

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRATIC UNITY PROSPERITY



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

Poverty Reduction Fund

Semi Annual Progress Report

(October 2014 – March 2015)

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May 2015

Abbreviations

BOQ	Bill Of Quantities
DAFO	District Agriculture and Forestry Office
DFAT	Australian Department of Foreign Affair and Trade
DRM	Disaster Risks Management
CDD	Community Driven Development
CD	Community Development
DDM	District Development Meeting
Deepen CDD	Deepen Community Driven Development
DOI	Department Of Irrigation
DRM	Disaster Risks Management
ECOP	Environmental Code of Practices
EMP	Environmental Monitoring Plan
EMR	Environmental Monitoring Report
FA	Finance and Administration
FM	Financial Management
FRM	Feedback and Resolution Mechanism
FY	Fiscal Year
GESI	Gender Equality and Social Inclusion
GIS	Geographic Information System
GOL	Government of Laos
HE	His Excellency
HHs	Households
HR	Human Resource
IAU	Internal Audit Unit
ICR	Implementation Completion Report
IDA	International Development Association
IEC	Information, Education, Communication
IEE	Initial Environmental Examination
IFR	Interim Financial Report
ILO	International Labor Organization
KBF	Kum ban Facilitator
KDP	Kum ban Development Plan
LAK	Lao Kip (Lao Currency)
LONG	Livelihood Opportunity and Nutrition Gain
LUFSIP	Lao Uplands Food Security Improvement Project
LWU	Lao Women Union
LYU	Lao Youth Union
M&E	Monitoring and Evaluation
MDTF	Multi-Donor Trust Fund
M&E	Monitoring and Evaluation
MIS	Management information system
MAF	Ministry of Agriculture and Forestry
MOF	Ministry of Finance

MPI	Ministry of Planning and Investment
MTR	Mid Term Review
NAFES	National Agriculture and Forestry Extension Services
NCRDPE	National Committee for Rural Development and Poverty Eradication
NOL	No Objection Letter
NUDP	National Uplands Development Project
ODF	Open Defecation Free
PAFO	Provincial Agriculture and Forestry Office
PDNA	Post Disaster Needs Assessment
PDO	Project Development Objective
PDR	Popular Democratic Party
PMT	Project Management Team
PPM	Participatory Planning Manual
PRF I	Poverty Reduction Fund Project (2003-2011)
PRF II	Poverty Reduction Fund Project (2011-2016)
QA/QC	Quality Assurance / Quality Control
QMS	Quality management Team
SDC	Swiss Agency for Development and Cooperation
SHG	Self Help Group
SP	Sub-Project(s)
TOR	Terms of Reference
UXO	Unexploded Ordnance Program
VDP	Village Development Plan
VIT	Village Implementation Team
WASH	Water, Sanitation and Hygiene
WB	World Bank
WSP	Water and Sanitation Project

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Part I. Executive summary

This semi-annual progress report, covers the implementation period from October 2014 to March 2015, 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 II has supported the implementation of three cycles (Cycle IX, X and XI) with a total of 988 sub-projects and during the reporting period focused its attention in the planning of the Cycle XII.

For the cycle XII (fiscal year 2013-2014), the PRF team has continue to work in 278 Kum bans located in 44 poor districts and 10 provinces. 440 sub-projects have been approved and will be supported by the PRF of which 74 sub projects are directly supported by the Government contribution, and providing improved access to basic services for approximately 210,000 beneficiaries including women (49% of the total number of beneficiaries) and small ethnic groups (69% of the total number of beneficiaries). For the very poor villages, the water and sanitation remain the first priority (39% of the total number of sub-projects selected) while for the poor villages Education is the first priority (40% of the total number of sub-projects selected). The public work and transport as well as the Health sector are equally important between the villages with different poverty status while agriculture priorities become more and more significant when the poverty status decrease (from 3% of the total number of sub-projects selected for the poorest villages up to 17% of the total number of sub-projects selected for the moderately poor villages). These data seems to show that livelihood priorities increased when access to basic services has been improved, and support combining livelihood support with improvements in access to basic infrastructure, as experimented under the LONG.

At the end of the reporting period, major progress has been made with 98% of the total sub projects within the three previous cycles (IX, X, XI) completed (964 out of 988 sub-projects). Completion rate of the cycle XI reaches 94% (314 out of 333 sub-projects). For the Cycle X, only one sub project is not yet completed and 4 sub projects for the Cycle IX. Based on PRF monitoring, 99% of completed sub-projects from Cycles IX, X and XI are in good condition and functional after being handover to the community and 97% of them have an operation and maintenance committees in place. For the remaining 3%, the establishment and training of the operation and maintenance committee is already planned and will be set during the next quarter

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 (48% of a total number of 65,869 adult women), above expectations, and 91% 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 stand at 48%, below the target of 60%. Reach this target 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 in 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. This approach has been proven successful with an increased participation of women and small ethnic groups (number of women participating the VDP increased to reach 61% and the number of small ethnic groups participants increased to reach 91%).

During the reporting period, feedbacks were received regularly via communication channels offered including feedback box, hot line, mail, meeting etc. Number of feedbacks received has increased gradually, thanks to better promotion of the FRM. By the end of March 2015, 248 feedbacks were received (16 requests for information, 211 requests for financial support from PRF, 18 feedbacks to thank PRF, and 3 complaints). 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.

As of March 2015, 121 out of 278 Kum ban Development Plans (44%) developed by communities with PRF facilitation have been used by both government agencies and other development partners, above the target set in the results framework. The percentage of KDPs used by other organizations has been increased gradually from cycle to cycle. This indicates that the outputs of CDD planning developed by communities are definitely accepted by various development partners.

On the Government contribution for cycle XI, LAK16 billion, or approximately US\$2 million has been transferred to PRF account by the National Treasury at the end of March 2015. This fund has been disbursed to support 63 sub-projects through the communities (VIT) bank accounts in 5 old provinces. For the Cycle XII, a request letter has been submitted to the Ministry of Planning and Investment. The Government’s contribution will be used to support the implementation of 74 sub projects in 6 provinces for an amount of LAK16 billion (approximately US\$1.97 million).

As of 31 March 2015 disbursement reached 80% for the IDA grant (H6850) and 49% for the MDTF (executed trust fund grant (TF 12419)) The Swiss Agency for Development Cooperation (SDC) disbursement rate reached 69% and the Government of Lao’s contribution 38%. The request for revision of disbursement ratio between H6850 and TF 12419 has been submitted to and already approved by the World Bank.

During the reporting period, PRF has organized a Social and Environmental safeguards consultation workshop. The objective of the meeting was to introduce and discuss social and environmental safeguards as well as policy on ethnic groups and policy on compensation which have been revised as part of the request for Additional Financing. The participants have also shared their comments regarding the safeguard issue and exchanged lessons learned. The safeguards manual can be consulted in the PRF website.

A review of the M&E system including an assessment of field data collection forms and their completion was undertaken during the reporting period. It was found that District technical and CD staff was not fully completing the forms that provided the basis for MIS data entry by M&E staff at the provincial offices. In some cases different versions of forms were being used and, for several key indicators, district staff was not clear on what information was required. Following this review of the MIS and M&E system, a number of important initiatives were immediately implemented to ensure accurate information for the 2014 annual report. Therefore, the key MIS data needed to report against the indicators in the PRF Results Framework were identified and brief guidelines developed indicating the source of these data, and with clear definitions and instructions for collection and data entry. New forms were also designed and distributed to the Provincial M&E Officers and district staff to enable them to collect the required information.

The key factor to ensure the effectiveness of Feedback and Resolution Mechanism (FRM) is awareness rising for local people. Therefore, the PRF is now emphasizing more on awareness rising (understanding) for local people. During the reporting period, community relation officer has worked closely with provincial and district staff to emphasize the importance of FRM at the local level in order to encourage their understanding towards the use of FRM tools. Moreover, central level has also discussed the significance of awareness rising by suggesting staff to also include FRM topic during their presentation to the communities. In late January-February 2015, PRF Center staff (Monitoring and Evaluation Division) conducted a workshop/review about the performance of using FRM and how to improve the system in each province (10 Provinces covered by PRF's activities). The aim of this workshop is to review and encourage all provincial staffs as well as district staff about using FRM. The outcome of this workshop is positive as all provincial and district staff has understood clearly about the important of using different FRM channels. This result in less irrelevant feedback received versus relevant feedback during this reporting period.

A joint mission of the Swiss Agency for Development and Cooperation (SDC), the Department of Trade and Foreign Affairs (DFAT) of the Government of Australia and the World Bank was conducted during 17 November – 4 December 2014. It was found that PRF has significantly improved the quality of community engagement under the “Deepen CDD pilot” and made significant progress in implementing the Gender, Ethnicity and Social Inclusion (GESI) action plan. The overall procurement performance rating remains Satisfactory and many Financial Management (FM) recommendations from the previous mission have been implemented. GOL contribution in the amount of US\$2 million to Cycle XI was received on time, significant improvements were made in the Monitoring and Evaluation system and PRF's social safeguard performance has been strengthened since the MTR.

An implementation support mission of the Improving Livelihood Opportunities and Nutrition Gains (LONG) Project was conducted from February 16-27, 2015 to assess progress in the field and to identify measures to further improve the efficiency of the project implementation. Some significant findings are as follows: SHGs are becoming a useful institutional platform

at the village level for welfare improvement of the rural poor including nutrition, sanitation and basic hygiene, the project helped generate significant income among beneficiaries who received livelihood grants. Nevertheless, the linkage with nutrition should be further strengthened. The extension of the project closing date by one year was approved by the World Bank.

A combined LUFSSIP last Implementation Support Mission and the first Implementation Completion Mission have been undertaken from December 8 to 19, 2014. This mission was also the time to review the draft of the ICR and provide last recommendations before finalization. Satisfaction of the community with the interventions was confirmed. The selected investment sub-projects were consistent with the priorities specified in the Village Development Plans and matched with the priority needs of the different segment within the communities. In general, the villagers mentioned that the sub-projects were the one that mostly contribute to poverty alleviation. Globally, the community awareness and involvement was satisfactory. In most of the cases, the results were regularly reported to the community and the villagers reported an adequate level and process of contribution. From the technical audit, 87% of sub-projects have been rated satisfactory or moderately satisfactory regarding the technical quality (12 sub-projects are considered satisfactory (40%), and 14 sub-projects considered as moderately satisfactory (47%). Only one sub-project have been rated unsatisfactory (3%). Very positive results were collected during the survey related to coordination with sectors/Supervision. The relevant sectors were involved in the technical advising, especially the district level during the survey and monitoring phases. No important environmental adverse impacts were observed. It is partially due to the small-scale of the LUFSSIP sub-projects. No resettlement was observed and only few private lands were used. No specific problems were observed concerning the UXO clearance.

Following on PRF/LONG activities and the need to integrate hygiene and sanitation improvement in villages where PRF and LONG works to strengthen poverty alleviation impact, it was decided to develop a partnership with the Water and Sanitation Project (WSP). A pilot project will start in 4 provinces, 6 districts and 40 villages. A budget of around US\$53,000 per year has been already allocated and a Memorandum of Understanding with WSP and Namsaath are currently under development and will be finalized during the second part of the fiscal year. This partnership highlights the leading role that the PRF can play as a platform for the other Rural Development actors working in the same areas as the PRF.

The PRF has also started cooperation in the field with ILO. The Province of Sekong has been selected as the first pilot province. Fishpond development has been identified as a priority area to support local income generation and food security. A partnership Agreement is currently under development in order to provide a framework to strengthen and further deepen the overall collaboration between the partners and to clarify how they will join forces effectively and constructively.

The partnership with Center for Development and Environment (CDE) have been strengthened during the reporting period through the development of a concept note aiming at developing

map at the Kumban level. It is expected that these maps will assist to identify current village with and without access to the basic services, guide the identification and selection of the village who should be prioritized to receive assistance, assist in the decision making process made at the village/Kum ban level on the selection of the most efficient sub-project location in order to optimize the sub-projects costs versus potential number of beneficiaries, ease discussion based on common understanding of the Kum ban situation and facilitate decision making between community level and district level and finally give opportunity to other Development projects to use these maps for their own planning, and identification of priorities, as well as opportunity for better cooperation and coordination of the Development assistance between Government and other development agencies. It is proposed to pilot the Kum ban mapping in two of the 5 “deepen CDD Districts” but the sampling can be reviewed based on the background maps currently available. The concept note is currently under finalization and first maps are expected to be produced during the next reporting period.

LONG has achieved 100% physical progress for the targeting of the district and villages covering 85 villages in 4 districts. The number of direct project beneficiaries under the livelihood activities is 26,928 people against target of 15,600 achieving 168% progress. However, project couldn't achieve the target number beneficiaries under VNC (LONG has reached 2,280 people out of a target of 9,000¹ people), there is a 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%, showing 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, and 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 have 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.

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, 11 modules for the professional nutrition activities and 7 modules for the livelihood linked nutrition activities. VNC record management hand book and nutrition data collection handbook also developed and distributed the staff.

¹ This target can be found in the Aide Memoire of the Mid-term Review (MTR) of the LONG Project carried out from March 26 – April 4, 2014.

Part II. Achievements and Analysis

2.1. Summary of implementation progress to date

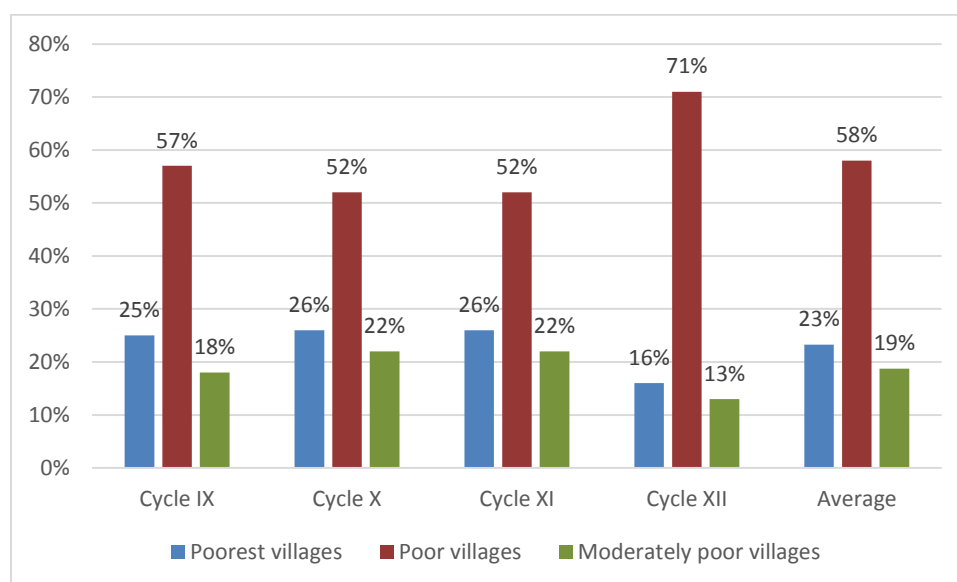
The following sections highlight PRF’s coverage, sub-project implementation progress and financial disbursements from October 2014 to March 2015.

