommendations offered for the improvement of operations at National level that leads to improvement at provincial level as well are presented below.

- The Operational manual of PRF is a leaving document and we consider updating of the manual will strengthen internal control system and procedures in place.
- Capacity of community and advancing their involvement in all aspects of project management at community level is understood and accepted modality for PRF that needs continues supports and efforts.
- Quality of sub- projects remains a challenge for Engineering Division to make sure that technical staffs at sub- national level are able to comply with engineering standards.
- Monitoring and Evaluation of activities at all level of the PRF and generating credible reports in a timely manner remains a challenge.

- Activity wise detail program budget will serve as a control and monitoring tool for all divisions and units at national level.
- Development and maintaining Human Resources database will serve as a control and monitoring tool for personal record.
- Additional scrutiny is needed to make sure adequate supporting documents are available to substantiate the payments.

#### **4.4.2. Provincial Level**

Audit noted with satisfaction that the sub-projects are identified, implemented and monitored as per PRF procedures. Beneficiaries have been involved and demonstrate progress in achievement PRF objectives. However, there are numbers of observations suggesting strengthening the system as well as need for stricter compliance with procedures in place.

- Progress of some sub-projects implementation is delayed.
- Payments of the contracts under Government contribution are delayed significantly.
- Non-compliance with transactions authorization process, such as daily allowance payment sheet not certified/approved by the responsible officials, date and signature of receiver and payer are missing and advance clearance vouchers are not certified and approved by the person officially responsible.
- Documents are not attached with the vouchers to support transactions such as receipts for ferry fee, bank payment slip of fund transferred to community, registration of participants to support the per diem payments.
- Contract awarding amount exceed the bid amount.
- The spring gravity system has already been completed, but the water source is not enough to meet need of community.
- Records maintained by M & E division are not updated as per actual status of sub projects progress.
- Computers are not properly protected: antivirus system is not running/functioning.
- Financial statement and reporting are not submitted in time.
- The petty cash on hand balance are over then the approved ceiling amount.
- Block grant is not used as per procedure.
- District finance staff paid and prepared the block grant report without involvement of Village Implementation Team.
- Bid examination process should be completed in detail.
- Block grant amount provided is less than standard rate that is 5% of the sup-project costs.

Implementation of recommendations is the main concern as out of 201 recommendations none has been implemented or closed. Recruitment of additional auditor with technical background or supports from technical staff in the area of technical aspects of sub-projects will help IAU in assessing quality of sub- projects design and implementation.



## **Part V. Cooperation and partnership**

### **5.1. Supervision mission**

From January 27- February 2014, the donor mission for this year was organized, in collaboration with the NCRDPE and staff of PRF, the mid-term review (MTR) for PRF II was also conducted in this period. The mission included field visit to Houaphan, LuangNamtha, Oudomxay, Saravanh, and Savannakhet provinces.

As suggested earlier a table on MTR recommendations and actions taken and planned After mission, there several issues mentioned in the next step table as to improve management system as well as division work. The Project Management Team (PMT) had set up different meeting to update the work in progress of each division. One of the significant improvements is MIS database, particularly the data quality control and checking.

To ensure the work in progress based on the issues discussed in next step table, a mini mission of World Bank wa undertaken from July 14-18, 2014 to provide the progress in the implementation of agreed actions since Mid-Term Review (MRT). This mini mission noted that many activities mentioned in MTR already progressed. In addition, this mission discussed and agreed several aspects to reach a good quality of work. Particularly the mission was pleased that PRF had taken many steps to strengthen the technical quality of sub-projects and ensure their sustainability.

### **5.2. PRF Administrative Board Meeting**

The 20<sup>th</sup> PRF Board Meeting the 20<sup>th</sup> PRF Administrative Board Meeting was held in Attapeu province from 25-26 June, 2014. The meeting agreed the following key points:

- (1.) The meeting agreed to replace four clusters Villages of Luangprabang province that had been merged into one cluster villages in Viengkham district, Nambak and Phonsay to be a four cluster villages: (Tinhom, Kangkan, longnamjan and longnamhang) in Chomphet district of Luangprabang province and replacing of four clusters villages of Narlea district that has been impacted by the hydro power project to be four clusters villages (huanamgna, Nargnam, Chomka- Viengkham, Lao-chomong) of Sai district, Oudomxay province.
- (2.) The meeting stated seasoning which was a challenge caused the implementation PRF could not be completed on time in some districts such as Samouy district, Taoy, Kaleum, and Dakcheung due to the dry season only being 2-3 months that is suitable for construction.
- (3.) The meeting appreciated the efforts of the PRF to persuade donors to increase funding to education sub-project and public health as schools and health centers do not have water and ceiling for 2012-2013. The donors also agreed to allocate some funds for the maintenance and care of the building for the next five years.

- (4.) The meeting agreed and accepted the report of the directing manager of PRF on the project management, build up the abilities of the staff and community, project financial management, and coordinate with other divisions of the project and found that progress is satisfactory and received appreciation from donors.
- (5.) The meeting agreed the measures taken by PRF to resolve the problem in the midterm and challenges of implementation through the year and onwards to reach the goal. PRF also acted as the connection bridge for fund raising different donors to integrate Phase 3 of PRF which will upgrade to be national project.
- (6.) The meeting shared some ideas and opinions between PRF management team and the representatives of the donors on the structure of PRF phase 3 which highlighted with some important issues, including: (1) the project coverage forwarded to the national level, (2) Continue as in activities in phase 2 and improve the service as well as household income related with occupation activities (the families centre), together with water supply improvement in target areas.
- (7.) The meeting agreed with the model for livelihood improvement activities, in order to address nutrition issues through self-sufficient by being able to earn an income such as animal raising activities and weaving, aiming at developing a model for poverty eradication for households in rural areas. In addition the members also note that the seed-grant transfer to the Self help Group will have to be fasten in the future (the LONG manual of operations mentioned about 3 months between the time the self-help group is set and the members can received seed-grants, but some self-help groups received seed-grant 8 months after the group was set up).
- (8.) The payments of the budget will have to be improved in the future.

