

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

THE POVERTY REDUCTION FUND

**TERM OF REFERENCE
TECHNICAL AND COST EFFECTIVENESS STUDY**

March 2013

Terms of Reference

Technical and Cost Effectiveness Study

I. Background

The Poverty Reduction Fund Project was legally established by Decree of the Prime Minister of the Lao PDR (No. 073/PM), dated 31 May 2002 and amended in September 2006 (222/PM), as an autonomous organization, overseen by an Administrative Board were sat Government and province representatives, chaired by the Deputy Prime Minister, Standing Member of the Government, Chair of the National Committee for Rural Development and Poverty Eradication.

The PRF was initially supported by the World Bank in form of a low-interest credit, repayable over a forty-year term. The consented credit amounts approximately US\$19.5 million for the period 2003-2008. The PRF was extended until 2011 through an additional financing grant from the World Bank (US\$15 million) and the Swiss Cooperation for Development (US\$6.2 million).

Entering its second phase in Oct 2011 under the Decree of the Prime Minister No.10/PM, dated January 12, 2012 on the operation of the PRF, PRFII aims to improve access to and utilization of basic infrastructure and services for the targeted poor communities in a sustainable manner through inclusive community and local development processes. PRF II fills a critical gap by financing investments in small-scale rural infrastructure that facilitates poor villagers' access to basic services and markets in relatively remote and inaccessible areas. The second phase of the project is supported by the Government of Lao PDR, the World Bank, the Swiss Agency for Development and Cooperation, and the Australian Agency for International Development with the total investment amount of approximately US\$ 68 million.

The PRF II is designed around six core principles that provide the basis for program implementation: Simplicity, Community Participation and Sustainability, Transparency and Accountability, Wise Investment, Social Inclusion and Gender Equality and Siding with the Poor.

Specifically the project objectives are to:

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

The PRF is demand-driven in such a way that its project portfolio is based on the requests it receives from communities within a menu of possible sub-projects. The project staff and selected villagers act as guides, trainers and monitors for eligible projects. Whilst technical assistance is provided through the use of standard designs, appraisal and supervision, the PRF does not implement sub-projects itself. In this respect, the PRF depends heavily on the participation of the applicants to both plan and implement projects. For infra-structure sub-projects village

communities may chose to construct the project themselves or hire a contractor. Funds are dispersed directly to communities through ‘koumban’ accounts opened at district banks.

During the first 2-year phase of the project (Cycle IX to X, Fiscal year 2011-2012 and 2012-2013), the PRF supported more than 725 subprojects in 40 districts located in 10 provinces (Phongsaly, Oudomxai, Luang Prabang, Luang Namtha, Huaphanh, Xieng Khouang, Savannakhet, Saravanh, Sekong and Attapue) representing 273 koumban, more than 1,900 villages and a total population of more than 800,000 people.

The PRF II has been working in 40 districts located in 10 provinces. More than 725 subprojects have been supported by PRF corresponding to a total direct investment of US\$ 17.8 million of two cycle (IX and X) (PRF 4 years investment plan in the 7 “old provinces” in the table below).

Sector	First year				Second year				Third year				Fourth year				Total			
	# SP	%	# budget	%	# SP	%	# budget	%	# SP	%	# budget	%	# SP	%	# budget	%	# SP	%	# budget	%
Education	64	27%	2,773,950	40%	57	22%	1,804,618	32%	88	24%	2,633,823	27%	95	27%	2,523,703	31%	304	25%	9,741,394	32%
Public Works	45	19%	1,246,642	18%	55	22%	1,387,675	25%	75	21%	2,140,475	22%	82	23%	1,950,709	24%	257	21%	6,725,502	22%
Health (dispensaries, etc)	7	3%	294,992	4%	9	4%	57,013	1%	27	7%	576,253	6%	20	6%	394,266	5%	63	5%	1,322,523	4%
Water and Sanitation	99	42%	2,081,344	30%	111	44%	1,880,573	34%	83	23%	1,478,671	15%	63	18%	962,275	12%	356	29%	6,402,363	21%
Agriculture	18	8%	351,900	5%	16	6%	256,207	5%	65	18%	2,030,477	21%	74	21%	1,649,262	20%	173	14%	4,287,346	14%
Energy	4	2%	129,504	2%	7	3%	213,827	4%	26	7%	861,154	9%	16	5%	663,038	8%	53	4%	1,869,524	6%
Capacity Building	-	-	-	-	-	-	-	-	1	0.3%	886	0.01%	2	1%	4,051	0.05%	3	0.2%	4,337	0.02%
Total	237	100%	6,878,333	100%	255	100%	5,599,912	100%	365	100%	9,728,740	100%	352	100%	8,147,304	100%	1209	100%	30,354,288	100%

