

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRATIC UNITY PROSPERITY

Ministry of Agriculture and Forestry



POVERTY REDUCTION FUND

PHASE III

PROGRESS REPORT

(October 2016 – June 2017)

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Abbreviations

AWPB	Annual Work Plan and Budget
CD	Community Development
CDD	Community Driven Development
CFA	Community Forced Account
CLTS	Community-Lead Total Sanitation
DAFO	District Agriculture and Forestry Office
Deepen CDD	Deepen Community Driven Development
DPO	District Planning Office
DRM	Disaster Risks Management
DSEDP	District Social Economic Development Plan
FRM	Feedback and Resolution Mechanism
GESI	Gender Equity and Social Inclusion
GOL	Government of Lao
GIS	Geography information system
HH	Household(s)
HR	Human Resource
IE	Internal Evaluation
IEC	Information, Education, Communication
IGA	Income Generating Activities
KBF	Kum Ban Facilitator
KDPs	Kum Ban Development Plans
KPIs	Key Performance Indicators
LAK	Lao Kip (Lao Currency)
LN	Livelihood and Nutrition
LWU	Lao Women Union
LYU	Lao Youth Union
M&E	Monitoring and Evaluation
MIS	Management information system
NGPES	National Growth and Poverty Eradication Strategy
NCRDPE	National Committee for Rural Development and Poverty Eradication
NGOs	None Governmental Organizations
NPL	Non Performance Loan
ODF	Open Defecation Free
PAFO	Provincial Agriculture and Forestry Office
PRF	Poverty Reduction Fund
PM	Prime Minister
PMT	Project Management Team
SDC	Swiss Agency for Development and Cooperation
SHGs	Self Help Groups
SHP	Strategic Healthcare Program
#SP	Number of sub-projects
STEP	Systematic Tracking of Exchanges in Procurement
TOT	Training of Trainers
VDP	Village Development Plan

VFRC	Village Feedback and Resolution Committee
VIT	Village Implementation Team
VMC	Village Multipurpose Center
VMC	Village Mediation Committee
WB	World Bank

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Executive Summary

This semi-annual progress report summarizes the activities undertaken during the period covering October 2016 – June 2017. It provides a summary of key achievements against the indicators and targets defined in the PRF phase III Results Framework and progress of implementation as well as a work plan for the second half of the fiscal year (July to December 2017).

The PRF III coverage was adjusted based on the Census 2015, the LECS V (2012-2013), and following 6 key criteria for the Kum ban selection. While the total number of provinces covered remains unchanged, the total number of Kum ban covered has decreased comparing with PRF II from 278 Kum ban to 263 Kum ban and a total number of potential beneficiaries estimated to be 821,000 people of which 75 % are from small ethnic groups. Nevertheless, 82% of the Kum ban covered during the PRFIII was already covered during the PRFII. Therefore, the PRF III will in majority continue to operate in the same geographical areas, building on the institutional capacity already established and further developing the capacity of local communities and government authorities. The decreased number of Kum ban is mainly due to a re-adjustment of the Kum ban total budget allocation that take into account the inflation rate for the last 5 years (PRFII project lifetime). Consequently, the average PRFIII Kum ban allocation per year has increased to reach US\$43,000.

The Poverty Reduction Fund phase III (PRFIII) started with the orientation stage. The main objective of the orientation was to strengthen capacity of PRF staff at all levels and government counterpart on the Community Driven Development (CDD) model and more particularly key changes from PRFII to PRFIII. During the reporting period, all the PRF staffs have been trained as well as more than 400 Government representatives with a specific focus on the provincial Agriculture and Forestry office staff since the PRF is under the umbrella of the Ministry of Agriculture and Forestry. The Orientation was conducted in the form of trainings on the CDD model, the approach and the processes and procedures for each steps of the sub-project cycle. The orientation stage has also included training of the community through the Kum Ban facilitators (KBF). To promote and increase the empowerment of women in community development, the PRF III includes one additional Kum ban facilitator per Kum ban (two KBF women and one men per Kum ban). Therefore, more than 700 community members including 60% of women have been trained in the 263 kum ban covered by the PRFIII. To increase the capacity of KBF, PRF III continues to promote Cross Kum Ban Visits and KBF monthly meeting as well as refresher training during cycle XIV sub-project implementation.

After the orientation, the Cycle XIV planning has started and more than 1,820 villages have prepared their Village Development Plan (VDP) and 263 Kum ban their Kum ban Development Plans (KDP). A total of 5,335 priorities have been selected by the communities and 349 will be supported by the PRFIII during this cycle (6.5% of the total number of priorities identified by the

communities) in 341 villages. Of those 349 sub projects, 279 are located in poor villages while 28 sub projects are settled in the poorest; both contribute to 88% of the total number of cycle XIV sub projects.

These priorities have been selected through a process that has involved more than 85% of the total number of households who were invited to join the planning process. More than 90% of the sub-projects that will be supported by the PRF this fiscal year come from the women list and 81% from small ethnic groups community members.

During the planning phase at the village level, one representative from each household are invited to participate in the Village Development Planning meeting as the project would like to ensure that priorities are identified and selected by all households in the village and that sub projects are not serving only specific groups within the community. Out of 21,779 households, 18,561 households (85%) participated in the meetings and were involved in the selection of their village's priorities (29,020 villagers or in average 1.6 representatives per household).

The Cycle XIV sub-projects will benefit to more than 178,000 people of which 83% are from small ethnic groups and they will receive financial support up to US\$10.4 million in the form of direct investments for the infrastructures construction. An additional US\$726,000 will be allocated to the sub-project construction in the form of in-kind, community participation (mainly in the form of labor and local materials) which represents 7% of the total budget for the sub-project construction. Houaphanh, Savannakhet and Luang Prabang are the provinces that will benefit the most from the PRF support by concentrating more than 50% of the total number of sub-projects, due to the poverty rate in these provinces is higher than other provinces (shared between 21 districts or nearly half of the total number of districts covered by the PRFIII).

In response to the Government request encouraging the synchronization of PRF plans with the District Socio-Economic Development Plan (DSEDP), PRF has supported MPI to implement a pilot in four districts covered by the PRF. As a result of this, DSEDP pilot, it was found that on average more than 71% of KDPs are reflected into account in the DSEDPs and further improvement in the linkage between district and village planning processes is needed.

By the end of the reporting period, 143 sub projects of Cycle XIV are close to completion (41%) and 26 sub-projects are completed (7.4%). Nevertheless, the raining season has started earlier and is heavier than previous years due to multiple typhoons, which has led to implementation delays for a majority of sub projects (mainly due to inaccessibility to the construction site). Despite these delays, all sub projects are expected to be completed by December 2017 as per the target set in the annual work plan.

The Education related subprojects represent a majority of the Cycle XIV sub project types with 41% of the total number of sub-projects, followed by Water and Sanitation related sub projects (29%). Since the PRFIII has moved to the Ministry of Agriculture and Forestry, the total number

of sub-projects in this sector has increased to reach 6% of the total number of sub-projects compared with Cycle XIII in 2016, as a result of moving PRF to the MAF.

For the Cycle XIV, 42 villages out of 341 villages are affected by minor land acquisition. A total of 81 households have been affected with less than 5% of their individual household's land acquired for subproject implementation. Following the impact assessment and informed consultation, all of them, except for one, have opted for land donation as they see the positive impact the sub-project will have. Only one affected household asked for compensation and received financial support from the other households to buy another piece of land (see reference: chapter, 3.2.Social and Environmental Safeguard information).

During the reporting period, the project has received more than 400 feedback messages through the FRM, mainly during trainings or meetings organized at the village level. More than half (61%) of these messages are expressing appreciation for the support provided by PRF while 8% requesting further financial and technical assistance. Feedback related to complains represent 28% of the total number of complains, of which 98% were addressed and solved. The remaining 2% have found solution. Therefore these cases will be closed during the next reporting period.

On the livelihood linked nutrition activities (LN), the pilot Nutrition sub-component initiated under PRFII in 165 villages in 4 districts of 2 provinces has not been expanded under PRFIII, but rather consolidated to improve sustainability. Since the closure of PRF II in December 2016, Village Nutrition Centers (VNCs) are no longer supported by PRF, but nutrition aspects are still covered through Self-Help Group Support. Most of the assets and inputs purchased during PRF II for the 23 (VNCs have been transferred to village authorities for related nutrition sensitive activities. An assessment of the VNC impact has been undertaken and preliminary results appear to be positive. The final report is expected by the end of August 2017. On the livelihood side, 915 Self Help Groups¹ (SHG) were established in 165 villages with 10,220 members from which 85% are female. A total of 9,950 members representing 97% of the total number of SHG members already took loans and have invested in various income generating activities to improve household income and nutrition-oriented livelihood. To the end of the year, the team will focus on assessing the dynamic change of SHGs performance, which would be classified into three categories: good, average and weak performance so as to adjust the capacity building program based on each SHG performance.

The Road Maintenance Group (RMG) pilot started in the beginning of June 2017 in two provinces (Luang Prabang and Savannakhet province). Eleven RMGs have been formed and trained to maintain 50 km of rural road. The pilot will be complete in December 2017 and the result of the pilot will be scaled up during the PRF III lifetime, if successful.

¹ 219 SHGs were set up and operates since Oct 2016.