Moreover, the meeting also considered the plan and standards in implementation of PRF Phase 3 and pilot project for livelihood improving activities to ensure the nutrition, such as:

- (1) Agreed to accept the implementation plan of PRF phase 2 (Cycle XI) of 328 sub-projects of 78, 32 billion kip.
- (2) Agreed to adopt targets of local livelihoods will expand to another 35 villages covering 105 groups to which another 10 centers of nutrition, as of the end of 2015 to cover 85 villages and 264 self-help groups.
- (3) Agreed to extend the time of implementation of the projects working out to one year from April 2015 to the end of April 2016.
- (4) Meeting also accepted a revised strategic target of the LONG project (Livelihood Opportunity Nutrition Gain). (1) Reduction from 5 districts to become 4 districts, such as: Heam District, Sone District, Sepon and Nong District. (2) From 130 villagers down to 85 villages. (3) From 400 self-help groups reduced to 260 self-help groups. (4.) Who will benefit from this is down from 28,800 to 24,600 beneficiaries. (5.) Nutrition centers to 15 locations.

### 5.3. The cooperation between PRF and other development partners

#### 5.3.1. Cooperation with Helvetas Laos, PRF and Helvetas Nepal on suspension bridges construction

During the reporting period, the partnership agreement between the PRF and Helvetas has expired. Therefore, the addendum of this partnership has been prepared and signed by both parties. Key changes have been discussed and are related to two main areas: terms of payment and due date for the final report. Changes were approved by both parties and the partnership agreement has been extended till May 2015.

Sub-projects implementation has made considerable progress this year, but activities are on hold for a couple of weeks, as the galvanized part of the construction are made in Vietnam and there is currently issues related to the payment. This topic is under discussion, and planned to be solved in November 2014. Nevertheless, expected completion date will need to be postponed for around 3 months.

**Table 29: Suspension bridge implementation progress (Cycle X)**

Province	Districts	Kum ban	Village	Progress (%)
Luangnamtha	Nalae	Sakan	Sakan	60
Luangnamtha	Nalae	Pouluang	Mokjong	60
Luangnamtha	Long	Chamai	Chapee	60

Source: TA Division, PRF, September 2014

#### **Challenges faced during the reporting period:**

For the suspension bridge design, there were issues with the angle bars that cannot be found in the region. Therefore, and, as per recommendation of HELVETAS Nepal, the design has been reviewed according to available angle bars in Vietnam.

#### 5.3.2. Participation to the “Sustaining and Mainstreaming CDD programs

The PRF participated to the first East Asia and Pacific regional conference on Community Driven Development (CDD), “Sustaining and Mainstreaming CDD Programs”, held at the end of 2013 (Oct 29-Nov 1) in Bali, co-hosted by the Asia Foundation (TAF), Australian Aid (DFAT), World Bank (WB) and SMERU Research Institute. Eleven countries, including 7 ASEAN countries participated in the conference.

The primary objectives of the conference were to facilitate a dialogue among country participants and more specifically between the first generation of countries who begun to implement CDD programs and the second generation of countries.

During the conference, the discussion centered on topics, such as communities trust and confidence, political support, sustainability, scaling up, capacity development, facilitation and role of NGOs/CSOs. Participants shared their assessment of both critical success factors and major challenges in implementing CDD programs.

The key insights and points discussed over the course of the four-day event are summarized below.

***Key factors for success of Implementing CDD Programs:***

- Building communities trust and confidence through participation and encouraging them to take ownership and responsibility of CDD (especially engaging with government)
- Strong political support essential for the CDD sustainability and scale-up (fiscal decentralization, convergence with sector programs)
- Investment in human resources and capacity building
- Strengthening local government
- Transparency and accountability

***Key Challenges of Implementing CDD Programs:***

- Sustainability of CDD programs
- Lack of political support from the national government and/or local leaders
- Lack of human resources and capacity (lack of capability in local government and scarcity of qualified facilitators, not enough fund for CB)
- Managing community expectations
- Elite capture and corruption
- Difficulty in accessing remote areas as well as conflict-affected or high security areas
- Monitoring and Evaluating the impact of CDD program(s)
- Involvement of NGOs and CSOs in CDD activities.

As a conclusion, it was found that many countries applying CDD approach face common challenges. Therefore, the conference was seen by many as a first step toward establishing a regional “community of practice”, and it was proposed to make the regional conference and annual or biennial event.

For the organization of the next conference, the specific topics proposed by the PRF are as follow:

- how to scale up CDD programs and move to mainstream national management,
- integration of CDD into frontline service delivery (by local authorities and concerned sectors),
- strengthening capacity building of community facilitators
- CDD and the challenges of dealing in fragile environments (for instance village with different ethnic groups and different needs but living together for instance)

**5.3.3. Partnership with the International Labour Organization (ILO)**

Following on the recommendations of the National Human Development Report on the theme of Employment and livelihoods (2010) which highlight the need to improve rural

incomes, working conditions and extending social safety nets, including public works, to rural workers, and Government of Lao PDR request, the ILO has been working to develop an approach to reducing poverty through promoting employment in the rural areas.

The ILO project aims to create employment, reduce under-employment and unemployment by addressing issues that hinder agricultural development, labour productivity and human capabilities such as economic infrastructure, social services, technology and information. The project also targets women and small ethnic groups as they are the most vulnerable groups and more susceptible to poverty.

The ILO and PRF representatives meet several times during this year in order to identify area of common interest and future partnership in order to promote and expand productive opportunities and decent work as the main routes out of poverty.

Both projects agree to start a pilot partnership in two districts, aiming at given opportunity to communities to build their own infrastructure through identification of their current capacity, community labour organization and contract, capacity building to enhance technical skill through vocational training(s), community payment, etc.

A first cooperation has started through the construction of a fish pond in Sekong province, as well as trainings in bicycle fixing. ILO also agreed to use the same community institutions as the one set by the PRF.