1). PRF Poverty Targeting

Following on community perception towards their poverty status, and based on the Lao PDR Poverty criteria related to access to basic services, in average 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).

For the Cycle XII, more than 70% of village beneficiaries are those classified as “poor” and represent an increase of 20% in comparison with previous cycle. PRF target is to give priorities to the “poorest” category. Nevertheless, it is important to note that even for sub projects located in the “moderately poor” villages, a key consideration is to be able to also improve indirectly access to basic services for the poor and poorest villages. The cost-benefit in the “poorest” villages is lower due to lower population size in poorest villages. This method of location selection is based on section 4.1.1 “ Selection of Locations for PRF II” of the PRF II Manual of Operations 2013 in order to maximize cost-effectiveness², that is the potential direct and indirect beneficiaries.

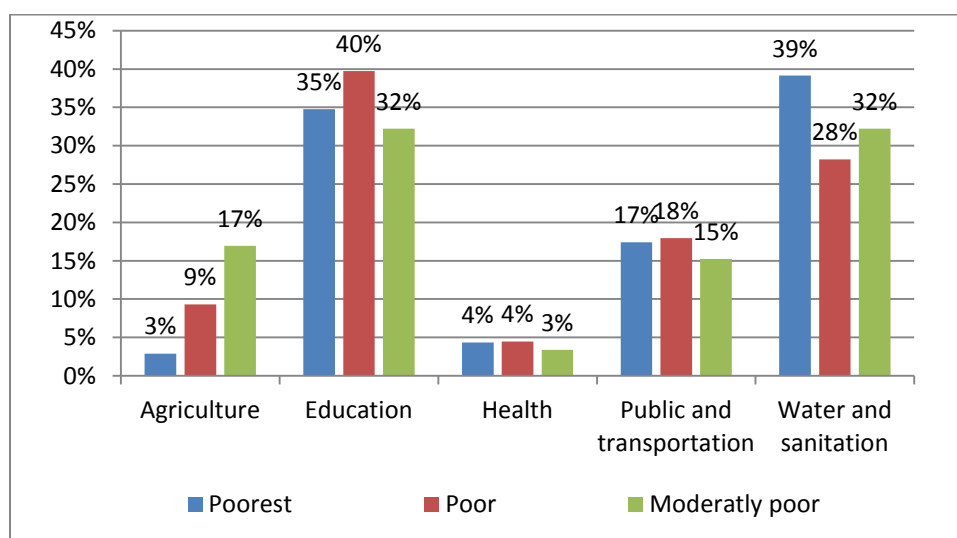
Figure 1: Poverty ranking ratio of the village covered by the PRF



Source: MIS of Monitoring and Evaluation Division, 31 March 2015

² Geographic location in terms of operational access and administrative cost-effectiveness

Figure 2: Village poverty status and sub-project ratio per sector (Cycle XII)



Data source: MIS of Monitoring and Evaluation Division, 31 March 2015

The figure 2 shows that for the very poor villages, the water and sanitation remain a priority (39% of the total number of sub-projects selected) while for the poor villages Education becomes the priority (40% of the total number of sub-projects selected). The public work and transport as well as the Health sector are equally important between the villages with different poverty status while agriculture priorities become more and more significant when the poverty status decrease (from 3% of the total number of sub-projects selected for the poorest villages up to 17% of the total number of sub-projects selected for the moderately poor villages). These data seems to show that livelihood priorities increased when access to basic services has been improved, and support combining livelihood support with improvements in access to basic infrastructure, as experimented under the LONG.

2). Progress of sub-project implementation and beneficiaries

Cycle XI

The implementation of Cycle XI continues to progress significantly since the last report period (241 completed sub projects by the end of September 2014). By the end of March 2015, out of a total of 333 sub-projects, 314 sub projects (94%) were completed while 19 sub projects are under progress and expected to be completed by May 2015. Out of the delayed sub projects, 4 subprojects have slow progress (less than 50% completion). The table 3 provides more details of sub projects not yet completed).

Besides the delayed Cycle XI sub projects, some sub-projects from Cycle IX and X remained incomplete: 4 in Cycle IX and 1 in Cycle X (table 3 for more details).

Table 1: Status of delayed sub-projects from Cycles IX and X

SP location	Cause of delay	PRF responsibility	Risk reduction	Latest progress
<p>Cycle IX (2011-2012): There were 4 incomplete sub-projects as mentioned in the last Annual Progress Report (2013-2014). At the end of March 2015, one of the four subprojects was completed (Attapeu, Sanamxay district, Kum banBeangvilay, Parbor village). The current status of the other 3 is summarized below:</p>				
<p>Dug well in Oudomxay village, Kum banOudomsouk, Sanamxay district, Attapeu province.</p> <p>Progress: 50%</p> <p>Budget: 393,499,780 LAK</p> <p>Disbursed: 166,699,912 LAK (42%)</p>	<p>The delay was due to frequent replacement of the digging technicians and lengthy time spent (5-6 days) for each well to be drilled because soil at the location was hard and compacted.</p>	<p>Organize meeting/discussion among PRF, district authority, concerned sectors and contractor to deal with this issue</p>	<p>This sub-project benefits 3 villages (population: 3,312, women 1,606) through the construction of 22 drill wells. The company recently completed the construction of 22 drill wells with pipe in place, whereby the villagers are utilizing them for daily life. About the progress of 15 drill wells construction are still discussing for implementation. This would suggest the national technical advisor and procurement officer to make final decision/action.</p>	<p>The memorandum was already sent to the company and they have agreed to replace the manual pump with the electricity pump with no extra budget while O&M cost will be of communities' responsibility. It is projected to complete by July 2015.</p>
<p>Drug well with pipe in Sekong village, Kum banMitsumphan, Sanamxay district, Attapeu province</p> <p>Progress:48%</p> <p>Budget 281,743,587 LAK</p> <p>Disbursed: 125,597,435 LAK (45%)</p>	<p>The delay was due to frequent replacement of the digging technicians and lengthy time spent (5-6 days) for each well to be drilled because soil at the location was hard and compacted. Also, some wells must be re-drilled at other locations due to soil erosion.</p>	<p>Organize meeting/discussion among PRF, district authority, concerned sectors and contractor to deal with this issue</p>	<p>The company recently completed the digging of 13 drill wells with pipe already in place whereby the villagers are utilizing them for daily life, however, some of them still missing the pump. For the delay 2 drill wells, this would suggest the national technical advisor and procurement officer to make final decision/action.</p>	<p>The same with above information, the company is expected to respond on the 7th of May 2015 and it is expected to complete by July 2015</p>

<p>Gravity Fed System Construction³ in Darklongvai village, Kum banDakpra-Laksao, Darkcheung District, Sekong province. with no p</p> <p>Progress: 0%</p> <p>174,735,249 LAK</p>	<p>As already mentioned in annual report (2013-2014), the company faced difficulty to access the sub-project location due to damaged road, the work can be done only when the road is fixed by government</p>		<p>The people still use and drink the water from channel. When this sub-project is complete, villagers will assess to clean water and minimize the time for women and children to collect water.</p>	<p>Based on the official report from the PRF at Sekong province on 22 April, 2015, by now the road is accessible and the company starts to work and expect to complete by May 2015.</p>
<p>Cycle X (2012-2013): There are 2 incomplete sub-projects as was mentioned in the last Annual Progress Report (2013-2014). At the end of March 2015, there is still one incomplete sub-project in LuangPrabang province, Phonxay district, ParksanKum ban, Hoiypiene village.</p>				
<p>Suspension bridge construction in Kum banSkaen, Nalae District, LuangNamtha.</p> <p>Progress: 43%</p> <p>Total 776,654,639 LAK</p> <p>PRF budget 199,635,500 LAK</p>	<p>It is a pilot project between PRF and HELVETAS. The current issue is related to the low quality of steel parts produced by a Vietnamese factory</p>	<p>The Lao contractor has proposed to share the costs of the tranche already paid to the Vietnamese factory. Therefore, it is proposed that Helvetas and PRF contribute up to \$35,000 from PRF</p>	<p>It is recommended that the project be completed, with all three bridges constructed. In order for this to occur it is recommended that:</p> <p>The Vietnamese factory should be solved in priority. Then a contract can be signed with another factory.</p> <p>An additional budget up to \$140,000 be sourced to complete the 3 bridges</p>	<p>An audio conference with the sub-contractors is planned in order to formalize the agreement related to the payment of the Vietnamese factory. Helvetas is in the process of identifying another factory to produce the steel parts. Initially, meetings were conducted to discuss on further action. However, final agreement was not yet met. There will be a decision on responsibility towards first amount paid of \$35,000, procurement of new factory, remaining cost to be paid to the Vietnamese factory, a need to visit sub project sites, transport cost, inform a change of factory and agreement to the community and possible new form of contract (direct contract between</p>

³ In the annual report is drill well but the actual sub-project is gravity fed system construction as already updated in this semi-annual report

				HELVETAS and the factory). Progress of the discussion and decision will be closely monitored and reported.
Cycle XI (2013-2014): As the end of March 2015, 314 out of 333 sub-projects have been completed. While many incomplete sub-projects are about to be achieved (over 50% of physical progress), there are few sub-projects with less than 50% completion. Key issues are summarized below:				
Primary school construction in Kum ban Parkbor, Sanamxay district, Attapeu with 22% physical progress. Budget 314,567,914 LAK (Two classrooms)	The construction did not follow the standard. The construction was temporarily stopped.	Organize meeting/discussion among PRF, district authority, concerned sectors and contractor to deal with this issue	Procurement officer or concerned staff has to contact/follow up and collect information.	The company's director already read the memorandum. The company is expected to sign the memorandum on the 6 th of May 2015 and anticipated to complete by July 2015.
Drill Well construction in Vungyang village, Kum ban Vongvilay, Phouvong district, Attapeu with 50% progress Budget 51,441,764 LAK	Cannot carry material to sub-project location because?	PRF staff and province and district discussed with contractor to deal with situation, to set up the time to complete which would be by August 2015		This sub-project is in progress and will be complete during the next reporting period
Primary school construction in Kum ban Nonghin, Sanamxay district, Attapeu. Progress: 10% Budget: 223,207,691 LAK	The company could not access to sub-project location.	PRF discuss with company and district authority to find the solution.	In progress	The model and BOQ were already sent to an interested company called "Aching" from Sanamxay district, Attapeu province. Given heavy rain during the past week which made the road very slippery, the company was not able to reach the site. The company will try to reach the site again on 05/05/2015 and respond after the company sees the site.

				The company is expected to respond on the 07/05/2015(same company to the above sub project – primary school in Kum Ban Parkbor).
Community Market Construction in Khamvongsa village, Kum banVongsamphan, Phouvong district, Attapeu. Progress:67% Budget: 310,905,963 LAK	The construct did not follow construction standard, the community requested the contractor to change some parts.	Organize meeting/discussion among PRF, district authority, concerned sectors and contractor to deal with this issue.	In progress	Phosee company already signed the memorandum. The memorandum is waiting to be signed by the deputy head of the district. The memorandum was signed on 6 May 2015 and the sub project is expected to be completed by August 2015.
Dispensary construction in Phouyang village, Kum banSomboun, Phouvong district, Attapeu. Progress: 35% Budget: 239,510,000 LAK	Due to the difficulty of road to access the location	Organize meeting/discussion among PRF, district authority, concerned sectors and contractor to deal with this issue.	In progress and expect to complete by the end of May 2015	Phonexay company already signed the memorandum. The memorandum is waiting to be signed by the deputy head of the district. The memorandum is expected to be finalized on the 6 th of May 2015.
Suspension bridge construction in Phouluang village, Kum banPhouluang, Nalae district, Luangnamtha. Progress: 58% Budget: 240,000,000 LAK	It is a pilot project between PRF and HELVETAS, the problem is concerned the low quality of steel parts	Please see above explanation. *LouangNamtha *Nalea district *Kum ban Skaen	The same information	An audio conference with the sub-contractors is planned in order to formalize the agreement related to the payment of the Vietnamese factory. Helevetas is in the process of identifying another factory to produce the steel parts
Suspension bridge construction in Senchompi village, Kum ban BuakBor, Long district,	It is a pilot project between PRF and HELVETAS, the problem is concerned the low	Please see above sub project explanation. *LouangNamtha	The same information	An audio conference with the sub-contractors is planned in order to formalize the agreement related to the payment of the Vietnamese factory.

<p>LuangNamtha.</p> <p>Progress: 65%</p> <p>Budget: 320,000,000 LAK</p>	<p>quality of steel parts</p>	<p>*Nalea district</p> <p>*Kum ban Skaen</p>		<p>Helvetas is in the process of identifying another factory to produce the steel parts</p>
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Source: Monitoring and Evaluation Division, September 2014

3). Sub-project implementation financial management

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

Key achievements are as follows:

- 98% of the total sub-grants budget has been transferred to the 258 completed sub-projects implemented under Cycle IX.
- 97% of the total sub-grants budget has been transferred to the 391 completed sub-projects of Cycle X.
- 314 sub-projects (94% of the total number of sub-projects, which represents an increase of 22% from the last reporting period) were already completed and 96% of the total sub-grants budget has been transferred. The high disbursement over completion rate is because the completion rate of sub-projects are referring to the actual progress made while disbursement is made according to specific conditions. For instance, spring gravity fed system sub-project construction will need 95% of the budget paid in advance for materials to be used for the construction. Additionally, after the signing of contract of each sub-project, 40% of the total budget will be disbursed prior to the actual implementation, according to the regulation of procurement. These have resulted in a higher percentage of disbursement compared to completion rate.