Entering its second phase in 2012, PRFII aims to improve access to and utilization of basic infrastructure and services for the targeted poor communities in a sustainable manner through inclusive community and local development processes. PRFII fills a critical gap by financing investments in small-scale rural infrastructure that facilitates poor villagers’ access to basic services and markets in relatively remote and inaccessible areas. The second phase of the project is supported by the Government of Lao PDR, the World Bank, the Swiss Agency for Development and Cooperation, and the Australian Agency for International Development. In order to continue to support Poverty Eradication and the objectives of the Millennium goals through the PRF, it is planned to implement a series of Independent external program evaluation to measure the achievements of the PRF key elements such as:: Technical and Cost Effectiveness Studies; and Capacity Building Studies.

II. Objectives of the Technical and Cost Effectiveness Studies

The overall purpose of this study is to review the quality and cost of infrastructure of subprojects, the service delivery of the investments for the purposes intended, and the sustainability of these investments.

III. Tentative Schedule

The Technical and Effectiveness Studies shall be carried out over a period of fourteen weeks.

Table 1: Indicative Schedule.

	Duration	Time Frame	Location/Action
Activity 1 - Develop final work plan for study - Methods preparation: Sampling, Criteria, questionnaires development, etc. - Present the work-plan to PRF and donors	2 weeks	Within 2 weeks of contract signature	Vientiane office/Field Work
Activity 2 - Field questionnaires testing and present the outcome to PRF and donors - Data collection in target sampling areas - Data entry and analysis	6 weeks	Within 8 weeks of contract signature	Field/Vientiane
Activity 3 - Present a brief outcomes of field work to PRF - Submit first draft of report	2 weeks	Within 10 weeks of contract signature	Vientiane
Activity 4 - Submit the final report, executive summary of report in English and Lao. - Make presentation on key findings to PRF / other policy stakeholders - Submit the datasets collected during the study to PRF	3 weeks	Within 13 weeks of contract signature	Vientiane

III. Methodology

In order to achieve its objective, the study should analyse base on the infrastructure subprojects that PRF had supported in cycle IX and cycle X. A representative sample of sub-projects should be sampled. **Approximately 10 percent or 70 completed subprojects should be sampled in at least 3 provinces.** The selected samples of sub-projects shall be carried out using a statistically valid sampling method, giving due attention to following criteria:

- Geographical distribution of sub-projects by two different regions in the country (Northern and Southern);
- Distribution of sub-projects by sector type;

- Projects implemented under community, contractor and joint implementation modalities (as we want to compare among each type of implementation); and
- Location of project sites (remote areas will form at least 50% of the sample with the remaining from the non-remote areas).
- Half of the sample should be from Cycle IX (2011-2012) and half from the latest cycle, Cycle X (2012-2013)

The sampling methodology and questionnaires should be validated with PRF management team and the World Bank during the initial stage of the consultancy.

IV. Scope of the Work

The key objective of the study is to critically review the following features of PRF sub-projects:

- Technical quality of Subprojects (including relevance of and adherence to appropriate sector standards);
- Access and Utilization (Before and After);
- Satisfaction of the community;
- Cost effectiveness (compare to similar projects and/or government's project);
- The economic rate of return ;
- Safeguard (Environmental and Social);
- Operation and Maintenance (O&M).
- Coordination with sectors / Supervision;
- Planning and Decision making;
- Community Awareness of infrastructure;
- Gender appropriateness of sub-project design and implementation (e.g., meeting, involvement in subproject selection, sanitation facilities for schools, etc.).

The report is also expected to analyze the experience of PRF implementation in relation to these variables and to make recommendations for future improvements.

The report should include an annex with key data and photographs of each sub-project visited. In addition to an analysis of the findings, a number of illustrative case studies should be included in an annex.

The report should provide a concise summary of sub-project quality assembled according to sector, location (by province, by remoteness, etc.), implementation methods, etc. The final report should further provide a list of the major technical and maintenance aspects that the PRF should be concentrating its energies on improving, together with an outline of possible methods or specific improvements that could be made to improve the outcomes of PRF investments.