As part of the projects cooperation between ILO and PRF, PRF representatives have been invited by ILO, through the International Training Center (ITC), to attend the Learning Forum on Innovations in Public Investment and Employment Programs in Turin, Italy from September 29-October 10, 2014. The learning objectives of the forum are to:

- Acquire better knowledge of the advocated policy options, approaches and measures
- Enhanced their capacity to plan, design, and administer effective job-creation schemes

This learning forum will be a great opportunity for the PRF to support the Government on policy and operational measures which can enhance the effectiveness and impact of public investments in infrastructures and public employment program in a long-term development perspective.

### **1. Partnership with the Lao-Australia Development Learning Facility (LADLF)**

The LADLF (part of Laos-Australia Rural Livelihoods Program (LARLP)) aiming at providing better integration and coordination across Australian Aid's rural development portfolio with a vision to become an influential centre for research, evaluation and learning.

The key role of LADLF is to:

- Provide high-quality performance assessment through rigorous M&E across all of Australian Aid’s rural development activities (including livelihoods, infrastructure, and potentially education)
- Commission research and evaluation studies to investigate important issues affecting the pace and effectiveness of rural development in Laos
- Provide technical advice, analytical assistance and a sound evidence base supporting policy dialogue with GOL agencies.

Therefore, a series of meetings have been organized between LADLF representatives and PRF to discuss research topics of PRF interests. After further consideration, it was proposed to undertake a study on the “Sam Sang” and the PRF, with a view of having a better understanding of what is the “Sam sang”, how is it currently applied in the pilot areas, how far PRF is in line with the “Sam sang” and how the Government can use the approach and lessons learned from the PRF to feed the Sam sang Objectives, especially on the role of the communities.

After further discussion, it was found that the GPAR is currently advertising to launch similar studies between the GPAR and the “Sam Sang”. Therefore, it was agreed that a meeting will be organized with GPAR representatives in order to ensure that both studies will not overlap but rather be complementary. A meeting is planned in October 2014.

#### **5.3.4. Participation to the Sector Working Group on Agriculture and Rural Development**

Key topics discussed during the reporting period

- ✓ **Nutritional status of children, diversity of food consumption and ethnicity in Lao PDR**

On this first key topic, 4 policy recommendations were formulated and presented were:

- To initiate a campaign for the consumption of diversified food rather than a single or a couple of food items
- To ensure that the consumption of diversified food items, rearing of livestock is promoted
- The campaign for the consumption of diversified food and rearing of farm animals should be accompanied with adequate education of the nutritional contents of different food items and requisite cooking practices
- The malnutrition interventions should take into consideration differences across ethnic groups for specific nutritional outcomes.

These recommendations suggest “repackaging” the multi-sectoral / convergent Food and Nutrition Security Action Plan (FNS-AP) considering the points listed below:

- Implementation of FNS-AP asserted from a scientific and country context view point

- Momentum is ripe and therefore revising the FNS-AP to include promotion for the consumption of diversified diet is feasible
- Implementing the multi-sectoral FNS considering the differences and potential causes of the prevalence of malnutrition across ethnic groups will scale-up the pace of reduction.

It was also recommended to proceed to gender differentiation because the nutrition status, challenges and possible solutions differ depending on gender. Differentiation between subsistence and commercial farming is needed.

#### ✓ **Agriculture Development Strategy to 2025 and vision to 2030**

The strategy (an 80 pages document) has been already submitted to the Government and endorsed in principle but is still subject to updates before finalization. The ADS 2025, which cover commercial agriculture/agribusiness, farmers organization, agro-biodiversity as well as nutrition and food security aspects and specific case of “upland” since the goals and objectives of this strategy are specific to “medium, large and small plains”. Nevertheless, the way to link the Upland Development Strategy (UDS) to the ADS 2025 is still to be determined. About 15 policies were being developed along with the ADS. The ADS 2025 has to be considered as an instrument to promote rural areas and small town development, in line with the “Sam Sang”.

Other key topics presented and discussed this year

- Irrigation Sub Sector - Review / Evaluation of the past support.
- Farmers’ Organizations Network, prospects and challenges.
- Update on the Food & Nutrition Security Action Plan (FNS-AP) to tackle the off-track MDG 1. Presentation focused of background and milestones, main principles and approach, institutional arrangements, current status and way forward, and challenges.

The full contents of all presentation are available of the SWG-ARD website (<http://swgard.maf.gov.la>).

#### ***5.3.5. Cooperation with the National University***

On the 5-6<sup>th</sup> of June 2014, the PRF has been attended a meeting which was organized by the National University and supported by a University of Korea. The meeting name is The Implementation Technical for Poverty Alleviation and Community Rural Development in Lao PDR. The purpose of meeting is to share the experience on best practices of Rural Development and Rural Development and Poverty Alleviation in Korea and Laos. More than 200 student and 15 teachers were attended this meeting. During this meeting, PRF had chance to presented the CDD Approach which is use by PRF. The presentations was interested from the students, especially CDD approach, how to do mobilized community participation and what is contributions; etc..On the other hand, the students are have learned about how does PRF is applied the Lao Government strategies into practices for again poverty in the rural areas.

### **5.3.6. Coordination with the Ethnic Affairs Committee of the National Assembly**

During the reporting period, the PRF continues to meet regularly with Ethnic Affairs Committee of the National Assembly (NA) and send regular report on PRF activities progress. Last fiscal year, the PRF attended 2 key meeting as follow:

October 2013: PRF representative attended the meeting of Ethnic Affairs Committee at Hom district, Xaysomboun province.

During this meeting, the PRF had the opportunity to present the project's vision, principles, rules, approach, processes and procedures and receive great interest from the National Assembly members, especially on the participatory approach used at the village level.

June 2014: PRF representatives attended the training on capacity building training for officer organized at Thalat, Keoudom district, Vientiane province.