Table 2: Disbursement from Cycle IX –XI (as of March 2015)

Provinces	#SPs	Cycle IX (2011-2012)			Cycle X (2012-2013)			Cycle XI (2013-2014)		
		Budget	Expenditure	%	Budget	Expenditure	%	Budget	Expenditure	%
Phongsaly	48	-	-	-	670,438	670,438	100%	618,782	618,782	100%
LuangNamtha	71	617,070	617,070	100%	471,446	471,446	100%	449,774	408,873	91%
Oudomxay	108	-	-	-	1,580,140	1,580,140	100%	1,648,401	1,648,401	100%
LuangPhabang	87	-	-	-	1,194,342	1,159,146	97%	1,264,288	1,245,998	99%
Houaphan	265	2,031,705	2,031,705	100%	1,866,616	1,866,616	100%	1,833,719	1,833,719	100%
Xiengkhuang	95	1,144,095	1,144,095	100%	951,591	951,591	100%	872,713	872,713	100%
Savannakhet	142	1,825,180	1,820,690	100%	1,389,466	1,385,486	100%	1,408,567	1,385,648	98%
Saravanh	49	567,382	567,382	100%	578,930	578,930	100%	555,607	492,571	89%
Sekong	68	923,279	911,138	99%	652,663	632,175	97%	754,232	675,725	90%
Attapeu	55	530,577	431,933	81%	534,244	516,564	97%	527,827	358,160	68%
Total	988	7,639,288	7,524,013	98%	9,889,876	9,639,698	97%	9,933,910	9,540,590	96%

Source: PRF Financial Report, 31 March 2015

It can be noticed that disbursement of Attapeu province is lower compared to other provinces (81% in Cycle IX, 97% in Cycle X and 68% in Cycle XI). In reference to Table 3 of this report-status of delayed sub-projects- there are two main issues causing the delay of sub-projects implementation as well as disbursement in Attapeu province: (1) technical issue where

contractors cannot deliver work with standard agreed; and (2) difficulty in accessing project site resulting in the delay of implementation and disbursement proportion showing in Table 4 above.

Cycle XII

The preparation of Cycle XII (2014-2015) started in July 2014 where planning at village level was made. By the end of February 2015, No Objection Letter (NOL) from the World Bank for the implementation of 440 sub projects out of 441 submitted for the NOL was received (1 sub-project in Sekong was put on hold because of the overrun budget).

In accordance to the below table, a majority of investments has been in the Education sector (38%), indicating the priorities requested by communities, following by Water and Sanitation sub-projects with a proportion of 30.5%. The Agriculture, Health, Public and Transportation and Community electrical power system combined contributing approximately one third of the total number of sub projects selected.

Table 3: Sub projects of Cycle XII (2014-2015) by sector

Type of Sub-project	# SP	%
Agriculture	41	9%
Education	167	38%
Health Sector	19	4%
Public works and transportation	77	18%
Water and sanitation	134	30.5%
Community electrical power system	2	0.5%
Total	440	100%

Source: Monitoring and Evaluation Division, 31 March 2015

The below table show the number and percentage of sub projects by province. Huaphanh is the province that supports the highest total number of sub-projects (125 sub projects) since Huaphanh consists of more districts and Kum ban than others provinces. It is also worth to note that the density of population in a Kum ban does influence budget ceiling of a sub project and may, at some extent, influence the number of sub projects supported in each province.

Table 4: Cycle XII number of Sub projects per province

Province	#SP	%
Phongsaly	25	6%
LouangNamtha	21	5%
Oudomxay	50	11%
LouangPrabang	49	11%
Huaphanh	125	28%
Xiengkhouang	42	10%
Savannakhet	59	13%
Saravanh	31	7%
Sekong	20	5%
Attapeu	18	4%
Total	440	100%

Source: Monitoring and Evaluation Division, 31 March 2015

2.2. Achievements against indicators in PRF’s result framework

2.2.1. Progress against project development objective (PDO) indicators 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 are women as reflected in the table 7, far above the minimum quota of 40%.

On the other hand, the percentage of poorest community members participating in the process remains below the minimum quota of 60% (45% for the cycle XII), and remained at similar level for the previous cycles (46% for the cycle X and 48% for the cycle XI).

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 applied in all districts.

Despite not being part of the PRF indicators, the total number of participants from small ethnic groups remain high (69%) and shows that preference given towards most vulnerable groups high. For PRF under the Additional Financing (AF), indicator concerning the participation of ethnic group in activities of PRF will be included where PRF will regularly monitor the their participation and involvement.

Table 5: Participants in village planning meetings (2014-2015)

	Cycle XII (2014-2015)	
	Number	%
Adults in villages	136,119 ⁴	
All participants	65,869	48%
Female participants	31,788	48%
Ethnic participants	45,128	69%
Poor participants	29,397	67% ⁵

Source: MIS of Monitoring and Evaluation Division, 31 March 2015

Table 6: Priorities selected by groups, Cycle XII (2014-2015)

Type of sub-projects	Female	%	Male	%	Both	%	Total
Agriculture and Forestry	3	7	14	34	24	59	41
Education	20	12	8	5	139	83	167
Health	4	21	1	5	14	74	19
Public Work &Transport	8	10	5	6	64	83	77
Water &Sanitation	15	11	12	9	107	80	133
Electricity	-	-	-	-	2	-	2
Total	50	11	40	9	350	80	440

Source: MIS of Monitoring and Evaluation Division, 31 March 2015

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).

Around 9% of a total number of sub projects is from men priority while more than 90% are those prioritized by women group or both. It clearly indicates that women' needs are strongly taken into account during planning and decision-making process as to reflect a principle of PRF,

⁴ Total population of the villages selected to receive sub-projects during Cycle XII

⁵ 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)

enhancing gender equity. Therefore, these sub projects will bring benefit to women and to the family as a whole.

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.

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).

Feedback and Resolution Mechanism

The objective of the PRF Feedback and Resolution Mechanism (FRM) is to ensure that the PRF has in place a system to receive feedback from citizens, assuring that the voices are heard from the poor and vulnerable, and the issues are resolved effectively and expeditiously. Such a system is expected to enable the PRF to be fully responsive to its beneficiary community and empower the ethnic groups and poor in villages.

Based on Feedback and Conflict Resolution Mechanism Report of the 10 target provinces (LuangNamtha, Houaphanh, Xiengkhouang, Savannakhet, Saravanh, Sekong, Attapeu, LuangPhabang, Phongsaly and Oudomxay), a total of 248 feedbacks were received via the feedback boxes, hotline 161 and e-mail. Another 3,202 feedback from the hotline were received but not related to the PRF activities. Around 85% of the feedback received are related to request for fund or technical assistance and concentrated during the month of November, which coincide with the end of the planning process (selection of the priorities to be supported by the PRF).

Table 7: Summary of feedback received from each channel

Feedback Received	2014			2015			Total
	Oct	Nov	Dec	Jan	Feb	Mar	
Request for information	3	1	1	4	5	2	16
Request for Fun/technical assistance	1	171	2	27	6	4	211
Thanks to PRF	1	-	2	10	5	-	18
Compliant	-	1	-	-	1	1	3
Irrelevant PRF	741	234	397	380	1,000	450	3,202
Total	746	407	402	421	1,017	457	3,450
Feedback related PRF	5	173	5	41	17	7	248

Source: Monitoring and Evaluation March 2015.

Details of investigation can be consulted in Annex 4.

Sub-project utilization and maintenance

Status of used and unused sub projects by beneficiaries are regularly monitored by PRF district staff and Kum ban facilitators. By the end of March 2015, 952 out of a total 961 completed sub-projects (99%) from Cycles IX, X and XI are in good condition and functional after being handover to the community.

For the 9 unused sub projects, status is summarized below:

- *Louang Namtha* province, spring gravity fed system (Cycle IX): during the initial survey, water was available for the spring gravity fed system. Nevertheless, after the completion, it was found that water is no longer available at the surveyed site. To solve the problem, new survey has been conducted. Intake will be moved to the new site (around 20 meters from the previous site). The activity will be a sub project of Cycle XIII (2015-2016) while additional expenditure, if any, will be responsible by PRF. Results will be followed and reported in the next progress report
- *Saravanh* province (Cycle XI), 2 are waiting for the final inspection and sub projects handover to the communities. Hence, the status of those will be updated accordingly in the next report.
- *Sekong* province (2 sub-projects in Cycle IX and 2 sub-projects in Cycle XI),
Cycle IX:
 - o A spring gravity fed system was impacted by a rubber tree plantation resulted in broken pipes (existing pipes supported by communities, PRF only supported the construction of water tank). In this regards, local authorities have contacted and asked for support from the rubber tree plantation company to replace the broken pipes. The company agreed and the pipes have been replaced and expected to complete by August 2015

- Pipes of another spring gravity fed system were burned during dry season (Natural Disaster). Pipes are part of communities' contribution. In the near future plan, communities will receive support from the Red Cross who will provide water supply system, hence, burned pipes are not replaced and left abandoned.

Cycle XI:

- A dispensary in Dakcheung is currently unused since medical staffs are not yet assigned by the District Health Office. In response, PRF has cooperated with the concerned sector who confirmed that a medical staffs will be assigned to ensure the dispensary will be operational.
 - Another subproject is waiting for the handover ceremony by the concerned sector.
- *Attapeu* (1 sub-project in Cycle IX and 1 sub-project in Cycle X),
- Unused community market. This case is currently under investigation. A road construction supported by the PRF was impacted by the district development plan. This issue is also under investigation and the accurate information will report in next annual progress report.

According to the annual progress report 2013-2014, it was reported that three dispensaries in Oudomxay (no medical staffs) and two in Phongsaly (missing equipment) were unused. After close consultation and cooperation with the Ministry of Health, these 3 dispensaries are now fully functioning.

Table 8: Number of completed sub-projects used and unused by province

	Used and Unused Subprojects,				Used and Unused Subprojects,				Used and Unused Subprojects,				Total sub-projects (2011-2014)				
	Cycle IX				Cycle X				Cycle XI								
Province	#SP	100%	Used	Un used	#SP	100%	Used	Un used	#SP	100%	Used	Un used	#SP	100%	Used	Un used	% un used
Phongsaly	0	0	0	0	25	25	25	0	23	21	21	0	48	46	46	0	0.00
LouangNamtha	26	25	24	1	29	28	28	0	16	14	14	0	71	67	66	1	1.49
Oudomxay	0	0	0	0	54	54	54	0	54	54	54	0	108	108	108	0	0.00
Luangprabang	0	0	0	0	44	44	44	0	43	43	43	0	87	87	87	0	0.00
Huaphanh	107	107	107	0	89	89	89	0	69	69	69	0	265	265	265	0	0.00
Xiengkhouang	32	32	32	0	34	34	34	0	29	29	29	0	95	95	95	0	0.00
Savannakhet	41	41	41	0	56	56	56	0	45	28	28	0	142	138	138	0	0.00
Saravanh	14	14	14	0	19	19	19	0	16	13	11	2	49	46	44	2	4.35
Sekong	25	24	22	2	23	23	23	0	20	17	15	2	68	64	60	4	6.25
Attapeu	17	15	14	1	20	20	19	1	18	10	10	0	55	45	43	2	4.44
Total	262	258	254	4	393	392	391	1	333	298	294	4	988	961	952	9	0.94

Source: Data collected by PRF district staff and Kum ban facilitators under the guidance of the M&E Division, 31 March 2015

An operation and maintenance committees fully operational does influence the sustainability of sub projects. As shown in Table 10 below, 97% of completed sub-projects have an operation and maintenance committees in place. For the remaining 3% the establishment and training of the operation and maintenance committee is already planned during the next quarter. Most committees levied user fees and encouraged villagers to provide voluntary labor for routine maintenance to ensure sub-projects sustainability.

The follow up of the 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. These visits will provide more data for this specific indicator but will also be the opportunity to deliver additional training to the community members to ensure maintenance will be done according to their O&M plan. The screening form has been already drafted and will be finalized and tested during the next reporting period.

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

Province	#SP	100% completed	Established	%	To be established	No yet planned
Phongsaly	48	46	46	96%	2	0
Louangnamtha	71	67	67	94%	3	1
Oudomxay	108	108	108	100%	0	0
LouangPrabang	87	87	87	100%	0	0
Huaphanh	265	265	265	100%	0	0
Xiengkhouang	95	95	95	100%	0	0
Savannakhet	142	135	135	95%	7	0
Saravanh	49	46	46	94%	1	2
Sekong	68	64	60	94%	4	0
Attapeu	55	45	45	82%	10	0
Total	988	958	954	97%	27	3

Source: Data collected by PRF district staff and Kum ban facilitators under the guidance of the M&E Division, 31 March, 2015.

C). Total number of beneficiaries of which x% are female and ethnic⁶

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) as other villages may benefit from the road, 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. For the Cycle XII, the data are currently under consolidation, and will be shared in the next Annual Progress Report.

⁶ The determination of ethnic minorities is based on the official government manual created based on the National Assembly Agreement 2008 on Ethnic Classification of Lao PDR.

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.

Education and water related 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. Same to previous cycle, request for Education sub-projects are higher than Water related sub-projects (38% and 30.5% 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 with the final external studies.

Table 10: Type of sub-projects covered by PRF's fiscal 2014-2015 (Cycle XII)

Type of sub-projects (SP)	Total	
	#SP	%
Agriculture	41	9.3%
Education	167	38%
Health	19	4.3%
Public and transportation	77	17.5%
Water and sanitation	134	30.5%
Community electricity line	2	0.5%
Total	440	100%
	100%	

Source: MIS of Monitoring and Evaluation Division, 31 March 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:

- 278 Kum bans have developed/review their long-term Village/Kum ban Development Plans as part of the Cycle XII.
- Discussion on the regular submission of monthly Sub-projects implementation monitoring forms by Kum ban facilitators and Village Implementation Team (VIT) to ensure a timely submission as well as accuracy and correctness of the forms.

