

An initiative effort of the Lao Government supported by the World Bank, to contribute to social and economic development towards poverty alleviation for all, especially among the ethnic minorities living in remote areas.

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Poverty Reduction Fund
Committee for Planning
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P R F

PRF

established by Decree
073/PM, May 31, 2002

Dev. Credit Agreement:
IDA 3675 LA
August 19, 2002

Loan effectiveness date:
February 3, 2003

IDA Loan:
US\$ 19,345,000

GOL Contribution up to:
US\$ 1,330,000

Total project cost :
US\$ 21,700,000

Launching: April 2003

Closing: March 2008

Current target provinces:
Huaphanh
Savannakhet
Champasack

2003-2004 [Cycle I]
2004-2005 [Cycle II]

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Message from PRF

Director Executive



Having reached the end of the first PRF cycle (2003-2004), we can look back at our recent achievements and be satisfied that our initial goal of fostering the involvement of remote poor communities and work alongside them in their fight against

poverty has been fulfilled. However, there is no time for rest as we must redouble our efforts without letting up and prepare for the challenges that lie ahead. We must learn from what has worked and what has not and relentlessly look for innovative ways to improve the quality of the community driven development process.

Moreover, PRF wishes to promote local commodities production and natural resources conservation Income Generation Activities by means of providing training opportunities to poor communities and small-scale IGA grants to local interest groups and organizations (pilot test in 2005). Thus, I would like to invite all cooperation agencies and development partners to share their experience with us and assist PRF in any way deemed appropriate.

Yours Sincerely,

Sivixay Saysanavongphet



Main achievements Cycle II

PRF started a new cycle in July 2004, still covering the 3 existing provinces but expanding to a total of 14 districts, 188 village clusters (khet) and nearly 1500 villages. Participatory need assessments have been undertaken from grassroot levels up to district prioritization forums. Final decisions on sub-projects to be supported by PRF and subsequently implemented in 2005 will be made in December 04.

Total allocated budget 2004-05 for 3 provinces: \$ 3,103,000

Huaphanh: \$ 1,593,000

Sobbao: \$ 222,000, Add: \$ 198,000, Xiengkhor: \$ 206,000,

Xamtay: \$ 496,000, Viengxay: \$ 237,000,

Huameuang: \$ 234,000

Savannakhet: \$ 1,055,000

Sepone: \$ 372,000, Vilabury: \$ 205,000, Nong: \$ 195,000,

Phin: \$ 282,000

Champasack: \$ 455,000

Mounlapamok: \$ 171,000, Pathoumphone: \$ 82,000,

Khong: \$ 95,000, Sukuma: \$ 106,000

A World Bank mission took place in Sept. - Oct. 2004

District Prioritization Meetings for 14 districts have been completed during Oct. 2004.

Appraisal and preparation of sub-projects took place from November to Dec. 2004

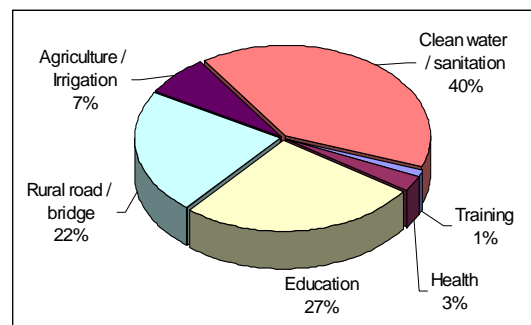
1st cycle Implementation Progress

PRF in cycle I. has achieved remarkable results and strived to keep up with an ambitious first year implementation plan. During cycle I., the project has been able to cover **913** villages in 3 provinces, 10 districts, 121 khets. Activities actually took place in 558 villages, covering a total population of **238,123** people, which represents 64 % of the total 372,068 people of the target population. The total allocated budget was **\$ 1,069,934** for a total of 246 sub-projects (Average of \$ 4,350/subproject). The process of implementation has scrupulously followed the implementation guidelines as specified in the PRF Operation Manual. Adapted trainings have been provided to villagers for implementing activities and maintaining the overall quality of sub-projects' outputs.

From late December 2003 to the end of November 2004, a total of \$ 719,656.59 of the committed budget of \$ 1,069,931 (67%) had been transferred by PRF to the khets for sub-project implementation.

It is still considered too early in the process to assess the impact of PRF activities. However, external beneficiaries and technical assessments are scheduled for mid-2005.