## **Part VI. Planned activities for the fiscal year 2014-2015**

### **6.1. Highlights**

The PRF action plan for the fiscal 2014-2015 has been prepared upon the lesson learned from working experiences of the last fiscal year (2013-2014). Therefore the Planning for the Cycle XII has started already in July 2014 in order to be able to provide the list of the sub-projects to be funded by the Government after survey and design done. The Engineering Division will also start the survey and design works in July 2014, even though the planning activities have not yet been started, in order to be able to start the procurement process just after the District Planning and Coordination Meeting.

### **6.2. Details of activities**

#### **6.2.1. Finance and Administration**

- PRF FA team will conduct the Financial Management training for provincial accountant in 10 provinces, which will be specific to the internal control system and the improvement of the financial report from provincial office.
- PRF provincial level is planning to organize training for district staff on the sub-project disbursement procedure
- PRF provincial and district will conduct the District team procurement training of procurement procedures and the process of bid opening and evaluation and preparation of evaluation reports for the Village Implementation Team (VIT).
- Preparation of the TOR and recruitment for the firm to conduct the Financial Audit of (fiscal year 2013/2014),
- Follow up on the process of requesting for the Additional funding from SDC US\$ 436,000 to be used in 2014-2015 to finance small rural infrastructures, and to strengthen budgeting and human resource policy improvement within the PRF. And receiving fund from SDC for implementing the activities.
- Submission of the audit report and management letter to the donors.
- Resubmit of the revised FM manual based on the WB recommendation
- Submission of the IFR for every quarterly to the WB
- Follow up on the process of GOL funding for cycle XII
- Annual refresh training for all provincial and district staff

#### **6.2.2. Procurement activities**

- Prepare the Sub-Project Procurement Plan for sub-project under IDA fund for cycle XII and submit to the World Bank for their information and record.
- Conduct the procurement training of procurement procedures and the process of bid opening and evaluation and preparation of evaluation reports for the Village Implementation Team (VIT).
- Assist the VIT to conduct bid opening and evaluation for Sub-Projects Cycle XII

- Follow-up on the progress of all the sub-projects Cycle XI.
- Follow up with the importation document and number plate registration of 15motorcycles from New Chip Xeng Co. Ltd.
- Conduct the procurement of printing of the Information Education Communication Strategy (IEC) as specified in the Procurement Plan which did not completed yet
- Conduct the procurement of consultant (firm) for annual financial audit of FY 2013-2014
- Prepare the Sub-Project Procurement Plan for sub-project for cycle XII
- Conduct the procurement training of procurement procedures and the process of bid opening and evaluation and preparation of evaluation reports for PRF district staff in each provincial
- Conduct the procurement training of procurement procedures and the process of bid opening and evaluation and preparation of evaluation reports for the Village Implementation Team (VIT).
- Assist the VIT to conduct bid opening and evaluation for Sub-Projects Cycle XII
- Follow up on the progress of bid opening and work progress of all the sub-projects under additional budget for construction of latrines and ceiling (SP Cycle IX, X & XI) under SDC Fund
- Follow-up on the progress of all the sub-projects Cycle XI
- Annual refresh training on procurement for 10 Provincial Procurement Officers

### **6.2.3. Human Resources**

- Recruitment of short term consultants (Budget Planning Specialist and HR Policy Specialist).
- HR Policy Development (staff performance assessment system, retention plan, capacity building, etc.).
- Orientation/Training on Developed HR policy document/system to all staff divisions.
- Review Staff development plan/Capacity building, Implementation of staff development plan/training.
- Annual staff performance review and review staff development plan/Capacity building.

### **6.2.4. Monitoring and Evaluation**

- M&E Training on General Monitoring and Evaluation system of PRF for all staff and concerned organization including Government.
- Follow up the progress of Sub-project implementation and disbursement monitoring of PRF II (2011-2015)
- Conduct an internal follow up and assessment for sub-project operation and maintenance in each following, as to provide information about the impact those supported sub-projects (2011-2014).

- Conduct an internal assessment of using FRM mechanism and plan to improve the system, which capture all issues related the activities of PRF.
- Improve MIS database to capture many function based on previous experience, as well as consider using both online and off line system.
- Update the PRF II achievement against indicator and data priority for data entry to MIS system.
- Improve the cooperation between national and province as well as district staff, through visiting and working support (national and provincial level).
- Complete Annual Progress Report for the fiscal year 2013-2014, as deadline 30 November 2014.
- Other activities related PRF's implementation.

#### **6.2.5. Technical Assistance activities**

- Check the supervisor plans / Report prepares in all provinces and develops measures to improve the quality.
- Completed photo – standard & pictograms “Good practices pictograms” should be developed by May 15
- Conduct safeguards compliance monitoring refresher training for PRF at Central, Provincial and district staff.
- QA/QC training for VITs before implementation of Cycle XII sub – projects.
- Continue to monitor and improve QC, and train district engineers for their use to adapt existing QCs or develop new ones for new sub- project types.
- Develop plans for follow up training including if necessary district level training in key areas.
- Compile historical data on the unit cost of sub – project and update it annually.
- Develop guidance on making good choices when advising communities on adjusting sub- projects design without compromising technical quality.
- Review and compare between provinces the supervisor arrangements and workload under Cycle XI
- Complete sub-projects Cycle IX, X and XI
- Review MoU with Ministry of Health
- Complete at least 75% of Cycle XII sub-projects by September 2015

#### **6.2.6. Community Development**

- Continue considering partnerships with Mass based organizations such as the Lao Women’s Union (LWU) and/or the Lao Youth Union (LYU) and/or NGOs to promote service usage and mediate cultural or cost barriers.
- Ensure follow-up on findings and recommendation of the Gender and Social inclusion and the PRF participatory process reports.
- Conduct a facilitation / social inclusion training for all PRF staff that will engage in community facilitation in cycle XII.

- Organize the community exchanges to foster learning and disseminate good practices across communities, and start 6 months and 12 months follow-up visits.
- Review POM and operational tools for facilitation IEC and sub-project contracting regarding community labor and strengthen as necessary before Cycle XII.
- Review the Kum ban plan and use by other agencies, with developing a form to collect data.