Table 11: Number of villages/Kum ban that have developed long-term development plans

	Number of Kum bans and villages with development plans			
	Cycle IX (2011-2012)	Cycle X (2012-2013)	Cycle XI (2013-2014)	Cycle XII (2014-2015)
# Kum bans	185	270	278	278
# Villages	1,319	1,881	1,951	1,951
# Very poor villages	324	489	502	502
# Moderately poor villages	754	987	1,024	1,024
# Relatively poor villages	241	405	425	425

Source: MIS of Monitoring and Evaluation Division, 31 March 2015

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

Close cooperation between PRF staff and GOL officers at all levels is essential for the implementation of PRF cycle. District officials, in particular, who work closely with communities, are invited and participating in every activities of the cycle since the starting of the cycle including planning meeting, confirmation meeting, decision making meeting survey and design, bid opening, sub projects implementation and supervision as well as handover of sub projects. The participation of district officials will ensure coherence of PRF implementation to the Government procedures, more importantly, transparency is of great consideration.

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

As of March 2015, 121 (44%) Kum ban Development Plans (KDPs) out of 278 Kum ban Development Plans (KDPs) developed by communities with PRF facilitation have been used by both government agencies and other development partners. This has exceeded the target identified in the results framework by 19% (35% set in the Results Framework). The percentage of KDPs used by other organizations has been increased gradually from 25% by September 2013, 34% by September 2014 and 44% by March 2015. This indicates that the outputs of CDD planning developed by communities are definitely accepted by various development partners.

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” by harmonizing its development plan to the District Development Fund (DDF) to make it more comprehensive and coherent. The PRF also envisages the opportunity to increase visibility of the Kum ban Development Plan by posted them on the PRF website.

Table 12: Number of KDPs used by GOL agencies and other development partners

	# KDP with SP supported by PRF	# KDP with S.P. supported by other	% KDP with S.P. supported by other	# Districts with SP supported by other	# villages with SP supported by other
Huaphan	52	18	35	4	42
Oudomxay	44	5	11	3	6
Luangprabang	34	20	59	4	44
Luangnamtha	13	6	46	3	11
Phongsaly	19	1	5	1	1
Salavan	14	7	50	3	7
Savanakhet	40	20	50	5	39
Sekong	21	10	48	3	24
Attapeu	16	14	88	3	53
Xiengkhuang	25	20	80	4	46
Total	278	121	44	33	273

Source: MIS of Monitoring and Evaluation Division, 31 March 2015

Table 13: Fund source of Sub-projects supported by other development partners

Fund source						
GOL agencies	GOL + Community	GOL + NGO	# NGO	Private sector	Village Fund	Total
48			4	1		53
1			5			6
23	3		18	1		45
8			4			12
			1			1
4				3		7
14			23	12	1	50
30			1	1		32
33		27	10	5		75
34		1	16		2	53
195	3	28	82	23	3	334

Source: MIS of Monitoring and Evaluation Division, 31 March 2015

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 March 2015, PRF II employs 252 staff (including 78 females) which represents 98.4% of the total number of PRF positions (256). Female staff account for about a third of the PRF staff, increasing from 28.92% to 30.95%. 37 staff (15 females) are based at the central level, 78 staff (21 females) at the provincial level and 137 (42 females) at the district level (Table 18).

By the end of March 2015, 4 positions were not currently filled: Reporting Officer, Provincial Finance Officer, District Finance Officer and District Engineer. The recruitment process started and positions are expected to be filled by April, 2015.

Table 14: 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	% of female*	
Vientiane	22	15	37	40.54									37
Savannakhet					6	2	8		11	6	17		25
Sekong					7	1	8		9	3	12		20
Salavan					6	1	7		8	1	9		16
Attapeu					6	2	8		9	0	9		17
Xiengkhouang					5	2	7		9	4	13		20
Houaphanh					4	4	8		12	8	20		28
LuangNamtha					5	3	8		7	2	9		17
LuangPrabang					5	3	8		11	8	19		27
Oudomxay					6	2	8		13	7	20		28
Phongsaly					7	1	8		6	3	9		17
Total	22	15	37	40.5	59	21	78	26.9	95	42	137	30.7	252
Percentage of total female staff:				30.95%									

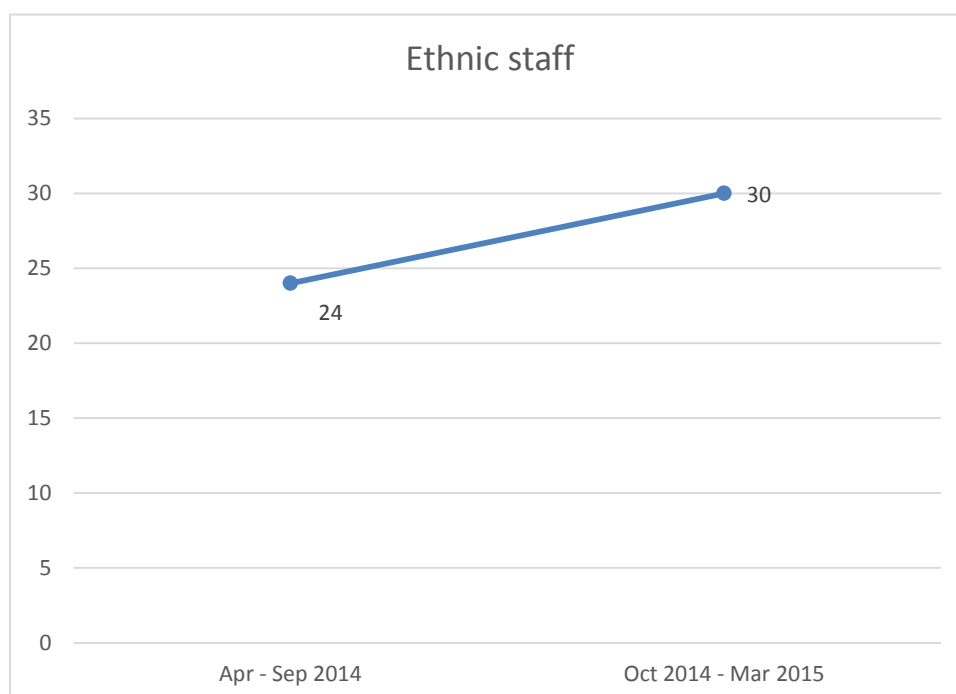
Source: Human Resource Unit, PRF, March 2015

*: Percentage of female in table 16 expresses only the female percentage in each individual PRF office at all level. It is not the female percentage compared with total PRF staff throughout the targeted provinces.

During the six-month period, staff turnover has decreased by 8.87% compared to the last annual report 2014 (12.44% to 3.57%). The reasons for leaving are divers: resuming study, launching own business, working for new project, promotion to new/higher position and personal reason.

PRF currently employs 30 staff from small ethnic groups. 8 of these are working in PRF provincial offices and 22 at the district level. The number has increased by 25% compared to the last six-month period when there was 24 staff only from small ethnic group.

Figure 2: Increased number of PRF staff who belong to small ethnic group



The Kum ban facilitators (KBFs) play an important function at the grass root level by facilitating the link between the PRF and the communities.

The role of the KBFs is to assist PRF's district team with organizing all program activities at the village and Kum ban level and in the planning and implementation of sub-projects. A total of 616 KBFs, of which 271 (42%) are female, have been nominated by the communities to be responsible for helping facilitate all Kum ban and village-levels aspects of the Program including participatory planning steps (Village Visioning and Kum ban Development Planning) as well as sub-projects implementation.

B).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 2013-2014 has been completed.

C).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:

Terms of Reference (TORs) for MIS upgrading was developed and shared with WB for approval before proceeding for procurement process.

Part III. SPECIFIC ISSUES

3.1. Environmental and Social Safeguards

3.1.1. Environmental and social safeguard workshop

During March 2015, PRF organized the Social and Environmental safeguards consultation workshop for PRF's provincial staffs. The workshops were held in two provinces, one in Champasack and one in Oudomxay. The workshop objective was to exchange perspectives regarding safeguards issues of each province which will be taken into consideration when revising the manual.

Consultation Meeting on Social and Environmental Safeguards was organized on March 23 2015 at Settha Palace Hotel under the chairmanship of Dr.Bounkouang Souvannaphanh, Executive Director of Poverty Reduction Fund and Mr. Satoshi Ishihara, World Bank Task Team Leader.

The objectives of the meeting were to introduce social and environmental safeguards as well as policy on ethnic groups and policy on compensation which have been revised as part of the request for Additional Financing. The participants have also shared their comments regarding the safeguard issue and exchanged lessons learned. These have allowed PRF to consider any needs for improving in its existing procedures and make them more comprehensive and coherent with related sectors as to support the implementation of activities under the additional financing.

The meeting discussed extensively and shared experiences regarding social and environmental safeguards to which PRF will take into account when revising its procedures and related policy.

Outcomes of the workshop:

- Manual has been revised and updated in consultation with WB specialist.
- Final manual has been publicly posted on PRF website. The manual will be used as reference in regards to social and environment safeguard issues.

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.

- The new monitoring form has been devised and training on use of this form (and general training on environment and environment impacts) has already been conducted for all 10 provinces in which PRF has projects.
- The form has been fine-tuned in the light of that training and will disseminated to PRF provincial teams for implementation.
- Following the initial implementation period, field trips will be arranged to assess implementation and additional training needs.
- More training will be provided as requested from most provinces to re-inforce safeguards and build capacity on environment, impacts and mitigation measures.
- All PRF’s field staffs were trained on how to use the aforementioned forms and procedures.

Two consultation workshops, one in the north and one in the south, were held in order to present the changes of the Social and Environmental safeguards and share comments and experiences learned about the safeguards implementation. The Table 15 summarizes the issues raised during these two workshops.

Table 15: Summary of environmental safeguard issues and mitigation measures discussed during the safeguards consultation workshop

Impact	Description of potential impact	Mitigation measures
Rural road rehabilitation sub-project	Road improvement near the protected areas ⁷	The district authorities have to establish a monitoring committee including representatives from the Environment and natural resource office to confirm that the sub-project is not (?) located in a protection area.
		To develop a Environmental Management Plan between community, PRF and the Environment and Natural resource office
		In the future, PRF will not support rural road rehabilitation or improved access to protected areas (in the list of the ESMF prohibited activities)
	Improved road access to village	During survey and design step, the PRF

⁷ According to the PRF ESMF 2011, section A1.2 “Negative List”, the activity “New roads, road rehabilitation, road surfacing, or track upgrading of any kind inside natural habitats and existing or proposed protected areas” is “explicitly excluded from PRF II funding”.

	which require house hold(s)land acquisition	team and village team must organize a consultation meeting with community and the village and agree to compensate impacted households through allocation of other land of similar value in the village
Irrigation channel impacted	The contractor in charge of improving the rural road access to village planned the land and pushed the soil on the irrigation channel. Consequently, the water flow was blocked	The community call the contractor for a meeting and the contractor agreed to pay to community around 2,000,000 kip to rehabilitate the irrigation the channel
Road potential impact on agriculture land	The design of the road lead to loss of productive land for agriculture activities	Engineers and community agree to change the road alignment so that the productive land will not be impacted
Irrigation construction sub-project	The leveling of the weir are too high which create water flood into the agriculture land	PRF and agriculture sector engineer worked together to review the design related to the high of the weir. Another water gate was added in order to lower the water level and open the other channel in front of the weir. Therefore community did not have to pay any compensation for the land impacted.
Social impact		
Primary school construction sub-project	The selected location was close to the grave of a boy	The village committee agree to compensate the impacted family who receive new land and money to organize a traditional ceremony for the spirits
Irrigation channel construction sub-project	The design of an irrigation channel passes an agriculture land and the land owner is unhappy.	The meeting was set up and the Engineer re-designed the channel and let the channel located between the two land owners. It was also agreed that the two land owner can use the water without pay the free
Gravity water Fed construction sub-project	The water source is located in a private land and the land owner use the water for is own business (fish pond breeding).	The meeting was established between community and the land owner. As agreed, the community have to pay the money to the land owner for the water loss
The contractor access to the construction site	The contractor borrow rice, chicken and other type of food from the community	Before sub-project handing over, the community have to clear everything with the contractor to ensure there are no debts left

Source: Engineering Division, PRF, 31 March 2015

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), Xiengkouang (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.

3.4. Meetings and Training

3.4.1. Community meetings and training

District Development Planning Meeting (DDM)

During September to October 2014, District Development Planning Meeting was completely implemented in 44 districts in 10 provinces in order to approve sub-projects under the support of PRF in cycle 12 which totally consists of 443 sub-projects. Of those, 387 sub projects or about 87% are directly benefited the poorest-poor communities.

In March 2015, PRF in association with NCRDPE and Northern Uplands Development Project (NUDP) organized a training of trainers on participatory planning at village level at Khua District, Phongsaly Province. Participants consisted of 14 people, 4 women from concerned offices at the district level. On the PRF side, the provincial CD officer of PRF Luang Prabang was the trainer and shared lessons of the PRF participatory planning approach. After piloting the participatory planning approach in one village, the participants agreed to use PRF's participatory planning approach. After this training, participants will become facilitators in planning for 59 villages in Khua District which has not received any support from other projects for village development planning. Therefore, Rural Development Office of Khua District proposed to PRF and GIZ for some support in terms of funding to implement the village development plan in those villages. The outcomes of using the PRF approach will feed for Socio-Economic Development plan of Khua District.

The provincial CD team coordinated with MPI and NCRDPE to hold a meeting on exchange of lessons learnt in participatory planning approach at local level in Laos PDR on 31 March 2015, in Vientiane Capital. Participants consisted of 72 people, 20 women from the Government side, development agencies, donors, and other concerned organizations. The purpose was to exchange lessons learnt in participatory planning at local level with other organizations, especially the sectors that have been utilizing Participatory Planning Manuals (PPM) at village level since it was approved by the MPI in late of 2012. During the meeting, it was agreed to review the PPM in order to be simpler and more appropriate for users at local level, it was also agreed to promote the utilization of participatory planning approach more widely all over the country. In addition, donors agreed to support some fund to hire external consultant(s) to study participatory approach used by key rural development actors and their linkages with the current PPM approach.