During this reporting period, three different donors support missions were undertaken to ensure a smooth transition from PRFII to PRFIII and to finalize the PRFII Implementation Completion Report (November 2016, March 2017 and June 2017). A list of agreed actions has been set and is regularly followed up by the Project Management team.

Partnerships with other projects have shown good progress. The three suspension bridges built in partnership with the Helvetas Swiss [Inter-cooperation](#) have been completed and handover to community in May 2017 to manage and PRF continue to provide support to community to create a fish reservation area in one of the site. An article has been released in the newspaper in order to let other projects know that this new technic and related skill in building suspension bridges is available in Laos and can be replicated.

On the Community Led Total Sanitation (CLTS) activities, PRF continues to follow up the progress made through the Kum ban Facilitators and more villages are now ready to be Open Defecation Free (ODF). The partnership with the Agriculture for Nutrition Project has been further refined. A MoU with workplan has been prepared and one training on planning for AFN staff has been organized. On the potential coordination with Governance and Public Administration Reform (GPAR) Program, Terms of Reference have been drafted for an international consultant to facilitate and formulate the DDF and PRF Collaboration Framework design and implementation mechanism. The planning support to the Nakai District authorities has progressed very well with a draft planning manual tailored to the local context prepared and will be finalized in October 2017, after its implementation in 6 villages. Finally, on the cook stove trial, a proposal for using the innovation fund has been approved and a draft MoU with WFP has been prepared for the purchase of the cook stoves and the pellet machine. The trial is expected to start in September 2017.

As of June 30th, 2017 disbursement reached 6.65% for the IDA credit 5827-LA and The Swiss Agency for Development Cooperation (SDC) disbursement rate reached 2.20%. This amount is low compared to the project lifetime progress (6/42 months) as the remaining PRFII budget was used to support all the activities related to PRFIII sub-project planning during the period October-December 2016 and the Cycle XIV sub-projects implementation is delayed because of the heavy rain. Nevertheless, most of the budget allocation is going to direct investments, so as soon as the dry season will come, disbursement will accelerate.

During the transition period from PRF II to PRF III (2016-2017), the overall implementation of PRF has faced different challenges causing implementation delay. One of them is about closing account of PRFII, together with starting of PRF III's implementation. The second one is the lack of clarity about the role of PRF after transferring from the PM's Office to MAF. Nevertheless, decree number 99/PM, signed on March 09, 2017, provides detail about the organization and role of each department under the MAF. The third one is related to the low capacity of the District Core Planning Teams (DCPTs) as they do not have experience in participatory planning (District

Planning Office, Agriculture and Forestry District office, Lao Women Union, Lao Youth Union). Therefore, for the next cycles, they will continue to receive strong support from PRF to improve their capacity for supporting community planning. The last one is related to the Government contribution with no budget made available during the first PRFIII fiscal year. The Government is currently considering disbursing US\$ 3 million per year for 2018 and 2019 so that the full amount committed can be available during the PRF III lifetime.

As to ensure no delay for the Cycle XV, the list of village priorities (VDPs/KDPs) has already been reviewed with the villagers and the sub-projects are currently under the survey-design stage. The PRF team expects to start the procurement process around November so that cycle XV sub-projects can start to be implemented in January 2018.

I. Project background

PRF at a glance

The Poverty Reduction Fund (PRF) is an autonomous organization. Its role is to contribute to social and economic development towards poverty alleviation for all, especially among the ethnic minorities living in remote areas. The PRF operates based on the decree and law of the Lao People Democratic Republic and under the guidance of the chair of the PRF's Administrative Board. The PRF was established with the specific goal of improving access to key public services, by building critical social and economic infrastructure at the village level within the country's poorest districts. The PRF is based on a model of participatory community development that had proven successful in other South East Asian contexts.

Our role

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

Our objective

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.

Our staff

There are 265 staffs in total operating at the central office in Vientiane Capital, 10 provinces and 43 targeted districts. Our head office is based in Vientiane capital, and we have 42 district offices² in 10 provinces throughout the country.

Our budget

The PRFIII has a total envelope of US\$54,000,000 over a 3-years implementation (2017-2019). While the main implementation period will be through the end of 2019, disbursements will continue until mid- 2020, including Livelihood linked Nutrition pilot activities.

² There are 43 districts are covered by PRFIII, but there are 42 districts offices because Beng and La districts in Oudomxay province share an office. These 43 districts are within the 48 districts identified as the poorest by the Lao Government

Table 1: PRF total budgets for PRF III (2017-2020)

Source of Fund	Original Budget (US\$)
Government of Lao PDR*	6,000,000
International Development Association (IDA)	30,000,000
Switzerland: Swiss Agency for Development and Cooperation (SDC)	18,000,000
Total	54,000,000

**Note: Excluding community contributions.*

Source: Operation Manual, August 2016

The way we work

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

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

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

The PRF III (2017-2019) is composed of the following four components: (i) Community Development Grants, (ii) Local and Community Development Capacity Building Support and Learning, and (iii) Project Management; and (iv) Nutrition Enhancing Livelihood Development pilot.

II. Achievement and Analysis

2.1. Implementation progress to date

2.1.1. PRF Poverty Targeting

The selection of PRF target locations was prepared in line with the poverty map that was developed by the Lao Statistic Bureau with the assistance of the World Bank, and based on the Census 2015 and the LECS V (2012-2013) (Operation Manual, August 2016). Additionally, the consideration was also made as to enable PRF to operate in the same geographical areas where institutional capacity has already been established and partnership developed. Criteria that have been used to select Kum ban are as follow:

1. Sub-grant budget allocation
2. Provinces and districts where the PRF is already operating
3. Poverty data
4. Kum ban/district with similar projects or with other supports from the Government or private sector
5. Kum ban not impacted by hydro power projects
6. Operating costs consideration (districts with less than 3 Kum ban considered as poor will not be covered as the operating costs versus the direct investments are not cost-effective)

Based on these criteria, the PRF III operates in 10 provinces, 43 districts and 263 Kum ban. While 216 Kum ban were already covered during the PRF II period (82%), there are 47 new Kum ban in the PRFIII that will need stronger capacity building.

In regards to the Kum ban budget allocation, estimated kum ban population size is taken into consideration as well as distance of each kum ban from the district center in the calculation.

Table 2: Kum ban Allocation of PRF III

Kum ban population	Amount allocated for each Kum ban per cycle	Total amount allocated for each Kum ban in PRF III (3 sub-project cycles)
<2,000 persons	\$35,000 (280,000,000 LAK)	\$105,000 (840,000,000 LAK)
2,000 to 2,500 persons	\$40,000 (320,000,000 LAK)	\$120,000 (960,000,000 LAK)
>2,500 to 4,000 persons	\$45,000 (360,000,000 LAK)	\$135,000 (1,080,000,000 LAK)
>4,000 persons	\$50,000 (400,000,000 LAK)	\$150,000 (1,200,000,000 LAK)

Source: Operation Manual, August 2016

2.1.2. Progress of sub project implementation Cycle XIV

Financial Agreement was signed on 13 July 2016 while PRF phase 3 Operation Manual was developed and officially shared in August 2016.

Cycle XIV, first PRFIII sub-project cycle, officially started in January 2017 (according to the new government fiscal year). The sub-project list was submitted for consideration, and was officially endorsed in May 2017 for implementation in 10 provinces with a budget of approximately 83 billion kip or around US\$ 10.4 million to support 349 sub-projects. Reporting regarding achievements against indicators will be based on the selected 349 sub projects for the time being. Any adjustment will be reported in the next annual report. Details of sub projects are described in table 13 and table 14 of this report.

By the end of the reporting period, 143 sub projects (41%) are under implementation, while 26 sub-projects (7%) have been completed and 16 % of the total sub-grant budget had been transferred. The raining season has started earlier and is quite heavy this year, which led to the delay of some sub projects' implementation as transportation in some areas may be impossible. Despite these delays, all sub projects are expected to be completed by December 2017.

Table 3: Disbursement as of 30 June 2017

Province	Cycle XIV			
	#SPs	Budget	Expenditure	%
Houaphan	83	1,867,575	943,277	50.51%
Savannakhet	57	1,932,120	203,927	10.55%
Xiengkhuang	24	776,103	343,190	44.22%
Saravanh	27	629,955	-	0.00%
Luangnamtha	21	438,795	148,716	33.89%
Sekong	20	639,631	-	0.00%
Attapeu	12	416,935	-	0.00%
Phongsaly	22	799,394	-	0.00%
Oudomxay	38	1,356,788	-	0.00%
Luangprabang	45	1,572,745	114,405	7.27%
Total	349	10,430,040	1,753,515	16.81%

Source: Financial and Administration Division, June 2017

2.2. Achievements against indicators in PRF's Result Framework

2.2.1. Direct project beneficiaries

The Cycle XIV will support 349 sub projects in 341 villages with a total number of beneficiaries to reach 178,172 people (unduplicated). The Sub-projects to be implemented are those prioritized by the communities during the planning stage and covering five sectors – Agriculture, Education, Energy, Health, Public Work and Water and Sanitation. The table 4 shows the number of people who directly benefit from the sub projects which means total village population where the sub projects are located (direct beneficiaries). Nevertheless, some sub-projects will not only benefit

to the villages they are located but also neighboring villages (indirect beneficiaries) such as roads, schools, dispensaries etc.

2.2.2. Female beneficiaries

Following on the table 4 data, of those total beneficiaries (178,172 people), 50% are female which is in line with the PRF's target (In accordance with one of the project's indicators, 50% of beneficiaries must be female).