## List of Annex

### Annex 1: PRF staff turnover during October 2013-September 2014

Positions		Gender	Reasons for leaving	Replaced	%
<b>Centre</b>	Head of M&E Division	Male	Own business	yes	17.65
	Data Analysis & Evaluation Officer	Male	Working for a new project	yes	
	MIS Officer	Female	Continue studying	No	
	Architect	Male	Own business	No	
	Budget Analysis & Finance Officer	Male	Working for a new project	No	
Capacity Building Officer	Male	Working for a new project	Yes		
<b>National office Total staff : 34</b>					
<b>Savanakhet</b>	CD staff at Nong	Male	Continue studying	yes	24.00
	Engineer at Phin	Male	Working for Government (Provincial Construction & Transportation Office)	Yes	
	FA staff at Sepon	Male	Personal business	yes	
	CD staff at Thapangthong	Male	Working for Government (District Home Affair Office)	yes	
	CD staff at Phin	Male	Working for Government (District Governor Office)	yes	
	FA staff at Nong	Female	Working for Government (Teacher at Savannakhet University)	yes	
<b>Savannakhet office Total staff : 25</b>					
<b>Phongsaly</b>	Provincial M&E	Male	Working for a new project	yes	26.67
	Provincial Engineer	Male	Applying for new position with PRF	No	
	FA staff at Mai	Female	Personal business	Yes	
	CD staff at Mai		Working for a new project	No	
<b>Phongsaly office Total staff: 15</b>					
<b>Hauphanh</b>	CD staff at Xamtai	Female	Continue studying	yes	3.70
<b>Houaphanh office Total staff: 27</b>					
<b>Xiengkhoaung</b>	Provincial M&E	Male	Working for Bank of Laos	yes	
	FA staff at Nonghad	Female	Working for government (Policy Bank)	yes	
<b>Xiengkhoaung office Total staff: 22</b>					
<b>Oudomxay</b>	Provincial M&E	Male	Continue studying	yes	11.54
	FA staff at Houn	Female	Personal reasons (busy with the family)	yes	
	CD staff at Nga	Male	Continue studying	yes	
<b>Oudomxay office Total staff: 26</b>					
<b>Louangnamtha</b>	Provincial CD	Male	Working for Government (Provincial Rural Development Office)	yes	23.53
	Engineer at Nalae	Male	Working for Government (Provincial Rural Development Office)	yes	

	CD staff at Long	Male	Working for Government (Provincial Planing& Investment Office	Yes	
	Provincial Secretary	Female	Own business	Yes	
<b>Luangprabang office Toral staff: 17</b>					
<b>LuangPrabang</b>	FA staff at Pakseng	Male	Working for new project	Yes	14.29
	FA staff at Nambak	Female	Personal business	yes	
	Engineer at Phoukhoun	Male	Working for government (District Rural Development Office)	yes	
	FA staff at Pakseng	Male	Personal business (taking care of sick mom)	yes	
<b>LuangPrabang office Total staff: 28</b>					
<b>Sekong</b>	FA staff at Dakjeung	Female	Working for Province State Enterprise Telecommunication Office		
<b>Sekong office Total staff: 21</b>					
<b>Salavan</b>	No change				
<b>Salavan office Total staff: 17</b>					
<b>Attapeu</b>	No change				
<b>Attapeu office Total staff: 17</b>					
<b>Grand Total: 249 Staff</b>					
<b>Percentage of change:</b>					<b>12.44%</b>

Source: PRF's HR Unit, 30 September 2014

**Annex 2: Result Framework with updated data 30 September 2014**

**PRF-II- Results Framework and Achievement Up to date September 30, 2014**

<b>Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.</b>												
PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
Indicator One: Improved access to and utilization of basic economic and social services in kum bans supported by PRF: <ul style="list-style-type: none"> <li>- % increase in school enrollment</li> <li>- % increase in access to and utilization of health services</li> <li>- % HHs with improved access to and utilization of safe water resources</li> <li>- % increase in access to and</li> </ul>	□	%	Baseline for randomized impact evaluation with control villages completed in 2012  90% aged 7-12, and 71% aged 13-15 enrolled at school <sup>8</sup>  37% sought health care	n/a	n/a	n/a	n/a	>6% increase in primary school enrollment  >6% increase in access and utilization of health services  >8%	2 times during project, baseline and final	Randomized impact evaluation with control villages	Contracted firm	Baseline was completed in 2012-2013 and reported in 2014.  Final impact assessment planned for 2016 covering same villages as

<sup>7</sup>For the purposes of the PRF II, sustainability will be assessed across the following dimensions: (i) developing a viable and replicable model for the government of community planning and financing (Component 2, IR2); (ii) increasing the role of local governments in coordinating and supporting the program (Component 2, IR2); (iii) enhancing the capacity of communities and local governments to plan and undertake local development activities (Component 2, IRs 1,2,3); and (iv) improving the overall design quality and operations and maintenance of sub-project infrastructure, including incorporating disaster-risk reduction designs into relevant sub-projects (Component 1, IR3).

<sup>8</sup> The baseline survey collected sex-disaggregated data on school enrollment and attendance but did not analyze it for the survey report. The rates for children from poor households for 7-12 and 13-15 year olds was 3% lower in both cases than the overall average rates of enrollment. The survey also collected school attendance during the previous 7 days which is arguably a more appropriate indicator (as children can be enrolled but not attend).

**Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.**

PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
utilization of roads - Lowest two quintiles benefit from above services.			when sick  5% hhs had access to safe water (not rain water)  76% hhs had access to safe water(incl rain water)  30% hhs were car/truck accessible by road in the wet season					increase in access to and use of safe water resources  >8% increase in access to and use of roads				baseline.
<b>Indicator Two:</b>  Decision-making on allocation of PRF resources involve at least 40% women and 60% poorest community members	☐	%	NA	55% of adult partic's to village visioning meetings (VVMs)	54% VVM partic's were women  67% of adult	53% VVM partic's were women  64% of adult		40% women,  60% poorest	Annual reports	Project MIS	PRF	PMT to report in semi-annual reports

**Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.**

PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
		year (cycle) <sup>9</sup>		were women <sup>10</sup> 69% of the total adult poor population attended VVMs 92% of SPs were selected by women (incl separately by both men and women)	poor pop'n attended VVMs 94% SPs selected by women (incl by both M/F groups)	poor pop'n attended VVMs 93% SPs selected by women (incl by both M/F groups)						

<sup>9</sup> Note that village visioning meetings covered all villages in target Kum bans in Cycle 9 (Year 1). In Cycle 10, VVMs covered the villages in the target Kum bans in the 3 new provinces. In Cycle 11, VVMs were review meetings mainly in those villages selected for sub-projects to confirm their priorities.

<sup>10</sup> Only adult participants to VVMs were recorded (aged 15 and over). Percent of adult poor participating were calculated from VV-Form records of the total poor population in each village (all ages) using age profile data from the 2005 Census to determine the total number of adult poor: the 2005 Census indicates 62.7% of the total population are adults (>15) and 37.3% are children (0-14).

**Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.**

PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
Indicator Three: Greater than 75% satisfaction levels reported by beneficiaries in targeted villages regarding improved services and local development planning.	□	%	NA			54% satisfied with SP construction (CBA, 2014)  79% satisfied with planning and review meetings (CBA, 2014)  97% overall community satisfaction level (TCES) <sup>11</sup>		>75%	Periodic surveys	Randomized sample surveys: <i>Capacity Building Assessment</i> (CBA), Project Year 2012-2013 (2014) and <i>Technical and Cost Effectiveness Study</i> (TCES) (2014). Another study is planned for early 2015. Final impact study to also assess	Contracted firms	PMT to contract firm for first round in 2013.

<sup>11</sup> The *Technical and Cost Effectiveness Study* (2014) calculated this using a dubious methodology.

<b>Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.</b>												
PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
Indicator Four: Total number of beneficiaries of which x% are female.	<input checked="" type="checkbox"/>	# beneficiaries <sup>12</sup>	NA	116,097 <sup>13</sup> 49.8% female	308,278 49.6% female	474,660 49.6% female		600,000	Annual	Project MIS	PRF	PMT to report in semi-annual reports
<b>INTERMEDIATE RESULTS</b>												
<b>Intermediate Result (Component One): Community Development Grants: Communities utilize block grants for socio-economic investment activities.</b>												
PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values**					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5				
<i>Intermediate Result Indicator One: #/type of sub-project activities implemented</i>	<input type="checkbox"/>	No. (Cumulative totals)	NA	<b>Total:262</b> W&S: 112 Ed: 73 Road:	<b>Total:655</b> W&S: 256 Ed: 167 Road:1	<b>Total:988</b> W&S: 347 Ed: 286 Road:2			Annual	Project MIS	PRF staff	

<sup>12</sup> The number of direct beneficiaries is calculated to be the total population of the villages with sub-projects. The cumulative total for Year 3 accounts for the 19 villages with more than one sub-project (ie no double counting). Note that road and dispensary sub-projects often serve more than one village therefore these numbers underestimate beneficiaries. Conversely, school projects only directly and immediately benefit children of school age.

<sup>13</sup> For breakdown of the beneficiaries by sector, gender and ethnic group in each sector please see section 2.2.1

**Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.**

PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
				45 Agr:19 Health:10 Elect: 3	52 Agr:37 Health:33 Elect:10	09 Agr:75 Health:55 Elect:16						
<i>Intermediate Result Indicator Two: x% of sub-project activities are of high technical quality</i>	□	%	NA			(Target >70%)  54% of hhs satisfied with quality of SP construction (CBA, 2014)  6% of SPs had 'moderate' or 'serious' issues (94% no or only minor issues)		>85%	Periodic surveys	Randomized sample surveys: <i>Capacity Building Assessment (CBA), Project Year 2012-2013 (2014) and Technical and Cost Effectiveness Study (TCES) (2014)</i> . Another study is planned for early 2015. Final impact study to also assess	Independent contractors	Studies conducted in 2013 / 2014.  Another planned for 2015

<b>Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.</b>												
PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
						(TCES,2014)						
<i>Intermediate Results Indicator Three: x% of sub-projects are being maintained and are operational two years after sub-project completion</i>		%	NA			(Target>80%) 98% of SP fully operational <sup>14</sup> 99% of completed SPs with O&M Committee <sup>15</sup>		>90%	Periodic assessments	District staff and KBF assessed all Cycle 9 and 10 SPs in Sep 2014	Internal staff/KBF assessment	Annual assessments of all SPs are conducted by district staff and KBF.  A contracted external study of a sample of SPs is planned for early 2015

<sup>14</sup> An internal assessment of whether the SPs were operational or were unused was conducted by PRF district staff with Kum ban Facilitators under supervised by M&E staff (in September 2014). A total of 635 of the total of 648 SPs completed in Cycles 9 and 10 were operational. The TCES (2014) did not address this indicator.

<sup>15</sup> Internal assessment of all completed SPs from Cycles 9 and 10, September 2014.

<b>Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.</b>												
PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
<p><i>Intermediate Result indicator Four:</i></p> <p>Sub-project activities are x% more cost effective compared to other means of delivering services (w/ similar technical standards)</p>	<input type="checkbox"/>	%	NA			No reliable data <sup>16</sup>		(Target >30%)	2 times during life of project	<i>Technical and Cost Effectiveness Study (2014), Annex 10<sup>17</sup></i>	Independent contracted firm	Additional study of a sample of SPs is planned for early 2015
<b>Intermediate Result (Component Two): Local Development Capacity-building Support - Communities and local government officials increase their capacity to carry out local level planning and development.</b>												
<p><i>Intermediate Result indicator One:</i></p> <p># of communities able to plan, implement and monitor their activities.</p>	<input type="checkbox"/>	# Kum ban plans <sup>18</sup>		185 (Target 150)	270 (Target 200)	278 (Target 220)		(Target 250)	Quarterly & annual project reports	Project MIS	PRF staff	Regularly reported by PRF staff
<p><i>Intermediate Result indicator Two:</i></p>	<input type="checkbox"/>	%							Regular project reports	Project MIS, based on field reports (SVR –	PRF district staff	Forms regularly completed

<sup>16</sup> Even the Technical and Cost Effectiveness study by external consultant in 2014 shows that the PRF school, road, and electricity sub-projects were all calculated to be more cost effectiveness, only the PRF health sector sub-projects were not cost effective compared to GOL cost, the method/technic of analysis is insufficient to prove this result.