From January 28-30, 2015, The CD team held refresher trainings on building capacity and implementation method to community as part of the cycle XII. The trainings were organized

both in Savannakhet Province for Southern PRF CD team and in Huaphan Province for Northern PRF CD team. Participants consisted of 66 people (including 13 women).

During the implementation of sub-projects of PRF cycle 12, the target districts of PRF arranged Kum ban monthly meetings and refresher trainings for KBF, which aimed to build the capacity of KBF both men and women. This was also an opportunity to monitor and evaluate the implementation of ongoing activities within the six target provinces (Sekong, Attapeu, Savannakhet, LuangNamtha, Phongsaly). For the other provinces, the training will be implemented in April-May 2015.

3.4.2. Staff training and Workshop

During the reporting period, capacity building activities remained a key focus where number of workshops and trainings were conducted. Main objective of training is to strengthen capability of staff at all levels. In addition, to enhance understanding of external partnership, workshops on various topics were organized constantly. Please see below table for details of conducted trainings and workshops:

Table 16: Workshops and Trainings during October 2014-March 2015

No.	Training topic	Objective	Period	Participants (Number and level)	Location
Engineering					
1	Learning Exchange Workshop for PRF Engineers and KDP Engineers	Follow up on the implementation of the new monitoring, training, management and supervision procedures introduced since the Mid Term Review, including revisions and updates to the Quality Management System.	Dec.22-26, 2014	16 PRF staff (including one woman) and 4 KDP staff and 2 GOL staff.	Khammouan
2	Water Cad software training for central and provincial Engineer	To be able using the software into designing work and monitoring	Apr.06-10, 2015	16 participants (1 women)	Vientiane
3	Social and Environment Safeguard Workshop	To understanding the Social and Environment Safeguard from construction of PRF's infrastructure sub-projects and solution methodology to PRF's staffs.	Mar. 23, 2015	38 participants (2 women, from 6 northern provinces northern, and the rest PRF's staffs	Houaphan, Attapeu
4	Bio-engineers	About Mainstreaming Slope	Apr.20-	2 participants (staff from	Vietnam

	workshop	Stability Management of using Natural plant into slop protection to promoting Climate Resilient Rural Infrastructure	24, 2015	the Dept.).	
Monitoring and Evaluation					
1	Workshop on PRF Indicators framework	To ensure that all PRF staff have understood clearly about result framework of PRF II, the training/workshop of PRF achievement indicators at PRF central office was organized in December 2014, the representative of staff from each division: M&E, CD, FA, LONG and procurement attended this workshop (accepted from TA division because all staff joined workshop in Khamouan province). The expected outcome of this workshop is training of trainer where are attendants can provide/explain to provincial and district staff during their field trip.	22 Dec 2014	10 participants (ME: 6, FA: 1, CD: 2 and TA: 1)	Vientiane Capital
2	MIS data required for reporting	Moreover, the M&E Division has conducted training for all provincial and district staff in early 2015 focusing on the key MIS data required for reporting covering definitions, sources of information, methods for collection, and responsibilities at all levels in each division and unit. Simple guidelines for this information have also been drafted in Lao language. This should further improve			

		coordination and cooperation.			
	Training on Indicators Result Framework	To introduce indicators set in the Result Framework. It is important that staff understand the important of achieving indicators since the effectiveness and efficiency of the project will be assessed through achieving identified indicators.	Feb 2015	83 participants, 20 are women (province and district staff)	10 target provinces
	Attending “Asia Regional Conference on Community Driven Development” held in the Philippines	To share and exchange lessons, challenges in applying CDD approach especially from those countries receive support from the WB, Australia and ADB in order to improve and highlight the significance of CDD approach.	24-27 March	Head of ME division (PRF), Head of Planning and International Relations Office (NCRDPE), representative from Ministry of Planning and Investment.	Cebu, the Philippines
Community Development					
1	Training on building capacity implementation method to community of cycle 12	Objective is to refresh CD staff on capacity building to communities regarding the implementation i.e.planning, decision making etc.	28-30 January, 2015.	participated by 66 people; 13 women	organized in Savannakhet for Southern PRF CD team and in Huaphan for Northern PRF CD team
Finance and Administration					
1	Refresh training on internal control system, disbursement procedures, producing report from Accpac.	To refresh provincial accountant from 10 provinces on the internal control system improvement at all levels and the sub-project disbursement procedures. Also the training has been reviewed and improved the financial report format from provincial office, which producing from Accpac	Oct 2014	Accountants from 10 provinces	Vientiane Capital

		program. The province will then train the district staff and district staff train the VIT.			
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3.5. LONG’s annual overview

With 100% elapsed of implementation time, LONG project has achieved 98.6% financial progress. Project intervention has reached in all 85 target villages of 4 districts achieving 100% targeting for the outreach. Against the target of 260 SHG, LONG has established 306 SHG. Project has benefited 4,488 households covering 26,928 people under livelihood activities against the target of 2,600 households and 15,600 people. It has become possible because of the growing interest of the community for the CDD approach and dedicated work of the LONG project team. Project has given proper emphasis on the gender mainstreaming as against target of 50%, 73% members of SHG are women.

Starting with support to 24 SHG in cycle-1, income generation activities have been started in all target household of 24 SHG covering 85% SHG members. These SHGs are conducting regular meetings and savings. During the cycle-2 LONG has focused to promote livelihood activities for 178 SHG (51 SHG in Sepone, 44 SHG in Nong, 38 in Hiem and 45 in Son district) have been established in 54 villages. All of these SHG have started regular savings and amount of savings. Out of the total 3,043 SHG members who have joined SHG in cycle-2, 1,675 members have been started IGA.

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 104 SHG formed in 25 villages comprising of 1,436 members, 790 members have been started IGA.

SHG members are regularly conducting savings. 67 SHG in Hiem district saved 89.2 million Kip, 68 SHG in Son district has saved 32.4 million Kip, 104 SHG in Sepone district 84.4 million Kip and 67 SHG in Nong district has saved 15.8 million Kip.

15 VNCs has been established of which 6 VNCs are in Hiem district, 2 VNCs in Son, 4 in Sepone and 3 in Nong district. Total membership of VNC ranges from 22 in Sopman village to maximum 91 in Kaenglin village with average of 47 members per VNC. Now membership is being revised by excluding the children above 2 years of age and PoP from the VNC. There are 67 members in the VNC management committee and all are women. All VNC are headed by women. In past the participation of members in mid-day meal was not regular but after the February, midday meal is being regularly organized at all VNCs. From March 2015 MCH are regularly organized in coordination with district health office.

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, 11 modules for the professional nutrition education and 7 modules for the livelihood linked nutrition education. 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, the height and weight measurement equipment has been procured during the reporting period and monitoring will start in April 2015..

LONG has produced 30 types of IEC material comprising of manuals, flipbooks, posters and leaflets. IEC materials is produced to target the District and Kum ban staff and for the target households.

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 were successfully conducting the weaving and generated 152 million Kip income. District LWU of Sepone district 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 BanAsing, Ban Phosai, Ban Labor, Ban Manchi, Ban Thame and Ban KengKok of Sepone district are conducting the weaving activities.

LONG has achieved 100% physical progress for the targeting of the district and villages covering 85 villages in 4 districts. No. of direct project beneficiaries under the livelihood activities are 26,928 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 70% participation of women in decision making. 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. 10 types of livelihood activities has been started using seed grant and savings from SHGs.

LONG will focus on more capacity building of SHGs 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. During the next reporting period, the LONG team will study the opportunity to support establishment of 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 commercial bank for the easy access of finance for the SHG.

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 XI (LAK 16 billion, or (approximately US\$ 2 million) has been transferred to PRF account by the National Treasury at the end of October 2014. This fund has been disbursed to support 63 sub-projects through the communities (VIT) bank accounts in the 5 old provinces, by following the fund flow and disbursement mechanism as per the Financial and Administration Manual.

Regarding, the progress of the Cycle XII, LAK16 billion (approximately US\$1.97 million) have been prepared for submitting to Ministry of Planning and Investment. The government contribution for this fiscal year has been allocated to support 74 sub projects in 6 provinces.

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, by using inputs from all divisions. There was a recommendation from the WB to the last IFR need to be included more details on variance analyze, especially for LONG project variance analyze. Therefore, PRF office is planning for action in the next IFR quarterly III (April – June 2015).

4.1.3. External Audits

The PRF Financial Audit report and management letter for the FY 13/14 fiscal year has been submitted on time (end of March 2015) and considered unqualified and satisfactory by the World Bank. There was a minor finding and recommendation from the auditor regarding the issue on advance liquidation especially at the district level. In order to respond on the audit recommendation and find out the solution PRF office will propose the number of day required for clearing of advance to be increased 36 working days for PRF district office level as well as the update of the of the Finance and Administration Manual for donors consideration.

The next Financial Audit (fiscal year 2014 - 2015) will be conducted by Ernst &Young, expecting for submission the Financial Audit Report at the end of March 2016.

4.1.4. The Financial Management's Review

The Financial Management's review has been conducted by the Financial Management Specialist from the World Bank in January 2015. There was no major finding, during the WB's supervision there were some recommendations to PRF team at all level to pay more attention to (1) payment for sub-project (the condition before the first installment to the bank account of VIT); (2) stamp PAID to the receipt or supporting documents. In order to solve the above mentioned issues, the PRF's FM at the central level has been prepared a notice and circulated to all PRF at the provincial and district offices to follow up closely and take action as well as the guideline to the team on how to implement of sub-project disbursement.

Training on Financial Management: following to the donors, external audit and internal audit recommendations and suggestions, PRF central level has organized refresher training to the provincial accountant from 10 provinces in October, 2014. The training has been focused on the internal control system improvement at all levels and the sub-project disbursement procedures. Also the training has been reviewed and improved the financial report format from provincial office, which producing from Accpac program. After the training the all provincial accountants had been organized the training for all district staff, which focused more on the sub project disbursement procedures and advance clearance issue. Consequence the main task of all district staff is to transfer all knowledge on the Financial Management to Village Implementation Team (VIT) as well as on the job training to VIT, in order to build the capacity and empowerment to the VIT.

The Financial Management Manual has been revised, which the main task for the review of the effectiveness of internal controls and sufficiency of financial supporting documents at all level will be responsible by the Internal Unit team. And the key task of the FM team at central level has to be responsible for providing the FM training and on the job training on FM to all staff at all levels.

4.1.5. Disbursement

As of 31 March 2015 disbursement reached 80% for the IDA grant (H6850) and 49% for the MDTF (executed trust fund grant (TF 12419)) The Swiss Agency for Development Cooperation (SDC) disbursement rate reached 69% and the Government of Lao's contribution 38%. The requested for revision of disbursement ratio between H6850 and TF 12419 has been submitted to and already been approved by the World Bank.

Table 17: PRF II Financing - Disbursement (as of March 31, 2015)

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)	19,985,035.28	80%	25,000,000
MDTF	8,530,624.05	49%	17,500,000
SDC	9,342,196.70	69%	13,636,000
GOL	3,831,231.00	38%	10,000,000
<u>Total</u>	<u>41,689,087.03</u>	63%	<u>66,136,000</u>

Source: PRF FA Division, 31 March 2015

During the reporting period, PRF has proceeded withdrawal application (SOE “statement of expenditure) from the donors total amount of USD8,808,596.59 (USD2,570,755.76 from IDA6850, USD1,509,808.96 from TF12419, USD2,736,000.00 from SDC and USD1,992,031.59 from GOL contribution).

Table 18: Summary fund use

Fund Source	Fund Received FY 2013 - 2014	Expenditure FY2013 - 2014	percentage of Uses
IDA6850	2,570,755.76	2,345,608.42	91%
TF12419	1,509,808.96	1,377,591.08	91%
SDC	2,736,000.00	1,146,439.85	42%
GOL	1,992,031.87	1,854,508.98	93%
Total	8,808,596.59	6,724,148.33	76%

Source: PRF FA Division, March 2015

Notice: SDC, showing the lowest disbursement rate (42%), it can be explained that terms and conditions of its disbursement is differ from others. That is, SDC disbursement will be made in tranche, twice per year while others will be done upon request. Therefore, during the reporting period, the proportion of SDC disbursement constitutes to only 42%, the lowest compared to others

PRF had transferred the sub-grant budget to villagers for a total cumulative amount of USD28,991,911.52 (USD 11,506,225.34 from IDA6850 fund, USD5,935,940.66 from TF12419 fund, USD7,734,624.20 from Swiss Agency Development Corporation (SDC) fund and USD3,815,121.32 from Lao PDR Government contribution). As the annual budget plan 2014-2015 for sub-grant is only USD10,900,000, therefore, PRF has completed the sub-grant transfer according to the budget line (USD 4,971,878.31 or around 46% of the total sub-grant budget for the fiscal year 2014-2015).

During the reporting period, PRF has spent a total amount of USD6,723,272.13 (USD 4,971,878.31 supported to the village subproject grants, USD493,574.58 was disbursed for the capacity building, IEC materials and subproject monitoring activities and USD1,257,819.24 was used for the project management activities).

Table 19: Expenditure in each component

Description for component	Expenditures (2014-2015)	percentages
Village Subproject Grants	4,971,878.31	73.95%
Capacity Building	493,574.58	7.34%
Project Management	1,257,819.24	18.71%
Total	6,723,272.13	100%

Source: PRF FA Division, March 2015

4.2. Procurement Progress Report

4.2.1. Goods and works

1/ PRF

- Completed revising the Final Procurement Plan for goods, works, and consultancy services of PRF II, which was resubmitted to the WB on 4 Jan 2015.
- Completed the amendment of contract for consultancy service (firm) for the Cost -benefit Analysis of the Water Sub-projects in an additional amount of USD 3,795 for carrying out the Cost Effectiveness Study, which was signed with Lao-Asie Consulting Group on 26 Feb 2015, for which the total contract amount now is USD81,795.
- Completed the procurement of consultancy service (firm) for External Audit for FY 2013-2014, 2014-2015, and 2015-2016 under PRF II through CQS procurement method, for which the contract was signed on 5 January 2014 with Ernst & Young Lao Limited in the contract amount of USD27,469
- Completed the procurement of printing of KDP Planning Manual, GESI Manual, CDD Manuals and PRF Introduction Brochures for which the contract was signed on 26 March 2015 with Akhapab Printing Enterprise in the contract amount of 196,264,200 LAK, and the materials were received on 22 March 2015.
- Completed the procurement of printing of PRF II Success Stories (2 Stories) under Information Education Communication Strategy (IEC) budget, for which the contracts were signed on 31 October 2014 with PDS Printing Shop in the amount of 17,700,000 LAK, and the printing materials were received on 1 December 2014

- Completed the bid opening and evaluation process for TA video/film production under IEC budget on 22 December 2014 and the contract expected to be signed with selected bidder in January 2015.
- Conducted a 3-day (14-16 October 2014) training programs for PRF Provincial Procurement Officers to strengthen and enhance the knowledge of procurement especially the rules, regulations and procedure for procurement.
- Completed the procurement of consultancy service (firm) for Additional External Audit 2010 -2013 for Trust Fund through SSS procurement method and subject to the World Bank's prior preview which the contract was signed on 23 October 2014 with Pricewaterhouse Cooper (Lao) Co.in the amount of contract of USD8,520.