2.2.3. Ethnic beneficiaries

The implementation of PRF sub-projects is mainly located in the remote areas where majority of populations are from small ethnic groups; with this truth, sub-projects beneficiaries are mainly ethnic population representing 82% of the total number of beneficiaries (Table 4). This percentage is higher than the target as targeted in the project's results framework (70%) and one of the highest since the first cycle and related to the scaling up of the Deepen CDD approach to all districts covered by the PRFIII

Table 4: Project beneficiaries in Cycle XIV

Province	#SP	Population	Women	Small Ethnic Group
Attapeu	12	5,454	2,538	4,578
Huaphanh	83	28,766	17,629	26,099
Luangnamtha	21	10,003	4,880	10,003
Luangprabang	45	24,242	11,777	22,541
Oudomxay	38	23,472	11,804	21,153
Phongsaly	22	8,105	3,945	7,311
Saravane	27	14,823	7,312	14,348
Savannakhet	57	42,116	19,238	19,370
Sekong	20	9,627	4,703	9,492
Xiengkhuang	24	11,564	5,712	11,465
Grand Total	349	178,172³	89,538	146,360
			50%	82%

Source: MIS, June 2017

2.2.4. Proportion of total project value contributed by the community

In order to encourage community participation and sense of ownership, to the beneficiaries are asked to contribute in-kind resources into the sub projects in the form of both labor and materials

³ In case one village has received more than one sub project, number of population will only be counted once. In this case, 349 sub projects are implemented in 341 villages comprising of 178,172 people. Accumulated number will be 181,960 people.

which are available locally. 349 sub projects will be implemented in 2017, in which communities have contributed their labor and resources up to 7% of the total sub-project costs. The community contribution proportion is different from one community to another and mainly depends on the sub project type, and availability of local resources/materials etc.

Table 5: Community contribution in 2017

Province	#SP	Community Contribution (US\$)	SPs cost (US\$)
Attapeu	12	28,061	416,935
Huaphanh	83	148,320	1,867,575
Luangnamtha	21	35,354	438,795
Luangprabang	45	77,915	1,572,745
Oudomxay	38	124,643	1,356,788
Phongsaly	22	62,064	799,394
Saravane	27	31,873	629,955
Savannakhet	57	96,670	1,932,120
Sekong	20	46,465	639,631
Xiengkhuang	24	74,825	776,103
Grand Total	349	726,190	10,430,040
		7%	

Source: Data that we requested for NOL list, May 2017

Remark: The updated data of budgeting will be available in September 2017 when all sub-projects have been implemented and nearly completed.

2.2.5. Proportion of HHs in PRF beneficiary villages voting for village priorities

One representative from each household is expected to participate in the Village Development Planning meeting as the project would like to ensure that priorities are identified and selected by all households in the village and that sub projects are not serving only one specific group within the community. Out of 21,779 households, 18,561 (85%) participated in the meetings and were involved in the selection of their village's priorities, as we based on 341 villages that received at least one.

Table 6 : Proportion of HHs voting for village priorities

Province	#Households participants	#Households
Attapeu	745	904
Huaphanh	3,325	3,702
Luangnamtha	1,270	1,464
Luangprabang	3,767	4,069
Oudomxay	3,514	4,094
Phongsaly	806	1,277
Saravane	1,173	1,507
Savannakhet	1,538	1,835
Sekong	974	1,243
Xiengkhuang	1,449	1,684
Grand Total	18,561	21,779
	85%	

Source: MIS, June 2017

2.2.6. Proportion of PRF Kum bans participating in DSEDP (PRF KDPs and/or VDPs)

In response to the Government request encouraging the synchronization of PRF plan to the DSEDP, PRF has implemented a pilot in four districts located in four different provinces – Samnuea of Huaphanh province, Beng of Oudomxay, Phonexay of Luangprabang province and Sepone of Savannakhet province. As a result of these DSEDP meetings support, it is found that in average 71.20 % of KDPs are reflected into account into the DSEDP⁴. Therefore, the target stated in PAD is achieved (70%) for these districts. This has shown the harmonization of PRF’s plan to the Government’s as the objective is to avoid the duplication of plans and to ensure their effectiveness.

Table 7: Proportion of KBPs in DSEDP

Province	#KDPs	#KDPs in DSEDP	%
Huaphanh	93	73	78%
Oudomxay	40	31	78%
Luangprabang	222	143	64%
Savannakhet	152	114	75%
Average	507	361	71.20%

Source: Provincial Monitoring and Evaluation, June 2017

⁴ This percentage is based on the number of priorities in the Kum ban Development Plan list that are included in the annual socio-economic Development Plan (see annex 2)

2.2.7. Proportion of PRF III sub projects prioritized by women

In reference with the fifth principle of PRF – Social inclusion and gender equality – women are actively encouraged to participate in every activity from the very beginning stage to the end starting from planning, implementing and monitoring. During the planning, priorities are coming from voices of those members of the community including male and female working in two distinct groups. In response to the indicator set, women’s priorities have been identified, prioritized and recorded. Priorities are recorded into three categories including those prioritized by female, male and both. It can be seen that percentage of women’s priorities alone contributing to 25% of the total number of sub-projects supported by the PRF while proportion from both group represents 67%. As a conclusion, the proportion of women’s priorities accounting for 92.26 % (sum of female and both male and female sub-projects categories).

Table 8: Proportion of sub project prioritized by women

Province	Sub-projects selected by			Total
	Both	Female	Male	
Attapeu	9	1	2	12
Huaphanh	57	21	5	83
Luangnamtha	17	3	1	21
Luangprabang	35	10		45
Oudomxay	2	24	12	38
Phongsaly	0	19	3	22
Saravane	23	2	2	27
Savannakhet	55	2		57
Sekong	17	2	1	20
Xiengkhuang	20	3	1	24
Grand Total	235	87	27	349
	67%	25%	8%	

Source: MIS, June 2017

2.2.8. Proportion of PRF III sub project prioritized by ethnic group

PRF is focusing on rural remote areas targeting those poor and vulnerable groups including those ethnic groups who are living and prevailing throughout the country where facilities are still not yet provided. Hence, it is most important to listen to voices of ethnic groups and identify what their needs are. The table 9 gives the proportion of priorities requested by ethnic groups in targeted villages and shows that 81% of priorities supported by the PRF as part of the Cycle XIV are coming from ethnic villagers.

Table 9: Proportion of subproject prioritized by ethnic group

Province	Total Participants	Small Ethnic group Participants	Percentage of ethnic group Participants (%)	Population (Census 2015)
Attapeu	821	756	92.08	32,376
Huaphanh	5,545	3,143	56.68	150,038
Luangnamtha	1,601	1,601	100	26,800
Luangprabang	4,076	3,552	87.14	57,065
Oudomxay	3,683	3,504	95.13	108,549
Phongsaly	1,333	1,301	97.59	53,964
Saravane	3,793	2,357	62.14	75,039
Savannakhet	5,508	4,943	89.74	150,598
Sekong	1,089	1,069	98.16	43,324
Xiengkhuang	1,571	1,285	81.79	57,065
Grand Total	29,020	23,511	81	819,943

*Source: MIS,
June 2017*

2.2.9. Proportion of registered grievances that are addressed according to agreed procedures

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. Following on the PRF II experience, this mechanism should be strengthened, since the feedback box and the hot line were not very effective (rarely used or used for other purposes), and most of feedback were received during meetings organized with the community (face to face). Villagers seem to prefer raising issues directly with local authorities as well as PRF staff rather than by phone or letter.

During the reporting period, the project has received feedback from communities via various channels such as 161 hotline, emails, letters, meetings, boxes etc. in regards to the implementation of the community activities. More than half (61%) of the feedbacks are those expressing appreciation to the support provided by PRF while 8% are requesting financial and technical assistance. Feedback related to complains were 28% of the total, of which 98% of were addressed and solved during the reporting period. Two cases are still pending and are under the resolution process. (Annex 2).

Usually, complaints will be solved at village level by the village mediation committee unless cases are too complicated and cannot be solved, then, they will be transferred on to the next level for assistance.

The number of feedbacks received varies from province to province and depend on the level of understanding related to data collection. Therefore, training will be organized in August 2017 in the province with low number of feedback recorded, and the missing data will be integrated in the annual progress report 2017.

Table 10: Proportion of registered grievances that are addressed

Type of feedback received								
Province	Complain			Thanks to PRF	Request for fund/ Technical support	Request for information	Other	Total
	Total	Solved	Pending					
Phongsaly	1	1	0	1	3	0	0	5
Luangnamtha	2	2	0	2	7	5	0	16
Oudomxay	0	0	0	0	0	0	0	0
Luangprabang	45	45	0	233	7	0	0	285
Huaphanh	1	1	0	1	4	1	0	7
Xiengkhouang	1	1	0	13	0	0	1	14
Savannakhet	59	57	2	10	11	1	2	88
Saravanh	1	1	0	0	0	0	0	1
Sekong	5	5	0	0	0	0	0	5
Attapeu	7	7	0	0	0	0	0	7
Total	122	120	2	260	32	7	3	428
	29%			62%	8%	2%	0.50%	
% of complaint solved		98.36%						

Source: MIS, June 2017

2.2.10. Number of communities able to plan, implement and monitor their VDP⁵

Community active participation is one of the core PRF objectives in every stage of the implementation from planning to operation and maintenance. For the PRF III first cycle, 1,820 villages have prepared their Village Development Plan (VDP) and 263 Kum ban Development Plans (KDP) including the PRF investment plan for the next three years. To support this statement, during the planning, communities of all targeted villages participating have to go through all processes in order to select their priorities. Prior to implementation, Village

⁵ # of villages that have successfully developed and implemented the VDP. If a village has developed a VDP and they have complete one sub-project during the fiscal year, they fulfill this indicator. The unit at the village level (target for 2017: 1,400 villages (cumulative)).

implementation team members are elected and will receive training to ensure they can supervise and financially manage their sub-projects. After completion, each sub project will have an Operation and Maintenance Committee who are appointed and trained to involve in and support the community in the operation and maintenance of the sub project completed. During the reporting period, communities in 341 villages (where sub projects are located) were able to prepare their implementation plans and start implementation for most of them, but they should be able to complete the construction and start the routine maintenance to fully answer this indicator.