<sup>17</sup> The Technical and Cost Effectiveness Study (2014) noted that it was difficult to make conclusive comparisons between PRF and other infrastructure given that designs, standards and locations were not always equivalent. The study did attempt to develop cost-effectiveness comparisons with similar GoL funded investments but their estimates are considered unreliable and therefore are not included in this table. The main concern is the failure to provide accurate cost estimates for comparable investments.

<sup>18</sup> The number of 5 year Kum ban plans developed from village plans and priorities is taken as a proxy indicator for the composite intermediate result indicator.

<b>Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.</b>												
PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
% of districts where district officials provide technical assistance and supervision to communities		districts (each year)	NA	100% <sup>19</sup> (Target 70%)	100% (Target 75%)	100% (Target 80%)	(Target 85%)	(Target 85%)	(SVR-Form)	Form)		and MIS update at least twice yearly
<i>Intermediate Result indicator Three:</i> % PRF kum ban plans used by government and/or other development actors for planning and funding.	<input type="checkbox"/>	% kum ban plans used <sup>20</sup>	NA			26% <sup>21</sup> (Target 25%)		(Target 35%)	Annual assessments by district staff and KBFs	PRF staff and KBFs attend district planning meetings and update the Kum ban plans	PRF district staff and KBFs	Updated annually before end of each project year
<b>Intermediate Result (Component Three): Project Management</b>												
<b>Project is supported administratively and managerially.</b>												
Intermediate Results Indicators*	Core	Unit of Measure	Baseline	YR 1	YR 2	YR3	YR 4	YR5	Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status

<sup>19</sup> Note in every district, district officials and technical staff accompany PRF staff and Kum ban facilitators on some visits to monitor and supervise sub-project planning implementation. The project's SVR-Form provides a record of the site visits by district officials and technical staff. These records show that such visits have been made in all PRF villages.

<sup>20</sup> A Kum ban plan is considered to be used when one or more of the SPs in the plan are funded by another GoL agency, project or NGO.

<sup>21</sup> This figure is based on the 6 provinces that could provide data. Xiengkhoung Province had the best record with 19 of its 25 Kum ban plans (76%) being used by others (with SPs funded by other development actors).

**Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.**

PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
<i>Intermediate Results indicator One:</i> X% of PRF fully staffed		% PRF staff positions filled	NA	(Target 85%)	(Target 90%)	(Target 100%)	(Target 100%)	(Target 100%)	Annual	PRF HR records	PRF HR Unit	Records routinely maintained and updated
<i>Intermediate Results indicator Two:</i> X studies/evaluations completed in a timely manner		number	NA			6 <sup>22</sup> (Target 3)		(Target 5)	Several during life of project, mostly mid-term & final	Various	Contractors, PRF PMT, WB	PMT and WB to monitor
<i>Intermediate Result indicator Three:</i> Progress reports prepared on time.	<input type="checkbox"/>	Annual Report		1	1	1 (Draft submitted before			Annual	MIS and other PRF records	PRF staff and PMT	

<sup>22</sup> =6 studies are: (1)Baseline (impact) study 2012; (2)Organization study (2013); (3)Gender and Social Inclusion(2013); (4) Technical and Cost Effective Study(2013); (5)Capacity Building (Local Firm-2013) and (6) Capacity Building Study (Murari 2012)

\*\*\* In project year 1 (Cycle IX), PRF operated in 7 provinces, 27 districts, 185 Kum bans, Cycle X targeted more 3 new provinces, 13 districts, 89 Kum bans and Cycle XI extended to 2 more districts (1 in Oudomxai and 1 in Luangprabang) including 8 Kum bans(4 for each district). To date PRF-II has covered 278 KB in 42 districts over 10 provinces.

**Project Development Objective (PDO): To improve access to and utilization of basic infrastructure and services for PRF II targeted poor Communities in a sustainable manner<sup>7</sup> through an inclusive community and local development process.**

PDO Level Results Indicators*	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Current Status
				YR1	YR 2	YR3	YR4	YR5 (Target)				
						deadline)						
<p><i>Intermediate Result indicator Four:</i></p> <p>MIS is improved to produce necessary information for monitoring program effectiveness and results</p>		System		Data held in various spreadsheets	MIS designed	MIS operational with 95% key data entered			Continuous improvement of data quality and periodic modifications during life of project	Maintained by M&E unit	TOR developed for minor modifications to be contracted in Jan/Feb 2015	

### **Annex 3: Terminologies of PRF II**

**Community driven development** is an approach, whereby communities themselves decide on how resources are allocated, manage sub-project funds, and implement sub-projects. In this context, PRF only takes a leading role in providing an extensive facilitation and training for community members to ensure everyone is engaged in the decision-making and empowering them for village development.

**Small ethnic group** is a group identified as Lao Theung, or midland Lao, and Lao Sung. The former are Austroasiatic origin and are probably the autochthonous inhabitants of Laos, having migrated northward in prehistoric times. The cultural and linguistic differences among the many Lao Theung groups are greater than those among the Lao Loum or Lao Sung, or upland Lao. Groups range from the Kammu (alternate spellings include Khamu and Khmu) and Lamet in the north, to the Katang and Makong in the center, to the Loven and Lawae in the far south.