2/ LONG

- Completed revising the Final Procurement Plan for goods, works, and consultancy services of LONG, which submitted to the WB on 28 Feb 2015.
- Completed the procurement of Scale and Meter, for which the contract was signed on 19 November 2014 with Viengthong Pharma Co. in the contract amount of 65,340,000 LAK, and the goods were delivered on 19 December 2014.
- For the procurement of printing/publishing of the Information Education Communication Strategy (IEC), the Procurement Team have accomplished the following to date:
 1. Completed the procurement of printing of Book for Village Implementation Guidelines (VIG) including Saving and Loans Book
 2. Completed the procurement of printing of Nutrition IEC Materials for Community VNCs including Flipcharts, Banner Product, Cooking Guides Booklet
 3. Completed the procurement of printing of Livelihood IEC Maternal for Community SHG including Flipcharts
 4. Completed the procurement of printing of Project Operational Guidelines (POG) including Flipcharts

For which the contracts were signed on 18 November 2014 with Akapab Printing Enterprise in the amount of 259,102,000 LAK, and the printing materials were received on 1 December 2014.

- Completed the procurement of consultancy service (firm) for External Audit for FY 2013-2014 and 2014-2015 under LONG through CQS procurement method, for which the contract was signed on 5 January 2014 with Ernst & Young Lao Limited in the contract amount of USD15,942.
- Completed the amendment contract for based line survey with Indochina Research Lao Co. for the additional cost in additional villages

3/ Sub-project under PRF II

- Completed preparing the Procurement Plan for 332 sub-projects under IDA fund for Cycle 12, which was submitted to the World Bank for their information and record after receiving the IDA's NoL for the list of the sub-projects. The WB's NoL for the list of SPs was received on 27 Jan 2015 for the provinces: Houaphan, LouangNamtha, Saravan, Sekong and 5 Feb 2015 for provinces: Phongsaly, Oudomxay, LouangPrabang, Xiengkhouang, Savannakhet, Attapeu, and on 13 March 2015 for the Final list of SPs which excluded the 5 CDD pilot districts in Oudomxay, LuangPrabang and Savannakhet.
- Completed the bid opening and evaluation process for 74 sub-projects in cycle 12 using GoL fund after receiving the WB's NOL on 1 October 2014, for which most of the contracts were signed during Oct-Nov 2014.
- Conducted the procurement training at district center for the Village Implementation Teams (VIT) regarding community procurement procedures, process of bid opening and evaluation, preparation of evaluation reports, and selection of bidder before commencing the bidding process of Cycle 12 each village.
- Completed the procurement of education materials including student books and teacher's guides for Ban Katen, Kum banDuob, Taoy District, Saravan Province at the central PRF Office on behalf of VIT based on the Power of Attorney dated 24 Oct 2014 for which the contract was signed on 5 March 2015 with Education Printing Enterprise in the contract amount of 29,000,000 LAK, for which the goods were delivered on 29 March 2014.
- Completed the bid opening and evaluation process for 40 sub-projects using additional budget for construction of latrines and ceiling (SPs in cycle 9, 10 & 11) under SDC fund after receiving the WB's NOL on 12 July 2014, for which most of the contracts were signed during Oct-Dec 2014

4/ Sub-project under LUFSP

- Completed the bid opening and evaluation process for 10 sub-projects under LUFSP project after receiving the WB's NOL on 13 May 2014 for Houaphan, Savannakhet, Sekong and 27 August 2014 for Salavan, for which most of the contracts were signed during Jul-Oct 2014.

4.3. Human Resources

- Completion of recruitment of Short term HR Policy Specialist.
- Conducting the 2014 Annual staff performance assessment.
- Revision of TORs for necessary positions.
- Working with and following up with HR Policy specialist on development of Human Resources Development and Management Handbook (50% has been done)
- Facilitation of staff satisfactory survey and group discussion throughout PRF young graduates to central staff.
- Conducted staff interview at central, province and district levels

- Completed Staff satisfactory survey in both methodologies (Group discussion and questionnaire)
- Completed first draft of HRM Handbook & HR Policy.

Key issues:

Budget for staff capacity building is not clearly and properly allocated as well as the policies and methodology of this budget spending is not specified. For this solution, HR policy specialist and Budget Planning specialist will work with the PRF team and assist in setting up a proper system. In addition, it needs to be consulted and agreed with the donors on proposed methodology before its validation.

4.4. Monitoring and evaluation

4.4.1. The performance of Monitoring and Evaluation System

The MTR in early 2014 reported a number of key issues with PRF M&E:

- The management information system (MIS) had been commissioned but was not yet fully populated with data
- The quality and timeliness of monitoring information needed improvement
- There was limited active use of (demand for) information by management and feedback of information and conclusions to provincial and district teams
- There was little active collaboration among other divisions in the timely collation, quality control, analysis and reporting of information to support PMT decisions
- Safeguard monitoring needed to be strengthened.

As already mentioned in the annual progress report (2013-2014), the M&E system has been progressively strengthened over the period, particularly on the above issues. In late 2014 (October), the Bank hired a consultant to work with PRF to conduct a thorough review of M&E systems and processes. This included an assessment of field data collection forms and their completion, and the quality and completeness of data held in the PRF Management Information System (MIS). Of particular concern was the adequacy and accuracy of MIS data for the key indicators from PRF’s Results Framework. It was apparent from this review that the MTR concerns over MIS data quality reflected problems starting at the field level. District technical and CD staff were not fully completing the forms that provided the basis for MIS data entry by M&E staff at the provincial offices. In some cases different versions of forms were being used and, for several key indicators, district staff was not clear on what information was required. Therefore it was agreed that PRF has to improve M&E training for all district staff.

Following this review of the MIS and M&E system, a number of important initiatives were immediately implemented to ensure accurate information for the 2014 annual report:

- The key MIS data needed to report against the indicators in the PRF Results Framework were identified and brief guidelines developed indicating the source of these data, and with clear definitions and instructions for collection and data entry.
- The MIS was checked for obvious errors and omissions in relation to these key data, and the PRF provincial and district staff notified to correct them.
- In some cases the MIS did not cover all the information needed to report against the indicators in the Results Framework. In these cases, new forms were designed and distributed with email instructions to the Provincial M&E Officers and district staff to enable them to collect the required information. Examples included indicators related to the use of Kum ban development plans by other development actors, the continued operation of infrastructure two years after construction, and the presence of an Operation and Maintenance Committee two years after construction.

Based on the review of what information was accurately, comprehensively and consistently collected and what was used, PRF M&E Division has recommended that the MIS focus on comprehensively and accurately recording the information essential for project management and used in project reporting to WB, donors and GoL.

To ensure the effectiveness of M&E system, a provisional list of key MIS data has been developed with simple explanations on why this information was important as well as the source of information. These data include information related to the monitoring of safeguards. A TOR has been drafted for an IT consultant to make minor modifications to the MIS to capture information on the newly developed forms and to highlight those fields in the MIS data entry forms that are for the key MIS data to ensure that these fields are always fully and accurately completed as it is expected to be done by July 2015.

More recently the PRF II Results Framework (RF) and indicators were comprehensively assessed in terms of the clarity of indicator statements, the definitions of indicators, and means and procedures to collect/calculate their values. Recommendations were made to improve the RF and its indicators including the incorporation of a selection of key LONG indicators for the revised RF for the AF.

One of the key issues faced by PRF in the past, and noted in the MTR, was the limited coordination among staff from different levels and from different PRF divisions and units. In late 2014 the Executive Director issued directives to all staff emphasizing the importance of M&E, indicating that M&E was the joint responsibility of all staff. Since that time there has been much greater collaboration and cooperation. Districts staff are now more readily responding to the needs of Provincial and National Office M&E staff and recognize their central role in data collection. This has made an important contribution to improving M&E information and MIS data. However there is still the need to strengthen the supervision of district staff by

other divisions and units, whereby their supervisors at provincial and National Office levels also take responsibility for monitoring data accuracy, data quality and timely completion of data entry.

4.4.2. FRM performance

In referring to suggestion proposed by supervision mission during 17 November-4 December 2015 (Aide-memoire number 19). The key factor to ensure the effectiveness of Feedback and Resolution Mechanism (FRM) is awareness rising for local people (our staff, local people and villagers). Therefore, the PRF is now emphasizing more on awareness rising (understanding) for local people, and PRF staff has to let them know what achievement is expected from this mechanism for their community, particularly, to avoid the irrelevant feedbacks through hotline 161. During the reporting period, community relation officer has worked closely with provincial and district staff to emphasize the importance of FRM at the local level in order to encourage their understanding towards the use of FRM tools. Moreover, central level has also discussed the significance of awareness rising by suggesting staff to also include FRM topic during their presentation to the communities.

For the next step, PRF will have to pay attention on information distribution to local community and make sure that communities understand about calling 161. Secondly, the sticker of the hotline 161 should be developed and the message in the sticker should be modified to clarify the objective of the hotline. Thirdly, district PRF staff some of whom reportedly discourage villagers from using the hotline should be sensitized of the value of the hotline. Fourthly, social audit initiated under the “Deepen CDD” pilot will be mainstreamed to complement FRM. Lastly, at 5 M&E pilot districts have to follow and report about FRM at their districts, as to share experience to other without M&E staff at district level.

Key activities done to improve FRM system

In late January-February 2015, PRF Central staff (Monitoring and Evaluation Division) conducted a workshop/review about the performance of using FRM and how to improve the system in each province (10 Provinces covered by PRF’s activities). The aim of this workshop is to review and encourage all provincial staffs as well as district staff about using FRM. The M&E officer in each province and district (CDD staff in districts) should take the lead to involve this activity because he/she is the key person to prepare a report to center but he/she did not participate in this activity. Next step M&E and CD staff will work together more closely on this issue.

The outcome of this workshop is much positive as all provincial and district staff has understood clearly about the important of using different FRM channels. This result in less irrelevant feedback received versus relevant feedback during this reporting period.

4.4.3. Geographic 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 “Samsang” and Government priority target covering cycle X-XI).

Sub projects location of Cycle IX, X and XI in 42 districts of 10 provinces have been rechecked as to revise and enhance data accuracy. Related data is requested from time to time by both donors and the government. It is significant to always be in line with the government policy. Therefore, maps have been updated in relation with the Sam Sang policy as well as Government focal points. Data on population, ethnic group, road networks, markets, schools, dispensaries, factories in PRF’s coverage and other related data were also collected to feed the end-line survey. Additionally, map can also illustrate poverty rate, distance from specific point to another as well as elevation.

4.5. Community Development

4.5.1. Gender Equality and Social Inclusion

Following the implementation of the “Deepen CDD” approach in the 5 pilot districts, it was found that the community participation, especially women and ethnic minorities during VDP largely increased. As a result, the number of women participated in the VDP increased to reach 61% and the number of ethnic participants increased to 91%. The table 20 provides more details of the participation of women and small ethnic groups per province:

Table 20: Number of women and ethnic participants in deepen CDD

No	Province	District	# of Kum ban	# of Participants				
				Total	# of Women	% of Women	# of small Ethnic Groups	% of small Ethnic Groups
1	Oudomxay	Xay	4	3,733	2,266	61%	3,652	97%
2	Oudomxay	Namor	5	3,045	1,916	63%	3,006	99%
3	LuangPrabang	Chomphet	4	2,359	1,370	58%	1,778	75%
4	LuangPrabang	Nambak	4	2,654	1,542	58%	2,131	85%
5	Savannakhet	Nong	7	2,385	1,545	66%	2,385	100%
Total:			24	14,176	8,639	61%	12,952	91%

In the 5 “deepen CDD” districts, it is expected that 75% of the Kum bans will have two women KBF (or 2 women and 1 man /Kum ban). During the cycle XII, this indicator was successfully achieved. In comparison with the cycle XI, it was found that the number of women KBF

increased in many target Kum ban showing in Cycle XI where 25 out of 53 KBFs are women (47.2%) while in Cycle XII, 48 out of 72 KBFs (66.7%) are women. This is the greatest achievement in terms of promoting gender representation (Annex 6).

During the 1st quarter of the cycle XII, GESI committee members coordinated with the Gender Network members to discuss and share experiences on project implementation of each organization. The programs discussed were 1) The implementation of activities that related to Gender equality and 2) The planning for the process of exhibition on prevention and elimination of the international's day of violence against women. PRF and NCRDPE attended the exhibition on prevention and elimination of violence against women to commemorate the International day of Violence against Women, which was held at the Laos ITEC Mall on December 15, 2014. There were exhibitions booths from 17 different organizations. Works exhibited at the booth was related to the actual work of PRF's activities that related to gender equality and social inclusion. The booth attracted a high degree of interests from participants and the PRF won the 2nd prize that day.

4.5.3. Information, Education and Communication (IEC)

Over 32 articles of PRF information have been disseminated through the media in national and local level such as newspapers, Lao national radio, community radio, community speaker, as well as PRF website. In addition, PRF's film campaign was presented at the Lao Star Channel. In addition, video clips, reports and guidelines were uploaded in the PRF website. These contained CDD's clips of Oudomxay and Savannakhet Province, Proposal of Monitoring and Evaluation, progress report of LONG project implementation of Huaphanh and Savannakhet Province, 15 manual of integration between livelihood and nutrition in Lao and English version, Update of the Environmental and Social Safeguards in both English and Lao, monthly, quarterly and annual reports of PRF and LONG project, procurement plan of cycle XII and job vacancy announcements. (List of IEC produced can be seen in annex 8).