Table 11: Number of communities able to plan, implement and monitor their VDPs

Province	# Village	#Subproject
Attapeu	12	12
Huaphanh	78	83
Luangnamtha	21	21
Luangprabang	45	45
Oudomxay	38	38
Phongsaly	22	22
Saravane	25	27
Savannakhet	57	57
Sekong	20	20
Xiengkhuang	23	24
Grand Total	341	349

Source: MIS, June 2017

Note: To ensure about measurement the capacity of community, PRF should consider mechanism for the evaluation since one village receives one sub project, it may not be enough to prove how much they have learnt from PRF; therefore, the 6-12 months checklist will be used as a tool to evaluate community capacity in terms of operation and maintenance.

2.2.11. Number and value of sub project activities implemented by types

In accordance with the table 12, Education related sub projects cover the majority of all sub project types accounting for 41% of the total number of sub-projects, follow by Water and Sanitation related sub projects (29%) while sub projects relating to Energy and Mine contributes to only 1% of the total sub projects. Health related sub projects are second lowest percentage with only 2% out of the total number of sub-projects.

Regarding the supported budget, it is interesting to note that while water and sanitation is the second priority regards to the number of sub-projects, they add up to only 17% of the total budget. This can be explained as most of the Water and Sanitation related sub projects are small sub project type with small budget requirement (drilled wells and spring gravity fed system). Almost half of the total budget is allocated in the Education and related to the high number and size of these sub projects. This trend is the same as for the Cycle XIII where education sub

projects contributed also to more than 50% of the total number of sub projects supported. It shows that primary schools are still necessary and required by communities.

Table 12: Number and value of subproject activities implemented by type

Sector	#SP	%	Budget Allocation (US\$)	%
Agriculture and Forestry sector	20	6	462,058	4
Education sector	143	41	4,969,278	48
Energy and Mining	5	1	198,567	2
Health sector	8	2	290,015	3
Public Work and Transportation sector	72	21	2,780,168	27
Water & Sanitation	101	29	1,729,953	17
Grand Total	349	100	10,430,040	100

Source: NOL list, June 2017

Note: While the number of agriculture sector sub-projects is relatively small, other sub-projects which are not classified as agriculture are also contributing to income-generating outcomes. For example, rural road upgrades connect farmers to agricultural production areas and markets, water supply is used for drinking, cooking and for kitchen gardens, An important aspect of infrastructure is their contribution to freeing adults to work on livelihoods, (agriculture and other). Time spent on fetching water and children attending school providing day care of a promise for future are important contributions of rural infrastructure complementing livelihoods. 88% of SHG incomes generating activities are livestock producing animal dung for gardening.

Table 13: Number and value of subproject activities implemented by province

Province	#SP	%	Budget Allocation (US\$)	%
Attapeu	12	3	416,935	4%
Huaphanh	83	24	1,867,575	18%
Luangnamtha	21	6	438,795	4%
Luangprabang	45	13	1,572,745	15%
Oudomxay	38	11	1,356,788	13%
Phongsaly	22	6	799,394	8%
Saravane	27	8	629,955	6%
Savannakhet	57	16	1,932,120	19%
Sekong	20	6	639,631	6%
Xiengkhuang	24	7	776,103	7%
Grand Total	349	100	10,430,040	100%

Source: NOL list, June 2017

2.2.12. Number of individuals with livelihood investments using loans from SHGs

During October-December 2016 and through the first six-month period of 2017, out of 10,220 members, 9,950 members, representing 97% of the total number of SHG members, took loans

and have invested in various income generating activities to improve household nutrition such as poultry raising (40% of all activities); pig raising representing (26%), goat raising (22%), fish pond raising (3%), cattle raising (0.11%), commercial vegetable planting (0.05%) and mushroom cultivation (0.03%). The non-agriculture IGAs are weaving (accounting for 6%), bamboo basket making and petty trading (buying and selling livestock and weaving productions) is about 2% of total activities.

Table 14: Total number of SHGs and members

Item.	Districts	# Target	Total	Men	Women
		Villages	SHG		
1	Sepone	30	155	1,751	1,354
2	Nong	19	95	1,284	1,264
3	Thapanthong	24	192	1,920	1,920
Sub-total		73	442	4,955	4,538
4	Son	20	99	1,328	923
5	Hiem	20	95	1,277	622
6	Huameuang	32	179	1,719	1,719
7	Xiengkhor	20	100	941	941
Sub-total		92	473	5,265	4,205
Grand total		165	915	10,220	8,743

Source: Livelihood and Nutrition Unit, June 2017

Table 15: Main activities developed by the SHG members

No	Type of activity	Member	%
1	Poultry raising	3,922	40%
2	Pig raising	2,608	26%
3	Goat raising	2,205	22%
4	Fish raising	274	3%
5	Cattle raising	1	0.11%
6	Mushroom plantation	3	0.03%
7	Vegetable plantation	5	0.1%
8	Cassava plantation	31	0.3%
9	Corn plantation	0	0.0%
10	Banana plantation	122	1%
11	Weaving and bamboo basket making	589	6%
12	Petty trading	190	2%
Total		9,950	

Source: *Livelihood and Nutrition, June 2017*

2.2.13. Proportion of SHGs with NPLs 4% and below

913 SHG (99.5%) out of the total 915 SHGs number have accumulated savings. This data refers to groups who took loans and invest in generating income to improve household nutrition activities. The repayment is made gradually by the SHG members. Nevertheless, some activities take a specific period of time to generate incomes, result in late repayment. For activities that need more time to generate income, the repayment schedule should take that into account. Then they do not fall into default category. They will pay only the interest until income is generated and this is good to the group loan fund. Pig raising will need more than three months to generate incomes. Looking at the below table, there are only 2 groups with no activities (in Hiem , one SHG was in big debts to GoL's Bank and failed in production and in Houameuang, one SHG denied to involve in group activities) which is less than 1%. Therefore, the NPLs remain currently below 4%.

Table 16: Proportion of SHGs with NPLs 4% and below

No	Province	District	SHGs	Active SHGs	Inactive SHGs	SHG with NPL	Note
1	Huaphanh	Hiem	95	94	1	0	No saving activity
2		Sone	99	99	-	0	
3		Huameung	179	178	1	0	No saving activity
4		Xiengkhor	100	100	-	0	
	Total		473	471	2	0	
1	Savannakhet	Sepone	155	155	-	8	
2		Nong	95	95	-	8	
3		Thapangthong	192	192	-	0	
	Total		442	442	0	16	
	Grand total		915	913	2	16	
				99.8%	0.22%	1.75%	

Source: *Livelihood and Nutrition, June 2017*

For the next step, the team will focus on the dynamic change of SHGs performance, which would classify into three categories: Good performance, average and weak capacity and performance based on criteria that will be developing for internal assessment.

2.2.14. Proportion of sub project located in poorest and poor villages

The activities supported by the PRF are mainly in rural remote areas where poverty is still an issue and threatening villagers' living. Hence, priority of PRF will be given to those poorest and

poor villages in the project’s targeted areas⁶. Of those 349 sub projects, 279 are located in poor villages while 28 sub projects are settled in the poorest; both contribute to 88% of the total number of Cycle XIV sub projects.

Table 17: Proportion of subproject located in poorest and poor villages

Province	# SP	Poor	Poorest	Non-poor
Attapeu	12	12		
Huaphanh	83	71		12
Luangnamtha	21	21		
Luangprabang	45	32	2	11
Oudomxay	38	37	1	
Phongsaly	22	22		
Saravane	27	12	8	7
Savannakhet	57	43	13	1
Sekong	20	16	3	1
Xiengkhuang	24	13	1	10
Grand Total	349	279	28	42
		80%	8%	12%

Source: MIS, June 2017

III. Specific Activities

3.1. Capacity building

Mainly activities had been implemented before the closing of the PRF II (October-December 2016), and starting PRF III activities from January – June 2017. Capacity building is mentioned in Component 2 of project implementation (detail in Section 4.1.2. Budgeting), Key activities can be summarized below:

3.1.1. PRF staff capacity building

During the reporting period, capacity building activities have remained a key focus. Main objective of these trainings was to strengthen capacity of community as well as PRF staff at all levels and government counterpart on the CDD model and more particularly key changes from PRFII to PRFIII. Table 18 summarizes trainings and workshops conducted during October 2016 – June 2017. Full details with number of participant can be seen in *Annex 4* and the final updated data and information will be available in annual progress report.