The latter are Miao-Yao or Tibeto-Burmese speaking peoples who have continued to migrate into Laos from the north within the last two centuries. In Laos most highland groups live on the tops or upper slopes of the northern mountains, where they grow rice and corn in swidden fields. The Hmong are the most numerous Lao Sung group, with villages spread across the uplands of all the Northern provinces. Mien (Yao), Akha, Lahu, and other related groups are considerably smaller in numbers and tend to be located in rather limited areas of the north. All PRF sub-projects are located in areas, where various ethnic groups make up high percentage of total targeted populations.

**Sub-project beneficiaries:** For the direct beneficiaries, this should be simply the total population of the main village that proposed the sub-project, the beneficiaries include: women, men, children, ethnic minorities, and the poor with all benefit from supported sub-projects.

**Minority group** is a sociological category within a demographic. In the context of PRF project, the differentiation to define “term of minority group” can be based on one or more observable characteristics, including, for example, ethnicity, race, gender, wealth, health or sexual orientation.

**Vulnerable group** is a group face with a higher risk of poverty and natural disasters, and live in rural-remote areas in Laos.

#### **Criteria for ranging of Kum ban poverty status with PRF project coverage**

The Program has identified beneficiary Kum bans for PRF II based upon the following four criteria:

- Kum ban poverty criteria specified in Government’s Decree #285/PM, specifically those related to food security, access to a road, access to water, access to electricity, and access to education and health services;
- Geographic location in terms of operational access and administrative cost-effectiveness;
- Presence of other similar donor-funded programs in these Kum bans; and
- Resettlement status: PRF will not work in villages which have been resettled in the last four years and for which there are plans for resettlement in next four years.

Using these criteria, and drawing upon the findings of the National Population and Housing Census of 2005, and the Lao Expenditure and Consumption Survey (LECS) III of 2002/3, the PRF central office has prepared a national Kum ban target list with poverty ratings. In other words, PRF Kum bans were selected based upon poverty criteria (as described above). However, the allocation of resources to each Kum ban takes into account the estimated population size of Kum ban:

**Table 30: Budget allocation for each Kum ban**

<b>Kum ban Population</b>	<b>Amount Allocated for each Kum ban During Each Cycle</b>	<b>Total Allocated for each Kum ban in PRF II</b>
< 2,000 persons	\$30,000 (240,000,000 kip)	\$120,000 (960,000,000 kip)
2,000 to 4,000 persons	\$40,000 (320,000,000 kip)	\$160,000 (1,280,000,000 kip)
>4,000 persons	\$50,000 (400,000,000 kip)	\$200,000 (1,600,000,000 kip)

**“The total Kum ban allocation covers a 4-year period, funds are made available for use on an annual basis. The yearly amount allocated for each Kum ban, cannot be exceeded.** PRF will not provide additional funds exceeding the annual PRF allocation, nor support sub-project with complementary funds to cover the budget portion that is over the PRF Kum ban allocation.

The remaining amount of the yearly Kum ban allocation can be retained across cycle (except if it is the result of a lack of implementation progress on selected sub-projects), and used to support additional sub-projects (infrastructure or trainings) from the Kum ban Development Plan during subsequent year in the Kum ban cycle. In such cases, the added sub-projects will need to be based on proper justification, especially on the beneficiaries’ capacity to manage the implementation of these additional sub-projects, and with PRF Executive Director Approval.

**Criteria for ranging of village poverty status with PRF project coverage**

The program has identified the poverty status of villages covered by PRF project coverage on a basis of the following methodology (Table2).

**Table 31: Criteria for assessing of village poverty status**

Village name	Prime Minister Decree 285/PM												Total	Poverty rate
	Sufficient food in a year		School access		Hospital access		Safe and sufficient water		Road access all season		Electricity access			
	Yes=0	No=1	Yes=0	No=1	Yes=0	No=1	Yes=0	No=1	Yes=0	No=1	Yes=0	No=1		

According to table above, poverty status of village is definitely determined by a commutative scores (total scores) stipulated in the table2. Therefore, poverty status of village is divided into 3 categories as follows:

- **Very poor** is defined when total of scores is between 5 – 6 scores.
- **Moderate poor** is defined when total of scores is between 3 – 4 scores.
- **Relatively poor** is defined when total of scores is between 0 – 2 scores.

### **Sustainable development**

For the purposes of the PRF II, sustainability will be assessed across the following dimensions: (i) developing a viable and replicable model for the government of community planning and financing; (ii) increasing the role of local governments in coordinating and supporting the program; (iii) enhancing the capacity of communities and local governments to plan and undertake local development activities; and (iv) improving the overall design quality and operations and maintenance of sub-project infrastructure, including incorporating disaster-risk reduction designs into relevant sub-projects.

**Community contribution** is voluntarily community commitments to village development and poverty reduction in form of both local materials and labor. Contributions can be made at all stages of project cycle, not just limited to the project implementation phase.

### **Bill of quantity (Progress payments)**

Agreement between PRF and the contracted company/community, links to the percentage of progress made at a specific period. PRF is regardless focus on “how many activities the contracted company/community has to complete within this specific periods”, (e.g. we suppose the effective period of contract for primary school construction in village A is six months, with total contract costs of USD 40,000. After two months, the company has finished 30 activities of total 100, with costs of USD 20,000.

Accordingly, PRF defines that the construction works have been already made a progress at 50%, with no matter how long the construction has been taken. Giving to such evolution, the company/community plays a leading role in making and managing the work plan for construction. PRF and concerned sector, in contrast, has a key role in managing the quality control of construction and the implementation of contract if the company/community finishes all activities at the end of contract.

**The list of other annexes which are in separated document**

Annex 4: Village profile with ethnic, gender and poverty status

Annex 5: Five-Year plan of Kum Ban (2011-2016)

Annex 6: PRF Annual Investment Plan (2011-2016)

Annex 7: Detail of Kum Ban Plan used by other

Annex 8: Procurement list of PRF II (2013-2014)

Annex 9: Specific report from different activities (LONG, CDD, IEC,etc).

Annex 10: Draft of Key/prioritized data in PRF MIS database