The main objective of this component of the review is to assess the quality of the sub-project planning and design process. Specifically, the study will assess and supply the following information:

1. Technical Quality

- How's the examination of design quality?
- How's the technical quality of surveys and designs?
- Who inspected the technical quality of plans and designs before implementation?
- Are the technical standards relevant and effective for the purposes of community use?
- Have construction and maintenance contracts been prepared according to recognized standards, and do the description and quantity of works accurately reflect reality in the field?
- What have been the roles and capacity of community members and of district authorities in quality control function?

2. Access and Utilization (Before and After);

- Record levels of access and utilization of the facility before subproject construction and after subproject construction. For example, how many children were enrolled in the school before rehabilitation/construction, how many after rehabilitation/construction? How many villagers had access to the road before rehabilitation and after? The usage and access before PRF intervention and after PRF intervention should be recorded.

3. Satisfaction of the community;

- Who prepared the application to the PRF (verify with the applicant or any contractor independently)?
- What are the villagers' perceived benefits/satisfy of the sub-project?
- How closely do these match with the priority needs of the different segment within the communities (men, women, poorer households/vulnerable groups)?
- Are the selected investment sub-projects consistent with priorities specified in the Village Development Plans?
- Are the villager/communities satisfied with the sub-projects outputs and outcome?

4. Cost effectiveness (compare to similar project and/or government's project);

- Was the sub-project financial cost reasonable in relation to standard design?
- How cost-effective are PRF sub-projects when compared with other investments of comparable infrastructure in similar areas? (% of cost effectiveness).

5. The rate of return (This need to consult between PRF and contracted firm);

- For travel infrastructure (roads, bridges, etc.), how much time is saved from construction/rehabilitation of the infrastructure? Are there any new businesses associated with improved infrastructure?
- For water projects, how much time is saved from improved access to water sources?

- For irrigation and electricity projects, what are the gains/benefits in terms of improved income, increased productivity or other?
- What are the rates of return for key subproject infrastructure types?
- Have villagers/communities established new businesses after PRF had supported subprojects?
- Has income of villagers/community increased after PRF subprojects implemented?

6. Safeguards (Environmental and Social);

- Were environmental and social safeguard protocols followed per the PRF II operations manual?
- Was there any land donation, asset acquisition or resettlement due to the PRF infrastructure? If yes, please document details.
- Were there any activities promoting environmental protection during implementation?
- Were there any adverse environmental impacts observed at the sub-project site, and how might they be mitigated? Could future sub-projects in the same type be changed or improved to avoid environmental impacts?
- Was there any negative environmental impact created by the sub-project implementation and output?
- Is there any feature of the project that is likely to jeopardize technical and environmental sustainability?

7. Operation and Maintenance (O&M).

- For last year's subprojects, are the subprojects being maintained?
- Is there an operation, maintenance and monitoring and evaluation committee?
- Are there user fees/annual charges for operation and maintenance? How much? Who will be responsible for collecting fees? What is the penalty for non-payment? For last year's subprojects, are user fees/maintenance being performed now?
- Was there any training for the kumban team to prepare for the subproject?
- Did the communities receive any learning support, transfer of knowledge or training? Did the community feel that the training was adequate?
- What kind of maintenance training course was provided to the community?
- Were the relevant government sectors involved in maintenance?
- What measures could be undertaken at this stage to increase sustainability?
- What has been the quality and type of support provided by the community/villagers to maintain the facilities and service delivery therein?

8. Coordination with sectors / Supervision;

- Was the subproject proposal signed and approved by the relevant government departments?
- What type of support was offered by government?
- The project management at central and district levels are having oversight and provides adequate guidance and support to supervisory personnel?
- Were the relevant government sectors involved in supervision? Who was responsible for contacting and providing liaison with the government?
- How often did PRF technical advisors, district or provincial staff visit the site?
- Were the relevant government sectors involved in any part of the preparation/ survey / design?
- Did government sectors received any training from PRF?

9. Procurement;

- How were the contractors and suppliers for the subprojects selected and by whom (verify details with stake-holders independently)? Document the procurement method used and the strengths and weaknesses.
- How much did communities and the village committees know/understand about the procurement process and contract selection? Were villagers and committees notified about the contract selection?