4.6. Engineering

Key activities of the engineering division have been summarized in the bullet points below:

- Sub-projects design for cycle XII(Donors support)and cycle XIII(110 sub projects supported by GoL)
 - Quality control and final inspection of Cycle XI sub-projects
1. To ensure the infrastructure quality will be strengthened, the following measure were applied during the reporting period:
 - Engineers at each level have planned the quality control schedule for every sub-projects

- The community has the opportunity to hire a “builder”⁸ to assist them during the construction/supervision period by using Kum ban budget.
2. To improve the effectiveness of the quality monitoring and inspection procedures the following activities have been undertaken during the reporting period:
 - Forms for Quality assessment and Quality control have been developed, checked and revised by expert for WB and tested in field.
 - 3.
 4. Key achievements and challenges during the reporting period:
 - Some sub-projects have been planned and approved by community without any consideration of access to the construction site, which affect the sub-project construction period (most of uncompleted sub-projects fall in this case).

4.7. PRF Internal Audit Activities

The Internal Audit Unit (IAU) of the PRF is an independent function reporting to the Audit Committee of the PRF. During October 2014 to March 2015, IAU has completed seven audits at national and provincial/district level. Main issues reported follow up status and Human resources of the IAU are presented below

1. **PRF office at national level** is coordinating the activities of designing and implementing project activities as per objectives and provisions of agreement with Donors. Sub-projects implementation is in track of achieving progress as planned. Governance, Risk assessment and Internal Control System in place are reasonably adequate. There are some areas of improvement reported by Internal Audit.
 - As Operational manual of PRF is a living document and updating of the manual will be an important efforts towards keeping adequate system of internal control.
 - Payments amount does not match with supported invoices.
 - Monitoring system of advance clearance is not effective.
 - Some of the petty cash payment vouchers and advance clearance vouchers are not certified and approved.
 - Incomplete financial information in the payment vouchers.
 - Additional scrutiny is needed to make sure adequate supporting documents are available to substantiate the payments.
2. **At provincial level** sub-projects are identified, implemented and monitored as per PRF procedures. Involvement of beneficiary is encouraging as being a contributing factor for

• ⁸Builder: A person who signs a contract for all labor but not the procurement of materials. This person has no liability for the works. He is responsible for the workmanship of his labor.

achievement PRF objectives. However, there are numbers of observations reported by internal audit.

- Progress of some of the sub-projects implementation is delayed.
- Some of the approved staff positions are vacant.
- Trainings are not effective in building capacity of SHGs.
- Security and back up of the data is under risk.
- MIS is not updated in timely manner to reflect status of sub-projects.
- Daily allowance and transportation expenses are paid without proper supporting documents.
- Project operational expenses exceed the approved budget.
- Not all required documents are attached/available that supports the payment.
- Nutrition activities are not implemented regularly.
- VAT amount over calculated in some of the contract
- Delay in payments of sub-project.
- Difference quantity of item in BOQ for the same size of construction.
- Variance between BOQ quantity of work completed by the contractor.
- Low quality of sub-project works implemented by the community.
- Contributions of the Communities are included in contract price.
- Quality of sub-project works is not as per specification and/or contracts.
- Some of the sub-projects are not used as per the purpose.

3. **Recommendations offered** by the internal audit reports to either implement or request to close without implementation with evidence that is in the interest of PRF. There were 201 outstanding recommendations carried forwarded from last year. During this period IAU offered 69 recommendations. Out of these only 41 recommendations are implemented or closed. This is one main concern as outstanding of recommendations indicates poor attention for improvement.
4. An auditor with technical background has been identified useful for the assessing quality of sub-projects design and implementation. The recruitment process is expected to be completed soon.

Part V. Cooperation and partnership

5.1. Supervision mission

Poverty Reduction Fund (PRF)

A joint mission of the Swiss Agency for Development and Cooperation (SDC), the Department of Trade and Foreign Affairs (DFAT) of the Government of Australia and the World Bank was conducted during 17 November – 4 December 2014. The objective of the mission is to review implementation of the Poverty Reduction Fund II (PRF II) and the Japan Social Development Fund Grant for Improving Livelihood Opportunities and Nutritional Gains (LONG) against the Project Development Objectives (PDO) and results framework. In addition, the mission will also identify issues, challenges faced during the implementation and make recommendations. Some findings are summarized as follows: (Full details of findings can be seen in the mission Aide Memoire, December 2014)

- Institutionalization and Partnership
 - The Ministry of Planning and Investment (MPI) participated in the mission and expressed a strong support to the PRF
 - The Ministry of Health (MOH) agreed that PRF may build only critical facilities under a dispensary construction sub project. The MoH also agreed that the PRF built dispensaries would be priorities for the provision of staff and equipment, and that the PRF would inform the MoH for help if they are not provided on time.
- Community Engagement
 - The PRF has significantly improved the quality of community engagement under the “Deepen CDD pilot”
 - The PRF made significant progress in implementing the Gender, Ethnicity and Social Inclusion (GESI) action plan.
- Technical
 - The new Quality Management System (QMS) was rolled out to all PRF provinces and districts.
- Capacity Development
 - PRF will assess the technical quality, cost effectiveness, sustainability and impact of PRF sub projects.
- LONG pilot
 - The mission in principle agreed that the AF will take over some or all of the activities initiated by LONG.
- Project Management:
 - The overall procurement performance rating remains Satisfactory
 - Many Financial Management (FM) recommendations from the previous mission have been implemented.
 - GOL contribution in the amount of US\$2 million to Cycle XI was received on time.

- Significant improvements were made in the Monitoring and Evaluation system.
- Safeguards
 - PRF's social safeguard performance has been strengthened since the MTR.

The mission has also updated on the status of agreed action under the previous mission, there were few still in progress. Most of the actions planned during the previous mission were completed as assigned.

Improving Livelihood Opportunities and Nutritional Gains (LONG)

Implementation support mission of the Improving Livelihood Opportunities and Nutrition Gains (LONG) Project was conducted from February 16-27, 2015 to assess progress in the field and to identify measures to further improve the efficiency of the project implementation. Some significant findings are as follows: (Aide Memoire, April 2015)

- SHGs are becoming a useful institutional platform at the village level for welfare improvement of the rural poor including nutrition, sanitation and basic hygiene.
- The project helped generate significant income among beneficiaries of livelihood grants.
- The linkage with nutrition should be further strengthened.
- The extension of the closing date by one year was requested and approved by the Bank.

5.2. The cooperation between PRF and other development partners

5.2.1. Visit of SDC Director General

The PRF has the great opportunity to receive the visit of H.E.Mr. Manual Sager, SDC Director General as well as Mrs. FranziskaFreiburghaus – Head of East Asia Division, SDC Head Quarter. On this occasion, a field visit has been organized in LuangPhabang and Oudomxay provinces on March 10, 2015.

Two sub-projects supported by the PRF have been visited:

- Gravity fed system sub-project in Ban Ton, Kumban Kengkhen, Chomphet District (LuangPhabang province)
- Dispensary in Ban Lardkhamoun, Kum banLardkhamoun, MuangNga district (Oudomxay province)

The sub-projects visits was an opportunity for the SDC delegation to discuss with the village authorities, village implementing team, Kum ban facilitators as well as community members.

As the villages visited were quite far from Luang Phabang capital, the boat trip gave PRF opportunity to present the PRF program overall achievements as well as more details achievements of the two visited districts and interact with the SDC delegation on rural

development issues in Lao PDR and SDC support. At the end of the visit, the SDC delegation has expressed its sincere appreciation toward the PRF project and his team and the Government of Switzerland has also expressed its appreciation that the Lao PDR Government foreseen the importance of local citizen participation in the decision making to identify community needs in relation to the basic infrastructure which is considered as one of the fundamental element of improving livelihoods and well-being.

5.2.2. LUFSSIP Missions

A combined LUFSSIP last Implementation Support Mission and the first Implementation Completion Mission have been undertaken from December 8 to 19, 2014.

The objective of this mission was to (i) review the final project outputs, outcomes and achievements compared with the original targets, (ii) review the financial and procurement achievements, and compliance with relevant safeguards policies, (iii) discuss the lessons learned from the project implementation and (iv) conduct the stakeholders meetings with the project team from all levels to discuss, reflect, and verify project achievements, and discuss the draft Implementation Completion Report (ICR).

To this intend, a field visit in Savannakhet province has been organized on December 12-14, 2014 to visit irrigation areas and discuss sub-project impact and sustainability with the village authorities and the Operations and maintenance team.

This mission was also the time to review the draft of the ICR and provide last recommendations before finalization.

Below are the key highlights of the ICR:

Sub-component 3a⁹ Assessment of achievements

Between 2010 up to 2014 (Cycle VIII to cycle XI), PRF has implemented about 320 sub-projects in the field of capacity building, agriculture related sub-projects, public works, water and sanitation, health and education, which benefitted to ethnic communities living in 17 out of the 47 poorest districts of the country covered by the PRF mandate, and located in the 5 provinces of Xiengkhouang, Houaphan, LuangNamtha, Savannakhet and Sekong. A total of 309 villages have received assistance (17 villages have receive more than one sub-project during the project's life)

Around 1/3 of the total number of sub-projects are related to training¹⁰ in the area of agriculture and 2/3 of the total number of sub-projects are infrastructure related. Overall (infrastructures and trainings), 71% of the total number of sub-projects are agriculture related, follow by the public

⁹Rural Infrastructure for Improved Agricultural Livelihoods

¹⁰Graph 1: Total number of sub-projects per key sector from Cycle VIII to Cycle XI (3a)

work and transport sector (21%), which represents 92% of the total number of sub-projects in “productive” activities.

Component 3a Assessment of Implementation

The sub-component 3a is implemented by PRF through community driven development approach and established participatory process with a particular attention given to ensuring gender and ethnic group inclusion. Productivity and reliance of upland farming systems were improved through the provision of sub-grants and technical assistance for improving irrigation, road, livestock fencing, biogas facilities and grain storage and other sub-projects requested by the communities were achieved satisfactorily.

Extracted from the Technical Audit Report 2014¹¹

Satisfaction of the community with the interventions was confirmed. The selected investment sub-projects were consistent with the priorities specified in the Village Development Plans and matched with the priority needs of the different segment within the communities. In general, the villagers mentioned that the sub-projects were the one that mostly contribute to poverty alleviation;

Globally, the community awareness and involvement was satisfactory. In most of the cases, the results were regularly reported to the community and the villagers reported an adequate level and process of contribution. All the contribution was done in kind which appeared to be the preferred contribution of the community;

87% of sub-projects have been rated satisfactory or moderately satisfactory regarding the technical quality (12 sub-projects are considered satisfactory (40%), and 14 sub-projects considered as moderately satisfactory (47%). Only one sub-project have been rated unsatisfactory (3%). Key issues for the unsatisfactory sub-project is related to limited budget that lead to poor design of the road (PRF agreed to support the entire length of the road, rather than focusing on spot improvement. Therefore, the road was eroded during the raining season and can currently only be used by pedestrian.

55% of the sub-project has been ranked satisfactory for the Operation and Maintenance aspect and 1/3 moderately satisfactory. Only 10% are considered as moderately unsatisfactory (mainly roads and animal fencing). None of the sub-projects sampled has been rated unsatisfactory on this aspect.

Less satisfying results were observed by LAC engineers for the Disaster Risk Management although perceived as satisfactory by the beneficiaries, as two sub-projects have been affected by Naly storm in 2013. Main reason is that during the first year of implementation (Cycle VIII), and specifically for the sub-component 3B, the DRM aspects were not yet in place.

¹¹ Sampling of 10 sub-projects

The procurement method has been properly followed. However, a lack of knowledge concerning the details of the contractors and suppliers selection has been observed during the interview. Therefore, the PRF staffs at Province and District level should receive more training to increase their knowledge on this matter.

Coordination with sectors/Supervision: Very positive results were collected during the survey. The relevant sectors were involved in the technical advising, especially the district level during the survey and monitoring phases. Besides, the proposal was signed and approved by the relevant government departments for the 10 sub-projects.

Environmental safeguards: No important environmental adverse impacts were observed. It is partially due to the small-scale of the LUFSP sub-projects. No resettlement was observed and only few private lands were used. No specific problems were observed concerning the UXO clearance.

Component 3a Factors affected implementation

- The menu of agricultural sub-projects suitable for upland areas was not sufficiently developed and well suited to the local agro-climatic and social environment (2011). To strengthen this aspect of the project PRF signed with the MAF (planning department) a Memorandum of Understanding on the sub-project selection and implementation (including survey).
- Quality control of training sub-projects did not meet the standard required. While the project provides a large and varied menu of training activities, quality of training for some typology of sub-projects has not met expected standards (i.e. organic vegetable production). Thus the delivery of training activities delivered did not have the expected impact on agricultural productivity. It was suggested to reduce the type of training activities in the menu of option to only those (well know) activities/technologies for which there is a demonstrated technical knowledge available in project districts (i.e. NAFES, private sector service providers).
- Although implementation was performed following normal PRF procedures, the productive agriculture sub-projects were not selected and screened in order to get higher economic rate of return on production relative to their cost (irrigation infrastructure investments). The understanding of economic efficiency was not well understood by the facilitators during community participatory process;
- Economic sustainability of productive agriculture sub-project was not enhanced sufficiently with the relevant technical support from MAF (NAFES/DOI, DOLF). There were needs: (i) to associate MAF, PAFOs and DAFOs more closely in the design and implementation of productive infrastructure sub-projects; (ii) to include commitment from PAFOs/DAFOs to provide technical assistance in the contracts/MOUs signed with communities; and (iii) to add the cost associated with such support services from MAF in project budgets.

- Annual work plan has to be performed together with the annual budget plan; and
- High level of turn over within the PRF Monitoring and Evaluation Division resulting in accurate and updated data – LUFSIP reporting format was not used as agreed by PRF.