⁶ 1.Poor household more than 50% of total households in the village, 2.No primary school or take time to school nearest more than 1 hour, 3.No Health Center, medicine bag or take time to hospital nearest more than 2 hours, 4.No water sanitation system such as Dug well and Dug drilled, 5.No road to access or can access only dry season

Table 18: Workshops and trainings during October 2016 – June 2017

No.	Training topic
	Community Development
1	Community Development staff training for PRF III, related to planning and social safeguards
2	Training for new CD staff at provincial and district level related to planning stage and social safeguard aspect
3	Social safeguard training for Kum ban facilitator in 43 districts
4	Meeting about participation planning manual for district local authority
5	Support MPI to organize workshop on Local Social-Economic Development Planning as to integrate the Kum ban planning of PRF to district plan
	Engineering and technical work
1	Sub-project inspection training
2	Road Maintenance Group Training
3	Social and Environmental Safeguards training
4	Sub-project Implementation training
	Monitoring and Evaluation
1	Training on the use of PRF III New Database, December 2016
2	Semi-Annual Review of progress work under M&E system , June 2017
3	Training on the use of forms, database and PRFIII Indicators all ME at provincial level
4	Orientation meeting on the implementation of PRF III at provincial level
6	Training on the use of MIS for LN staff in Savannakhet and Huaphanh provinces, related to data of SHG's activities to MIS system.
	Finance and Administration
1	Refresher training on internal control system, disbursement procedures, producing report from Accpac.
2	Training on Budget planning (2015-2016), financial management and audit recommendations
	Procurement
1	Training on the Community Procurement Process for PRF Provincial Procurement Officers on 3 March 2017.
	All PRF
1	Orientation meeting with local authority
2	Orientation with PAFO

Source: All PRF divisions and units, June 2017

3.1.2. Local authorities and communities capacity building

Local Authority capacity building

- The PRF organized the orientation meeting for the Provincial Agriculture and Forestry Division (PAFO) in 10 targeted provinces on 15-31 March 2017. The objectives of the orientation meeting was to introduce PRF III's principle, regulation, implementation procedure & methodology as Community Driven Development (CDD) to the audience and to ensure good cooperation with the Agriculture and Forestry Division. Participants included Head of PAFO, Head of each sectors and key technical staffs (421 people including 128

females (32%) and 263 are from DAFO (See Annex 5). As an outcomes of this meeting, participants have understood about the process of PRFIII's implementation procedure. Especially they acknowledged the step of planning at village, Kum Ban levels as well as district levels. It will be important to continuously organize meetings with concerned sectors at district level to keep the cooperation effective.

- Organized Cross Kum Ban Visits for Kum ban facilitators, in Nalae district and Luangnamtha Province authorities (May 29 to June 3, 2017). The main objectives were to exchange lessons of fish management area from Meuang Aed village, Aed district, Huaphanh Province on. As an outcome of this visit , Kum ban facilitators and local authorities of Luangnamtha Province have learned how to set up prohibitive regulation, protection committee for fish management area and good location to create a fish management area. Following field visit, the communities plan to establish fish management area under suspension bridge at Phouluang village, Nalae district which supported by PRF.
- Further, the PRF team also supported MPI for the District Socio-Economic Development Planning (DSEDP), which aims to intergrate the PRF KDP into the DSEDP, as detailed in Section 4.3.2.

Community capacity building

- During the PRF III preparation stage for the Cycle XIV, the CD team has prepared a Training of Trainer (ToT), based on the Social Safeguard manual for Kum Ban Facilitators. After this TOT for KBF, and to prevent any negative impact of sub-project construction, the KBF will arrange a social safeguard training for village mediation unit and village implementation team in all PRF target villages of (Cycle XIV). All TOT tools for KBF will include some key topics as below:
 - 1) Feedback Resolution Mechanism (FRM);
 - 2) Compensation and Resettlement Policy Framework; and
 - 3) Sub-project implementation Village Social Audit.

To increase the quality of sub-project implementation, the CD team has also provided a pilot on the job training on TOT for PRF district staff at Laman district (Sekong Province). Based on the feedback from this pilot TOT training, the CD team has revised TOT's manual to be more simplified by using pictures that can be easily understood by the communities, especially small ethnic peoples.

After completion of this TOT pilot, CD staff continued to provide similar TOT for all 263 Kum Ban (PRF III). The training was organized at the district level, 727 participants (including 421 women (58%)) attended this training from all Kum Ban.

The purpose of this training was to build kum ban facilitators capacity to be a trainer in all target villages within their Kum Ban. Based on the result of TOT, 40-50% of total Kum Ban Facilitators are able to provide a training at village level, especially in Houaphan and Xiengkhouang provinces. However some support from PRF district staffs are still required for the others. The strategy will be to use peer to peer training, using the most skilled Kum ban Facilitators to improve the capacity of the Kum ban facilitator with lower capacities and refresher trainings conducted by the PRF staff.

In addition, the social safeguard training was also organized during this reporting period. This training was focusing on the Village Implementation Team and Village mediation unit at village level with the objective of building their capacity on Social Safeguards related to Sub-project construction at village level. The village mediation committee purpose is to help PRF and the communities on monitoring and audit sub-project construction/implementation as well as budget management. Therefore, during May to June 2017, PRF district staffs and Kum Ban Facilitators arranged Social Safeguard training at village level in the 349 villages that will receive PRF financial support (together with a village report back and validation meeting). In the meeting, KBF built community awareness on Social Safeguards and especially on: (i) How to check and audit the technical aspects of the sub-project construction (ii) how to use a checklist and record books, (iii) how to use FRM channel, (iv) How to resolve problems that may happen and (v) FRM and village social audit planning during sub-project implementation.

- To ensure that the FRM and village social audit will fulfill their responsibilities at the village level and to make sure that PRF staffs will be able to record all the social negative impact that may happen in the village, the training also included the following practical works:
 - How to check the quality of sub-project materials;
 - Monitoring and checking the quality of Sub-project construction;
 - How to cooperate with VIT and undertake random check of village's sub-project detail budget;
 - Follow up and monitoring the progress of sub-project implementation during the village accountability meetings;
 - Feedback box opening and problem solving.

Additionally, the Road Maintenance Group (RMG) was also conducted a training for RMG's members that detailed in Section 4.4.3.

3.2. Social and Environmental Safeguard information

3.2.1. Social Safeguards information

For the Cycle XIV (2017), 42 villages (12%) out of 341 villages have been included land acquisition. A total of 81 HH's have had less than 5% of their individual household's land acquired for subproject implementation (less than 5% of their land have been affected). Following the impact assessment and informed consultation, 80 HHs agreed to go for land donation. Only 1 HH effected (2,000 square meters) asked for compensation. The compensation came from financial contribution from all beneficiaries in the village, and the fund was used to buy a larger land (8,000 square meters) available in that village for that affected household.

The process of solving any safeguards issue will start from the consultation meeting at the village after the survey step. If there are any safeguard issues, an agreement among effected HH and village authority will have to be made. These data are collected and recorded in excel sheets and submitted to CD staff at district and provincial levels. During this reporting period, some data is still missing such as the total amount of affected land. Land acquisition report equivalent to an Abbreviated Resettlement Action Plan (ARAP) will be prepared and submitted to the Bank for review by the next mission or by October 15, 2017. Therefore, the PRF team will have to put more effort in order to get all data for the report. The table 19 summarizes data on the Cycle XIV and impacted households.

Table 19: Summary impact of subprojects affecting personal asset(s) and land

No	Description	Cycle XIV
1	Total target Province	10
2	Total target District	43
3	Total target Kum Ban	263
4	Total target Village	1,820
5	Total Sub-Project in cycle	349
6	# of Village Resettlement in cycle	0
7	# Sub-project effected to Personal Poverty ? and Land (SP)	42
8	Total of HH were affected	81
9	Total of personal poverty and Land were affected (m2)	3,246
10	# HH affected < 5% compared to their property	80
11	# HHs were affected <5% and contributed land for free	80
12	# HHs were affected <5% and they got compensated	0
13	# HH affected > 5% compared to their property	1
14	# HHs were affected > 5% and got compensated	1

Sources: PRF at Provincial levels, June 2017

3.2.2. Environmental Safeguard Monitoring

Identified environmental impacts and recovery actions during Cycle XIII are described in Annex 6. For PRF III' Cycle XIV, the PRF team has continued to follow up with provincial and district staff, and assist communities to solve 5 cases.