10. Community Awareness of infrastructure;

- Do community participation procedures lead to relevant selection of sub-projects in relation to poverty reduction in accordance with community priorities and with Government goals?
- Suitability of the sub-project/facility location. Was the subproject's location selected by the community? And who certified the land use?
- Did the community participate in the subproject preparation / survey / design?
- Were results of project implementation regularly reported to communities?
- How the community contributed to subproject (Cash/kind)?
- How are the level, process and type of contribution made by the local community? Who certified for contribution of the community?
- Did the community contribution on the schedule and according to the agreement during the subproject confirmation?
- Was there any training for the kum ban team to prepare for the subproject?
- Did the community receive the budget on time, late, or was the transfer ahead of physical progress?

- Were the relevant government sectors involved in supervision? Who was responsible for contacting and providing liaison with the government?

12. Other

Budget

- Did the community /supplier or contractor receive the budget on time, late than the plan?
- Was the budget transfer enough for the payment for the work?
- Are there any variation orders/change orders to the contract? Are there contingency costs for subproject over run?
- As the actual cost against project cost estimate?
- Was the Subproject cost estimate reasonable and realistic?
- How long to prepare the request for payment for one subproject until other installation?
- Was the sub-project financial cost reasonable according to standard design?

Disaster Risk Management

- Is the subproject design relevant to the geography of the site?
- Did the design able to reduce to the natural disaster?
- Was the disaster form completed during survey?

V. Deliverables

The Coordinator has to draft an inception report (including a detailed schedule, outline for the main report, sampling methodology and questionnaires/survey tools) and submit to the PRF for comments.

The report should provide a summary of findings, an analysis of findings, conclusions and recommendations. The final report shall be submitted, as per draft outline, in English and Lao.

The English version should be submitted as per time-schedule and an additional two weeks will be allowed for the translation of the report into Lao.

1. In addition, the consultants are also expected to prepare and delivery a draft and a final presentation on the findings.
2. Datasets collected during the study should be made available to the PRF (with adequate safeguarding of interviewee confidentiality as appropriate.)

VI. Responsibilities

- Provide overall technical and managerial leadership in the design of the standardized technical study forms and community interview guidelines for the evaluation.

- Conduct field evaluation in communities of randomly selected subprojects in target districts of PRF as mention above.
- Co-ordinate preparation of the final report on detailed findings and conclusions to be presented at a debriefing workshop with all stakeholders at the end of the assignment.
- Carry out other tasks as required ensuring the overall success of the project.

VII. Application procedure

Consulting firm/team should submit a proposal to PRF at National Office by the [to be redefined after reception of WB NO] which should include:

- brief description of the approach and methodology to be used to conduct the technical and cost effectiveness study to ensure the study report are responsive to the terms of reference;
- composition of the team (and specific responsibilities for each team member);
- CVs of the team members;
- proposed plan of action and tentative work schedule;
- financial proposal which will include consultants' fees, travel costs (both national and international if one or more of the consultants are not based in Laos); and
- Other issues relevant to this study that could be used in our evaluation of the proposal.

VIII. Qualifications

- The technical study will be led by a Coordinator (expatriate or national), who has an advanced degree in technical knowledge and experience in infrastructure and construction projects, proven experience in working in multicultural environments, experience in monitoring and evaluation of similar projects will be an asset and a minimum of 10 years experience in the field of community development.
- The Coordinator should have experience in managing similar evaluations of community development projects;
- A good understanding of the Lao government policies and of existing foreign aid projects is desirable.
- Working knowledge of Community-Driven Development program of similar scope in Asia would be considered as an asset.
- The team should include at least two engineers experienced with the construction, appraisal and review of rural infrastructure in Laos.
- The team should include at least one economist who would undertake cost-effectiveness and rate of return analyses.
- The team should include at least one social scientist who would lead work on the beneficiary assessment analysis.
- Fluent in speaking, reading and writing in English and must be able to rapidly produce high-quality reports in English.
- Sound communication skills in dealing with local authorities/agencies/actors, and be capable of working as a team.

IX. Background documents support

The following documents can be forwarded upon request sent by email to PRF PMT:
PMT@prflaos.org

- PRF II Manual of Operations
- Recent PRF Quarterly reports
- List of PRF subprojects cycle IX and X.
- More information visit: www.prflaos.org
- Contacted Person(s): Program Management Team (PMT).