Component 3a Challenges and Key Lessons Learnt

In order to meet the WB recommendations for improving the C3a Implementation the following challenges have been taken into account during the past quarters:

Strengthen the collaboration between the various Implementing Agencies and to align project flow of funds with the Government decentralization policies. This challenge was considered since 2012 in order to meet the WB recommendations for improving the C3a Implementation.

Challenge under the collaboration between MAF and PRF: the collaboration between MAF and PRF is institutionalized/ mainstreamed into PRF’s implementation process the Agreement on the cooperation between the MAF and PRF was drafted and discussed. The final agreement was reached during a meeting set between PRF and MAF on 26 February 2013. Both sides agreed to seek optimal cooperation. The PRF’s approach to community-based development defined Kum ban planning regarding access infrastructure as well as irrigation rehabilitation and livelihood improvements.

Challenge under the agreed LUFSIP reporting format: LUFSIP agreed formats were improved and agreed by PRF, which has been followed by PRF from mid-2012 up to mid-2013. Since then no data were reported as the PRF Monitoring and Evaluation contact staff left the project. During the 3rd quarter 2014, 2 positions were filled, including the Head of Monitoring and Evaluation Division.

Carry-out the technical and social audit on all 3a sub-projects under Cycle VIII and IX: Long delay in audit firm selection and audit implementation and report submission. PRF selected the audit firm¹² to carry-out the technical and social audit and submitted the consultant company to WB in 2013. The contract signing was done at the end of October 2013 but the technical and social audit report was completed only in mid-2014 and is still under revision by December 2014.

Sub-Component 3b¹³: Community-Led Recovery (US\$4.19 million)

C3b Assessment of achievements

¹² Lao-Asia Consulting Group

¹³ Community-led Recovery

Based on the damage assessment carried out in November 2009 all sub-projects identified for LUFSSIP assistance came from the PDNA.

Out of total 92 sub-projects¹⁴, 45% are directly related to the agriculture sector¹⁵. With the sub-projects of the other sectors that also support agriculture (access to the market or agriculture areas, gravity fed water supply system that can restore production of home garden, 77 out of the 92 sub-projects (88%) are directly supporting the agriculture sector.

The beneficiaries¹⁶ (direct and indirect) were estimated to be 102,540 persons, of which 51,416 are women.

Component 3b Factors affected implementation

- Strong involvement of the local authorities and the concerned sectors towards the PRF's activities and an active communities' contribution to the implemented activities in form of labors and materials. Thus PRF to rehabilitate Ketsana impacted sub-projects which allow communities to start their activities on time for the production;
- Some baseline information is not properly collected and maintained thus to fill the LUFSSIP format as agreed by PRF Monitoring and Evaluation team;
- The poor condition of roads (due to the rainfall) and the high bidding prices is also the cause of the launching delay of the sub-projects;
- Additional sub-projects were proposed during the end of the cycle and the implementing period was shortened. This might affected the quality of the construction as well as the payment.

Component 3b Challenges and Key Lessons Learnt

Challenge under the collection of baseline information that should be properly collected and maintained prior to the launching, especially information on the impact of the social economic and environment in a long term planning should be considered. Reliable information must be generated from one source; this will ensure the consistence and the correctness of the information as well as to reduce time consuming in project implementation.

Challenge in setting-up the technical and social audit on 3b sub-projects: During the 3rd quarter 2013, PRF selected the audit firm¹⁷ to carry-out the technical and social audit on 3a-3b sub-projects. PRF submitted the consultant company on October 7, 2013 to WB who gave the No objection on October 26, 2013. The contract signing was done on October 29, 2013. The technical and social audit, expected to start beginning of November 2013 and postponed to the 1st quarter of 2014, is presently completed.

¹⁴ Annex V. Output Component 3/ Table 6.Selected Sub-projects covered by Sub-component 3b (2010-2011)

¹⁵ Annex V. Output Component 3/ Graph 10: Total number of Sub-projects per Key Sector for Cycle VIII (3b)

¹⁶ Ref. Annual Report 2011 (Source: PDR Monitoring team)

¹⁷ Lao-Asia Consulting Group

Challenge in justifying the DOI expenses before conducting training for farmers: The proposed farmer training using cancelled funds from DOI payments was discussed on May 25, 2013 in Vientiane between WB and PRF. The proposal was supported in principle by the Bank. The issue related to DOI payments was closed on June 2013. By the end of August 2013, the Bank approved the farmer training proposal. Then PRF conducted farmer study visit and exchange in Vientiane capital on September 16-20, 2013.

5.2.4. Partnership with the International Labour Organization (ILO)

The International Labour Organization (ILO) through its Turin International Training Center, has invited the PRF to participate the learning forum on Innovations in Public Investment and Employment Program organized from September 29 – October 10, 2014. The key PRF interest was towards enhancing our capacity to work with the NCRDPE on policy and operational measures related to the effectiveness and impact of public investment in infrastructure and public employment program to reach Government objectives related to poverty reduction. Based on the topics discussed during this forum as well as experiences shared with the other participants, PRF agreed to mainstream community force accounts, as it will be a great opportunity for direct cash transfer to the village level. This cash transfer can be use as a key element for poverty alleviation as households can use it as buffer in case of emergency or be injected in livelihood investments. Community Force Account Promotion will starts in the 5 “Deepen CDD” pilot.

The PRF has also started cooperation in the field with ILO. In Lao PDR, the ILO is developing and demonstrating an integrated approach to rural employment creation and livelihood improvement. Activities are intended to contribute to productive job creation and the improvement of the living and working conditions for women and men in the rural setting.

The Poverty Reduction Fund (PRF) under the National Committee for Rural Development and Poverty Eradication has been nominated by the Provincial Steering Committee as the main partner at local level for community asset development. They will therefore be directly selected and contracted to carry out the necessary activities to support small-scale fish farming in close collaboration with PAFO.

The Province of Sekong has been selected as the first pilot province. Fishpond development has been identified as a priority area to support local income generation and food security. It provides an opportunity to bring together the different components that make up the rural employment creation approach. The development of the fish ponds allows for the demonstration of community contracting and the engagement of local labour in the construction of the fishponds and fencing. It will provide an opportunity to generate local income through short-term employment and the consumption and marketing of fish. Value chain interventions will be supported to improve production and quality and selected skills training will be provided. The development of fish ponds will be done in close collaboration and through two project partners: the poverty reduction fund under the rural development and poverty eradication office (PRF) and

the provincial agricultural and forestry office (PAFO). Two small-scale fish farming in Ta Ounh and Dakteub village have been selected to start this pilot project

The overall objectives of the activities are to:

- Improve productive assets in Ta Ounh and Dakteub village (Kaleum district) through community contracting using employment intensive methods;
- Increase food self-sufficiency and local income from fish growing and selling;
- Strengthen capacity of local partners to promote rural employment creation and income generation.

A partnership Agreement is currently under development in order to provide a framework to strengthen and further deepen the overall collaboration between the partners and to clarify how they will join forces effectively and constructively.

Partnership with Water and Sanitation Project

Following on PRF/LONG activities and the need to integrate hygiene and sanitation improvement in villages where PRF and LONG works to strengthen poverty alleviation impact, it was decided to develop a partnership with the Water and Sanitation Project (WSP). The objective of the partnership is as follow:

- Increase collective demand and behavior change among communities and households through CLTS
- Support maternal and child health objectives and principles of LONG through collective action to increase access and behavior change around WASH

Therefore, it was decided to start a pilot project in 4 provinces, 6 districts and 40 villages following the below criteria:

- Overlap with proposed National Health & Nutrition Program, which includes CLTS activities
- Access to supply and sanitation marketing activities (PSI)
- Overlap with PRF II; Water supply projects already complete
- District Nam Saat staff already trained (Lamam, Dakcheung)
- Poor health, nutrition and sanitation indicators

Pilot projects activities will be organized towards 4 key steps implemented over a duration of 11 months:

1. Training for Nam Saat and Kum ban Facilitators in CLTS, hand wash with soap and monitoring

2. Village level triggering by Kum ban Facilitators (including linkage with sanitation marketing and supply chain)
3. Post-triggering follow-up activities (including training of village CLTS committee)
4. Open Defecation Free (ODF) status verification
5. ODF Declaration

A budget of around US\$53,000 per year has been already allocated.

A Memorandum of Understanding with WSP and Namsaath are currently under development and will be finalized during the second part of the fiscal year. This partnership highlights the leading role that the PRF can play as a platform for the other Rural Development actors working in the same areas as the PRF.

Partnership with the Center for Development and Environment (Bern University)

The partnership with CDE have been strengthened during the reporting period through the development of a concept note aiming at developing map at the Kum ban level. The Kum ban level plays a key role in the Bottom-up planning process: The five years District Development Plans, which feed the five years Provincial Development Plans, are Government strategic documents, and include needs and priorities of the province and the districts (Provincial Investment Program (PIP) projects). The five year Kum ban Plans are taken in to consideration in the Five Year District Development Plan. *“As designed, the Five Year Kum ban Development Plan should identify the development needs and priorities for clusters of villages within an district and outline strategies for meeting their needs and priorities...KDP are base on the results of village-level consultation that are held every five years and provide the foundation for preparing the Five Year District Development Plans...”* (Richter, 2009). Annual plans are produced, based on the Five years plan to plan priority projects, allocate PIP budget and monitor the implementation of the Five Years Plan.

It is proposed to pilot the Kum ban mapping in two of the 5 “deepen CDD Districts” but the sampling can be reviewed based on the background maps currently available. The concept note is currently under finalization and first maps are expected to be produced during the next reporting period.

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 learns 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 completed.

6.2. Details of activities

6.2.1. Finance and Administration

- The FM team at central office is planning to organize the refresher training on FM to all staff during the Annual Staff Training at the end of July 2015.
- PRF's FA team at the central level will prepare the Financial Management training for provincial accountants from 10 provinces, which will focus on the control system and the improvement of the financial report and review on Accpac system. The training is planned for October, 2015.
- All PRF provincial accountants are going to organize the training for district staff on the sub-project disbursement procedures and advance clearance at the end of November, 2015.
- PRF provincial and district team will prepare the Financial Management training for VIT, where the village has received sub-project in cycle 13, which will start from December 2015.
- Preparation for the External Audit by E& Y and submit to donors by the end of March 2016.
- WB's FM supervision to the PRF office is planning in June 2015.
- Submission of Interim unaudited financial report (IFR) to the WB by May 15, 2015.
- Recruitment of Planning and Budgeting specialist to support on improvement of the bottom up planning system from the district, province and central levels. It is expected that the improved system will be operational by October 2015.
- Preparation budget requested for Additional Financing (AF) and Follow up on the process requested (AF) from donors to be used in the last fiscal year 2015-2016 for PRFII. Negotiation is planned in May 2015.

6.2.2. Procurement activities

- Conduct the bid opening for the remaining contracts as mentioned in the Procurement Plan 2015 for PRF II and LONG.
- Prepare the Final Sub-Project Procurement Plan for sub-project under IDA and GoL funds for Cycle XII including for CDD pilot districts.
- Conduct the procurement training for the Village Implementation Teams (VIT) regarding procurement procedures, process of bid opening and evaluation, and preparation of evaluation reports, before commencing the bidding process of Cycle XII.
- Continue to assist the VITs to conduct the bid opening and evaluation for sub-projects in Cycle XII using IDA/MDTF funds.
- Follow-up on the progress of all the sub-projects in Cycle XII.
- Conduct the procurement of Nutrition and Livelihood IEC Materials under LONG

6.2.3. Human Resources

- Carrying on coordination and working with HR Policy Specialist to complete the HR assignment (development of Human Resources Development and Management Handbook, HR training program, staff grading and salary scale, HR database, HR on the job training)
- Organization of Group training on Leadership and project management

6.2.4. Monitoring and Evaluation

- Organize the M&E workshop on lesson learned and writing report based on achievement indicators. All M&E staff from central, provincial and district staff will attend this workshop.
- Follow up the progress of Sub-project implementation and disbursement monitoring of PRF II (2011-2015), particularly all delay sub-projects and action plan proposed for concerned provinces.
- Conduct an internal follow up and assessment for sub-project operation and maintenance in each province, as to provide information about the impact those supported sub-projects (2011-2014). This assessment aims to strengthen capacity for all M&E staff at provincial and district levels for data analyzing and assessment writing.
- 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 experiences, as to add several new fields to existing MIS data entry forms and develop one or two simple new MIS data entry forms to capture additional key data.

- Monitor progress of sub-project implementation in Cycle XII and number of beneficiaries for all provinces covered by the PRF.
- Field visit to support provincial and district staff on M&E system and ensure they are fulfilling their role.
- Cross exchange between M&E staff in each province, based on exchange of experiences between staff with good performance and staff who need to improve their performance.
- The internal assessment of FRM will be conducted. The FRM officer at the central level will collaborate with provincial staff on data collection in 10 provinces.

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”.
- 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.
- Start 6 months and 12 months follow-up visits
- 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 remaining sub-projects of Cycle IX, X and XI
- Review MoU with Ministry of Health
- Complete at least 75% of Cycle XII sub-projects by September 2015
- Cooperate with the universities in North, South and National level to engage the new Engineer graduates or the students for quality control issues by inviting the new young graduate engineer from university to inspect the quality of subprojects in the cycle of implementation
- New engineer graduate and volunteer will undertake the QA/QC procedure in LouangPhabang and Saravan provinces as pilot projects. This will help resolve the lack of site inspectors and avoid any issue relate to the quality of work undertaken during the construction period. There are 5 forms for managing and monitoring the environmental and social impacts. These forms are: screening the impacts, inertial environmental

examination, environmental monitoring plan, environmental code of practice (monitoring) and environmental monthly report. The Engineering division, with the assistance of a WB consultant, will follow up and review all the forms applied in the field and will simplify the forms and then will conduct trainings to all Engineers to understand and apply the new forms.

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 barriers.
- Ensure follow-up on findings and recommendations of the Gender and Social inclusion and the PRF participatory process reports.
- Conduct facilitation/social inclusion training for all PRF staff that will engage in community facilitation for the 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.
- Review the Kum ban plan and use by other agencies by developing a form to collect data and start using it.
- Start the decentralized subproject appraisal