Budget allocation per sub-project category



Voice of the Poor

In Sobbao District, Huaphanh Province - PRF target area - , villagers from Phonesai village and a member of the khet Sobhao procurement team told PRF staffs and a World Bank Consultant that thanks to PRF, they are now able to construct a Spring Gravity Fed System by themselves. The Head of the village further explained that technical know-how pertaining to the construction work such as preparing reinforcement concrete, connecting pipes etc. was crucial to acquire but would not be sufficient without being able to handle properly the procurement of construction materials. How to contact and select appropriate suppliers, how to contract them and follow-up delivery, control quality, etc. has been part of the skills villagers have learned from PRF. By participating in PRF activities, these villagers have indeed received more than "only" cleaner water. They have developed management and organizational skills that they may use for the benefit of their community in the future. Those villagers are very happy to receive government assistance that really encourages them to become involved in the development process, from community levels to top levels. The sub-projects they received have been requested, planned and implemented by themselves in respect with PRF objectives and principles.



■ ■ ■ Objectives of PRF

The main objectives of the PRF are to:

- assist villagers to develop community infrastructure and gain improved access to services;
- build capacity and empower poor villages in poor districts to plan, manage and implement their own public investments in a decentralized and transparent manner; and
- strengthen local institutions to support participatory decision-making and conflict resolution processes at the village, *khet*, and district levels, involving a broad range of villagers, including women, the poor and ethnic minorities.

Villagers will decide on how resources are allocated, manage project funds and the implementation of subprojects. Extensive facilitation and training is provided through the project to ensure that poor villagers, including women, participate in the decision-making process and benefit from project inputs. The project builds local community capacity by providing technical support for villagers over a number of years, to help solve problems and resolve conflicts. The project aims to create stronger links between the local government and the aspirations of villagers with project staff at district, province and national levels coordinating and building linkages.

■ ■ ■ Xiengkhor District Product

Xiengkhor Alga - Snack Food

A singular local product is being promoted on the initiative of Mrs. Sonethong Boulom, 50 year old, residing in Xiengkhor District. All started when she received funds from the Lao Women's Union in August 02 to learn how to cook **Spirulina Alga** in Phanom Village, Luang Prabang Province. Spirulina grows naturally in the Maa River. It is collected fresh, cleaned, spread evenly on a mat, gently tapped on to level surface and thickness, decorated with sesame seeds, chili, tomato slices and finally let to dry - It was at this stage that PRF staff was able to assist with preparing colorful labels, promotion posters and cooking recipes to prepare the final product. Now Xiengkhor Alga has become well-known in various parts of Laos.

Throughout the establishment of this income generation activity, Mrs. Sonethong and her friends have received on-going practical support and encouragements from the Xiengkhor District Women's Union. Presently, group members can together generate about 1.2 million Kip per month - during the season when plenty of alga is available for harvest.



*Alga in good packaging
Must cook before eating*

■ ■ ■ Plan for future quarter

Completion of District Decision Meetings to identify sub-projects to be supported by PRF during cycle II.

Preparation for implementation of sub-projects for cycle II in 14 target districts

■ ■ ■ Cooperation with other agencies

UNICEF and PRF have agreed in principle to join hands for the implementation of a number of development activities in the district of Sepone for the cycle of activities 2004-2005. Instead of pre-targeting recipient villages and conducting separate participatory planning activities, UNICEF proposes to select the activities it will support among the list of village priorities obtained through the PRF process. The UNICEF approach to undertake project appraisals, procurement and implementation would remain unchanged and would be undertaken through UNICEF Government counterparts at Provincial and District levels.



UNICEF at PRF District Prioritization Meeting

■ ■ ■ Capacity Building

Gender, Social and Ethnic Issue Training

PRF target areas include poor communities of three very different provinces: In the remote North of Huaphanh Province, PRF works among others with Khmu, Hmong, Yao and Phutai ethnic groups; in Savannakhet Province, ethnic groups include Katang, Mako and Tri highlanders, whereas in the extreme south PRF interacts with groups of Khmer descent. Working with rural communities in areas where there is a great diversity of cultures and ethnic groups requires tactful and sensitive approaches in respect with local traditions and beliefs. What works well in the North may not work so successfully in the South. More importantly, methodologies and approaches must be fine-tuned by the PRF staffs themselves in the light of lessons learned of successive trials and errors. To this end, the PRF management team was keen to seek experienced trainers to deliver a gender, social and ethnic training to all its staffs. More specifically, the objective of the training was to give PRF staff the necessary skills, knowledge and appropriate sensitivity to promote participation of disadvantaged groups, men and women and ethnic minorities in all aspects of village life and development efforts.

As a result, three one-week training sessions were held in every regions from July to November 2004. The training was very much appreciated as it provided PRF staff with practical knowledge which could be applied in real situations.

■ ■ ■ Challenges and Solutions

PRF tools and methodologies had to be tested and developed as the activities were being implemented full scale. That was very demanding as every staff was on a steep learning curve while they had to deliver and fulfill commitments made. As a result, first cycle implementation was rather slow but nonetheless impressive for a newly launched project of this scale. PRF staffs are running fast to keep the project on track and keep high morale as the second cycle of activities is being launched and more attention can now be given to every aspects of the project to ensure even better quality.



Villagers and PRF staffs helping while rural roads are being repaired