Table 20: Identified environmental issues and recovery actions

N0	Identified impacts	Responsibility and status	Sub-project type	Location
I	Earth excavation, Landslide and erosion on building			
1	Trees cut on the road side which increase risk that the road can collapse	Villagers Issue resolved	Rural access road improvement	Nammy, Viengkham district, Luangphabang
2	Trees cut on the road side which increases risk that the road can collapse. Oil leakage stain and Oil waste	Villager/contractor Issue resolved	Rural access road improvement	Poukang, Viengkham, Luangphabang
3	Contractor do not remove operation trash	Contractor Issue resolved	Dispensary	Vangbong, Viengkham, Luangphabang
4	Building Erosion from water flow	Villager Issue resolved	Primary school	Tang alai, Phin, Savannakhet
5	Hard to access to houses because of the drainage canal along the road. Outlet of rounded water pipes damages a paddy field.	Villager Issue resolved	Rural road improvement	Koudsoug, Atsaphone, Savannakhet

Source: Engineering Division, June 2017

3.3. Cooperation and partnership

3.3.1. Donor Mission to Poverty Reduction Fund III (PRFIII)

Before closing PRF II, a donor supervision mission took place from November 1-11, 2016. This was the most important mission to close the PRF II as well as starting PRF III activities. The main objectives of the mission was to (1) introduce the incoming Task Team Leader to the government counterparts; (2) discuss the process for preparing the ICR with the government counterparts and develop a plan for preparing the document; (3) identify information needed for PRF II ICR and a timeline for collection from identified source; and (3) discuss early implementation of PRF III with counterparts and agree on timing for the next implementation

support mission. Following the feedback of this mission, the mission's findings and agreed actions emphasized that the most important action to be taken as follow-up to the mission is the preparation and signature of an amendment to the PRFII Financing Agreement to allow for 100% of project expenditure to be financed by IDA. After this mission, PRF emphasized on the missions recommendations including completion of all delay construction, disbursement, and providing key data for the preparation of PRF II ICR (IDA-56770 IDA-H6850 TF-12419), together with organizing orientation meeting with local authority and concerned sector, particularly, after moving from PM's office to MAF.

First donor mission of PRF III took place from February 27 to March 9, 2017, the objectives were to: 1) monitor the PRF III project implementation and disbursement status; 2) review and discuss the village and Kum ban planning based on PRF II's experience; 3) review and discuss the draft ICR; 4) follow up the impact assessment for Livelihood and Nutrition; and review IEC material. The field visit took place in Xiengkhor district, Houaphan province. The mission highlighted three main points: Firstly, the mission noted that the project target for the number of communities able to plan, implementation and monitor their VDP has exceeded the original target by 24% with the total 1,800 villages; Secondly, the mission noted that there are strong demand for livelihood sub-projects related to agriculture and livestock in Cycle XV that would create a concrete area for linking PRF with MAF programs through technical support to PRF communities by district agriculture staff; and Lastly, the mission highlighted no Government budget had been allocated for 2017, while Government has committed US\$6 million to the project over 3.5 years. As to ensure the progress of work, all of these key points will be used for further discussion and agreement between donors and the Government.

Furthermore, a partial Implementation Support Mission to PRFIII was also conducted during June 20-23, 2017. The mission took place in Thapangthong district (Savannakhet province) during 20-23 June 2017. The objectives of the mission were to (1) review and support the implementation of Cycle XIV, (2) monitor the implementation status of LN activities and discuss strategy for sustainability of the LN interventions, (3) discuss and learn about how to scale up the Deepen CDD specifically the Community Force Account (CFA). Main issues have been raised and agreed actions have also been advised. Details and actions to be taken can be seen in *Annex 10 - Partial Implementation Support Mission to Poverty Reduction Fund III*.

3.3.2. Cooperation with Helvetas on the suspended bridge construction

The three suspension bridges supported by the Helvetas and the PRF are already completed and handed over to the communities to manage. In the beginning of June 2017, and as an additional activity, PRF organized a study visit for community to visit the fish reservation at Houaphanh province. The team was composed of community representatives from Ban Phoulouang and district authority (14 people attended the visit). On the July 13, 2017, fish reservation day,

community from Phoulouang will have ceremony to open up the fish reservation (located under the suspension bridge) with the aim of developing this spot as tourism area.

3.3.3. Cooperation with Universities (Volunteer students)

The cooperation is with the Souphanouvong University in the North, and in the South Champasack University. Training was organized with the first day on PRF introduction and the CDD model for the students (78 students attended in total). The second day was more a specific training provided to the Voluntary Student Engineers who will be involved in inspecting the sub-projects supported by the PRF (22 students attended this session). It is expected that these students will assist the PRF team and the communities for the inspection of 85 sub-projects in 11 districts and 3 provinces (Louangphrabang, Salavan and Sekong).

The core training was open to all Civil Engineering and Transport Engineering students and teachers who wished to attend. The technical training and field work was focused on the students who would conduct the review.

The main objective of the pilot is to conduct an independent technical review of sub-project quality and to learn from the findings to improve sub-project quality in future implementation cycles. PRF also hopes to improve the recruitment of local engineers, particularly female engineers, both as permanent staff and as Community Construction Supervisors hired by communities for sub-project construction. Locally recruited engineers with family in the target villages are particularly suited to working as Community Engineers.

This cooperation gives opportunity to new young graduated student to apply their knowledge and build their experiences with the PRF. Then these students can apply what they have learnt in the district they come from. The PRF III plans to extend the use of young graduate to other provinces nearby to inspect the quality of the subprojects.

3.3.4. Water and Sanitation Program

During the reporting period, 11 villages out of 41 that have implemented CTLS continue to show good progress while 9 villages are prepared for ODF declaration, (5 villages in Darkcheung and 4 villages in Lamam districts (Sekong province)) and 2 villages will have completed ODF declaration soon (1 village in Phouvong district (Attapeu province) and 1 village in Nong district (Savannakhet province)).

Table 21: Progress of ODF implementation

District Name	No Villages	Total HHs	No HHs Latrine before CLTS intervention	ODF villages	% ODF villages	No HHs improve latrine	% HHs access to Latrine
Phouvong / Attapeu	04	524	196	0	0	243	47%
Lamam /Sekong	06	695	108	04	70%	645	80%
Darkcheung / Sekong	07	271	95	05	75%	210	85%
Ta-Oy / Saravane	05	162	0	01	20%	21	30%
Sepone/ Savannakhet	14	993	35	0	0	79	7%
Nong / Savannakhet	05	332	19	1	0	104	31%
Total	41	2,977	453	11	2,5%	1,302	43.74%

Source: Engineering Division, June 2017

3.3.5. Nakai District authorities planning support

The 16 Nakai upstream villages⁷ are expected to undertake a self-managed village development planning and implementation process in collaboration with the district government authorities to strengthened village development planning/updating and implementing process on a community driven platform responding to the closure of the resettlement implementation program (RIP) by the end of 2017.

The main role of the PRF is to assist the district planning office to carry out the proposed pilot capacity building program in 2 villages with 2 hamlets in target lagging areas to review and update VDPs and obtain endorsement of the district authority following the government planning guidelines. The partnership includes:

- a) The development of a planning manual tailored to the local context of the 16 Nakai upstream villages;
- b) A training of the District authorities and community facilitators in order to be able to apply the planning process;
- c) The Update of VDP for 4 hamlets/2 villages by the District Government representative and the communities with the assistance of the PRF facilitators;
- d) The review of the District Socio-Economic Development Plan integrating the updated Village Development Plan.

⁷ Village located around the reservoir

The Expected Outcomes of the partnership are as follow:

- a) A revised Village Development Plan built on needs and priorities identified by the communities and in line with the Government planning processes and procedures;
- b) District authorities and communities are able to apply the Government planning processes and procedures for yearly planning review and revision of the next 5-year village, Kum ban and District Socio-economic Development Plan;
- c) Participatory Planning Manual tailored to villages of bigger side size? than the one targeted by the PRF and with more developed status, following the Government Criteria that can be used by other projects;
- d) Proven capacity of the CDD planning model to be used Nationwide.

A first mission was organized in Nakai from March 13-16 by two PRF representatives. As a result, the PRF confirmed the opportunity to apply the CDD planning model with some modification to the different planning steps and the Nakai district authorities were interested in learning more about this planning model.

Following on this first mission, a workshop was organized from May 29-31 with key Nakai district authority representatives in order to introduce the participatory planning model and discuss and agreed on the different adjustments required to the approach based on the specific context of 16 Nakai upstream villages. During the reporting period, the PRF has assisted the preparation of the Nakai district planning manual, finalizing by mid-July and ToT is planned at the end of July, followed by VDP update in August. The PRF assists VDP update of 4 hamlets/2 villages. Details of the partnership work plan and MoU between the Nakai District authorities (annex 13).

3.3.6. Partnership with the AFN Project (WFP)

The Agriculture For Nutrition project supports the implementation of the National Nutrition Strategy to 2025 and Plan of Action 2016 – 2020 (NNSPA), and pilot new development approaches and technologies in this framework.

The project will promote food security and better nutrition through improved and diversified agricultural production. The key interventions include:

- (i) Participatory village development planning (VDP) is conducted at all project villages, and village agriculture investments are financed per the VDP identified priorities;
- (ii) Multi-sector district planning for NNSPA activities is facilitated;
- (iii) Family diets are improved through Farmer Nutrition Schools and financing of garden investments, in particular for women and children;
- (iv) Agricultural extension approach is diversified to include farmer-to-farmer and enterprise-to-farmer extension methodologies;
- (v) Grass root farmers' organizations are developed, capacitated and their required farm investments are co-financed to improve production of nutritious food;

- (vi) Value chains are developed through co-investment with lead enterprises, to create employment and sustainably increase demand for farm products.

Partnership was officially developed with the Strategic Support for Food Security and Nutrition Project recalled Agriculture for Nutrition project and the PRF as both project have similar objectives (improved nutrition through livelihood activities support and related infrastructure support) and coverage (PRF covering 65% of the Kum ban where AFN plan to provide assistance to communities). A MoU has been prepared to define the scope of the partnership (in annex 13).

The partnership includes:

- (a) Discussions on methods to improve access to basic services in poor communities, with emphasis on nutrition awareness, nutrition-sensitive analysis, and climate adapted agricultural infrastructures;
- (b) Training and other capacity building activities aimed at improving knowledge on VDPs; and
- (c) Discussions on other areas of collaboration that the Parties may identify from time to time.

During the reporting period, presentation of the PRF planning approach was made and AFN agreed to use standard PRF VDP procedures and will support PRF in its comprehensive integration of VDPs within District Socio-Economic Development Planning. AFN will also develop supplementary planning guidelines with focused sessions on nutrition awareness, nutrition problem analysis and nutrition-sensitive agricultural infrastructure. Therefore, the PRF has provided copies of the VDPs (in particular the lists of priorities developed by each village) for those AFN villages in which PRF has developed new VDPs or updated existing VDPs (around 250 of AFN's 400 villages). AFN will select from these lists those village priorities which may be supported under AFN's Village Development Fund (VDF) related to *nutrition-sensitive, climate-adapted agricultural infrastructure* and will continue working with each village to develop these priorities into projects for implementation.

For the AFN districts not covered by PRF (Kham District in Xiengkhuang and Boontay District in Phongsaly), PRF staff has participated in a training of WFP and MAF project staff and district officers in the PRF VDP procedures (June 21-23). These staff and district officers will then support the approximately 60 AFN villages in these two districts develop VDPs.

AFN also agrees to continue to support PRF villages that were involved with PRF LN activities (amongst the 400 AFN villages) where this fits AFN agricultural and nutritional objectives, thereby building on the earlier work of PRF II but no longer continued under PRF III). As per the

agreement, AFN and PRF will continue to meet regularly to inform each other about project progress and continue to coordinate their activities in the overlapping villages.

3.3.7. Partnership with the GPAR project

As part of the preparation of the next GPAR phase, as well as objectives shared by both projects around delivering better public services by supporting local administrative capacity development and quality small scale infrastructure provisions for the better well-being, several meetings have been organized between both projects during the reporting period to define the areas for partnership.

During the reporting period, it was agreed that the two Funds will attempt to join up efforts with the main purposes of:

- supporting the government system building with a view to moving forward with administrative and fiscal decentralization by further strengthening efficiency, effectiveness, transparency and accountability of public expenditure and financial and public investment project management by the local administrations that are aligned with national, local and sectorial plans and priorities as well as citizen needs focused;
- More specifically, supporting building a standard institutional arrangement to promote, test and demonstrate public and private partnerships (PPPs) for public investment project delivery at the local level, to achieve maximized development results via a greater development partnership with the effect of increased leverage of international aid and financing for local development.

Nevertheless, the areas to be covered are broad and needs further refinement as to see how they can be practically implemented taking into account principles, approach, processes and procedures of both projects. Therefore, it was agreed to recruit an independent consultant to assist both projects. The objective and scope of the consultancy mission is to facilitate and formulate the DDF and PRF Collaboration Framework design and implementation mechanism.

A first draft has been prepared, discussed, and the final version is expected to be available by August 2017. The consultant will be under a UNCDF contract.

3.3.8. Partnership with WFP (cook stove community acceptance)

Following on the PRFIII commitment, a series of meetings with the WB Cook Stove Initiative team was conducted to discuss and review the implementation of a trial aiming at understanding the acceptance of Tier-4 cook stoves in Lao using comprehensive consumer acceptance study of Tier-4 cook stoves. This initiative will help in understanding the following:

- Tier-4 cook stoves and its capability to cook common Lao cuisines;
- Ease of use of Tier-4 cook stoves in Lao households;
- Training needs of users for proper use of the Tier-4 cook stoves;

- Other geographic and contextual factors that may affect the performance and acceptance of Tier-4 cook stoves.

The PRF will pilot the cook stove community acceptance during 6 weeks in two villages (Houaphan province) and a total of 40 households (around 20 households per village) following the below steps:

- a) Baseline survey
- b) Selection of the 2 villages for the trial
- c) Contract with the selected firm
- d) Cook stove Procurement
- e) Training of Government staff, PRF staff, KBF and Young Graduate
- f) Village awareness campaign
- g) Training of the 40 households
- h) Consumer acceptance trial
- i) Data analysis, report writing and dissemination

During the reporting period, the village selection was completed as well as the approval of a proposal sent to SDC to support this pilot for a total amount of US\$25,000 using the Innovative Fund (Annex 14). As the World Food Program planned to undertake similar community acceptance but for much broader cook stove coverage (for their school feeding project), it was agreed to share the costs of the training and to procure all the items needed together. For this purpose, a draft MOU for the procurement of the cook stove, pellet and the training was drafted between WFP and the PRF. The request for quotation was sent to the two firms involved (Mimi Moto and New Green) and the cook stove already tested in Laos (to receive Tier 4 certification). The cook stove and pellet machine are expected to be received by the beginning of September at the same time with the implementation of the training of the master trainers.

IV. Management and Accountability

4.1. Finance and Administration

4.1.1. Government contribution

The Lao Government agreed in the Financial Agreement to contribute approximately US\$ 2 million per year for the fiscal year 2017, 2018 and 2019. Nevertheless, due to the financial deficit experienced nationwide, the Government is currently considering to disburse US\$ 3 million per year for 2018 and 2019 so that the full amount committed can be available during the PRF III lifetime. The MAF has done this request to the MPI and MOF and expect to receive the approval by the end of this fiscal year. Regarding the sub-project proposal list to be submitted to the Government for the fiscal year 2018, PRF has submitted in June 2017 a list of 82 subprojects in 10 provinces (Phongsaly, Louangnamtha, Oudomxay, Louangprabang, Huaphan,

Xiengkhouang, Savannakhet, Salavanh, Sekong and Attapeu) to MAF and MPI for consideration and approval. This list will be submitted to the National Assembly for the fiscal year 2018 plan in October 2017.

4.1.2. Budgeting

As per the agreement with the donors, the PRF has submitted to the donors the work plan and related budget for the PRFIII first fiscal year up to US\$ 17,754,041 (*see Annex 11*) and allocated in the 4 different project components as follows:

Component 1: included 2 budget lines: a) sub-grants and Kum ban planning. The period from October 2016 – April 2017 was dedicated to the planning process and May – June 2017 to the sub-project preparation; and b) Orientation meeting, Village Development plan meeting, Kum ban Development Plan meeting, KDP Endorsement meeting by the district authorities and concerned sector, KBF training on social safeguards and FRM, Village report back meeting, Sub-project survey-design, Village confirmation meeting, VIT training on finance and procurement, Procurement / bid meeting, VIT training on implementation, and Sub-project kick-off meeting.

Component 2: related to capacity building activities such as: Local capacity building, which focused on refresher training on planning for CD provincial staff for new community in Salavanh, Savannakhet, Attapeu, PRF staff refresher training on finance & procurement, DSEDP meeting, GOL concern sectors project monitoring, KBF monthly meeting, Provincial local exchange visit meeting, M&E staff refresher training on M&E work and MIS, Internal Audit visit, PRF Board meeting, Central public information such as: TV, Radio and Collecting & Public news, IEC tools and Materials. This budget has been implemented in line with the annual plan.

The sub-grants monitoring activities were implemented not only at provincial and district levels but also at the central level to support regular field visit and including the donor supervision mission. It is an ongoing process and currently on track with the annual budget plan.

Component 3: related to project management costs and more particularly PRF regular payment of staff salaries and administrative costs. A part of the budget has been used for procurement of equipment based on procurement plan. The remaining budget will be implemented during the last 6 months of FY 2017.

The External Audit procurement process has started for the selection of the firm and will be completed by July 2017. The Internal Audit activities have started based on their work plan. However, the external consultant is still required, in order to support the tasks of Internal Audit Committee.

Component 4: The Livelihood & Nutrition Project: almost all LN activities have been implemented regarding to the annual plan such as LN Local capacity building, LN project monitoring and LN project management costs that are regularly implemented following to the annual plan. During the reporting period the LN activities have been implemented over 65% of annual work plan activities.

4.1.3. External Audits

The PRF Financial Audit report and management letter for the FY 15/16 fiscal year (October 1st 2015 – December 31st 2016) has been submitted on time (April 2nd 2017), before closing PRFII (30th June 2017) and considered unqualified and satisfactory by the World Bank. However, the major audit recommendations were related to the issue of the completeness and correctness of information in the supporting documents at village level. PRF Office agreed with the auditor’s recommendations and will bring the issue where it was mentioned in the audit report to discuss and share during the training for the village implementation team (VIT) in PRF III and the Central level will emphasize to all PRF district staff to pay more attention and check carefully with the VIT’s financial report and supporting documents when they record the information in order to avoid any such kind of incompleteness and incorrectness in the supporting document. For the next Financial Audit PRF III (Fiscal year 2017), the audit work program will commence in mid-January 2018.

4.1.4. Disbursement

As of June 30th, 2017 disbursement reached 6.65% for the IDA credit 5827-LA and The Swiss Agency for Development Cooperation (SDC) disbursement rate reached 2.20%.

Table 22: PRFIII Financing – Disbursement (as of May 31, 2017)

Source of Financing	Disbursement as of May 31, 2017	Disbursement (Percent of Total Allocated)	Total Allocated (US\$ million)
WB (IDA credit 5827)	1,996,481.30	6.65%	30,000,000.00
SDC	395,280.76	2.20%	18,000,000.00
GOL	-	0.00%	6,000,000.00
TOTAL:	<u>2,391,762.06</u>	4.43%	<u>54,000,000.00</u>

Source: PRF FA Division, June 2017

During the reporting period, PRF has preceded withdrawal application (SOE “statement of expenditure) from the donors” total amount of US\$ 8,396,920.93 (US\$ 4,636,920.93 from IDA credit 5827 and US\$ 3,760,000.00 from SDC).

Table 23: Summary of fund use

Fund Source	Fund Received FY 2017 (US\$)	Expenditure FY 2017 (US\$)	Percentage of Uses
WB (IDA credit 5827)	4,636,920.93	1,996,481.30	43.06%
SDC	3,760,000.00	395,280.76	10.51%
GOL	-	-	0.00%
TOTAL:	<u>8,396,920.93</u>	<u>2,391,762.06</u>	<u>28.48%</u>

Source: PRF FA Division, 31 May 2017

During the reporting period, PRF has spent a total amount of US\$ 2,391,762.06 (US\$ 459,884.80 to support the communities' kum ban planning. US\$ 522,045.77 was disbursed for the capacity building, IEC materials and sub-project monitoring activities, US\$ 1,211,778.69 was used for the project management activities and US\$ 198,052.80 supported to Livelihood and Nutrition activities).

PRF had prepared to transfer first installment of the cycle 14 sub-grant budget to villagers for a total amount of US\$ 3,945,000 (US\$ 2,475,000 from IDA credit 5827 fund and US\$ 1,470,000 from Swiss Agency Development Corporation "SDC" fund). As the annual budget plan 2017 for sub-grant is US\$ 9,863,000.

Table 24: Expenditures by component

Description of Component	Expenditures FY 2017, ended May 31, 2017 (US\$)	Percentages (%)
Village Subproject Grants	459,884.80	19%
Capacity Building	522,045.77	22%
Project Management	1,211,778.69	51%
Livelihood and Nutrition	198,052.80	8%
TOTAL:	<u>2,391,762.06</u>	<u>100%</u>

Source: PRF FA Division, 31 June 2017

4.2. Monitoring and Evaluation

Base on the experience of PRF, and as to ensure that the key data and information are captured in the M&E system, the new PRF's database had been designed and developed. All M&E forms from PRF II have been revised and simplified to provide key data for following the achievement of the project indicators as well as for project management.

Continuing from PRF II, the PRFIII's database can be used in two different ways (OFFLINE and ONLINE) so that the data entry person can enter the data to the OFFLINE database, check with concerned staff and get approval from the provincial coordinator. Then they can upload the data to the server that provincial and national staff can follow up and use for reporting.

The capacity building for M&E staff is essential. Therefore, several trainings were organized during this reporting period. The objectives of these training include: (1) how to use database (data validation and verification); (2) to understand the meaning of Monitoring and Evaluation work (monitoring is the evaluation process (inputs and outputs) while evaluation is the effectiveness of evaluation (outcomes and impacts)); (3) to ensure that all M&E staff have understood about PRF target indicators (data source, responsibility and how to calculate); and (4) focus on report preparation as well as internal evaluation.

The overall outcomes of M&E training is positive, as expressed by the data available for this semi-annual report (2017). Key data are available for results indicators both for PDOs and IRIs, except the indicators that will be done by contracted firm, such as the following PDOs indicators of: Percent of PRF beneficiary HHs reporting improved access to basic service (health services, safe water resources, access to all weather roads, and improved quality of educational facilities).

There are three IRI's indicators that will be evaluated by contracted firm including: (1) percent of sub-project activities of high technical quality; (2) percent of households in PRF beneficiary villages satisfied with the participatory planning process supported by PRF III; and The TOR will be further discuss in October during the next donors support mission and the contract is expected to be signed in December 2017.

4.2.1. Management Information System

The MIS System is able to provide key information related the implementation of PRF activities, and especially the results indicators. The MIS includes updated information related to ethnic code, village code, village name, Kum ban code, district and provincial code with data of population, gender, ethnic group, age, and poverty status. In addition, the system is able to proceed to the data validation as well as identifying duplicated data or the data that are out of range compare to the setting value. Key works have been done during this reporting period including: training for all M&E staff at national and provincial levels:

- Training about using PRF III's database was organized before starting of PRF III's implementation;
- The field monitoring and training of using MIS system was organized in each province, for all PRF staff at provincial level, including data validation and verification the local offline database, before transferring to PRF center server;
- Organizing six months review (June 2017) about M&E system as already mentioned in the section above, and staff from each province presented data against results indicators. This was a good opportunity for them to understand clearly about their roles related to monitoring and evaluation work.
- As end of June 2017, the MIS can provide all data against indicators as well as other data of PRF III as detail in this Semi-Annual Report. For the purposes of monitoring to know with what efficiency the planned projects have been undertaken, to the M&E team will check

whether the following information can be extracted from the database on sub projects: the type and sub projects that have been completed within the planned target time and estimated cost, the type and SPs that had time and cost overruns of 10%, 20% and over 30%.

4.2.2. Geographic Information System

During this reporting period different work were carried out by the GIS officer, mostly related with producing PRF III maps (43 targeted districts, 263 Kum ban), and PRF coverage in the Government focal points. Key activities can be highlighted as below:

- Updated map of sub-project Cycle IX-XIII (43 districts);
- Updated map showing PRF's targeting districts since PRF I, II, and III;
- Create map showing the distance from villages nutrition center (VNC) and Non-VNC to village's health center and district hospital of Hiem and Sone district (Huaphan province);
- Updated road network in Nalea district (road to kum ban phoulouang);
- Created map showing sub-project location Cycle IX-XIII of Xay (Oudomxai) Khua district (Phongsaly) for DFAT team who visited Oudomxai and Phongsaly province (02/2017);
- Created map showing sub-project location Cycle IX-XIII of Chomphet district (Louang prabang) for GIZ team who visited Chomphet district (01/2017);
- Created map showing sub-project location Cycle IX-XIII of southern province (Savannakhet, Saravan, Sekong and Attapeu) for PRF and GOL team who visited sub-project.(02/2017); and
- Created map showing sub-project location Cycle IX-XIII of Chomphet and Phonesay district for SDC team who visited these two districts (01/2017).

4.2.3. Reporting

Progress reports are regularly prepared in both Lao and English to be submitted to the Administrative Board of PRF and to the donors every six months. Additionally, Lao progress report is also prepared and submitted on monthly basis.

The fiscal year of the government has been changed from January to December (previously the fiscal year started in October and ended in September). This will also applied to the reporting period of the PRF, except for the first semi-annual progress report who will cover 9 months (October 2016 to June 2017)

4.3. Community Development Work

4.3.1. Local Participatory Planning

Cycle XIV VDP and KDP: Key achievements of the CD team include preparing PRF III VDP and KDPs. A total of 5,335 priorities have been prioritized in 263 kum ban plan. Moreover, DSEDP pilot has been organized in 4 districts (Beng district in Oudomxay province, Samnuea in Huaphanh province, Phonexay in Luangprabang province and Sepone in Savannakhet province).

Since Kum ban Development Plan of PRF III has been developed, for Cycle XV, PRF focused only on reviewing the existing VDP & KDP. Therefore, all of them were completed in May 2017. This means that in the next coming year, PRF is expected to start the sub-projects implementation earlier than for the cycle 14. For the next Cycle, Survey-Design will be implemented from June to September, procurement from October to December and the construction would have 5-6 months duration starting in January.

The main challenge of the VDP & KDP is the capacity of District Core Planning Team (DCPTs). The DCPT's members are representatives from DPO, DAFO, LWU, LYU. Most of them are new and do not have experiences on participatory planning. However, before facilitating VDP and KDP in the target areas, PRF has provided one ToT (with 5 days for theoretical part and 3 VDP for practical one). For next cycles, there is still need for strong support from PRF to improve their capacity for supporting community planning.

4.3.2. Support MPI for Local Social-Economic Development Planning

PRFIII supported promoting Village and Kum Ban Development Plan into the District Social Economic Development Plan. This process will help to support community development plans and strengthening the opportunities for community to get what their needs and supports village development fund from another source like INGO, GOL, and private sectors. This will motivate them to drive their community development as well.

The Consultation Workshop on the Draft Guideline for the Local Socio-Economic Development Planning (LSEDP) Process, hosted by the Ministry of Planning and Investment (MPI) and co-chaired by the World Bank (WB) and Swiss Agency for Development and Cooperation (SDC) was organized on June 2, 2017, in Vientiane Capital. This workshop has been attended by a wide range of stakeholders, including the Government, central-level agencies, provincial and district officials of Luang Prabang and Oudomxay, development partners (UNCDF, JICA, USAID, EU, GIZ, LuxDev, DFAT, WFP, Helvetas, Child Fund, Plan International, World Vision), and media (Lao National Radio, Vientiane Mai, KPL News).

During the workshop, there were 54 comments and suggestions made on the Action Plan and draft LSEDP Guideline. This is strongly re-affirming the importance and need for a single, integrated, and inclusive local planning process in Lao PDR.

The draft Guidelines will be tested in Oudomxay and Luang Prabang (with the support from the World Bank and SDC through the Poverty Reduction Fund) and in Bolikhamxay (with the support from the LuxDev through the LAO/030 project). By the end of 2017, we expect to organize a National Lessons Learned Workshop in order to discuss the experiences from testing the Guideline in these three provinces. After the finalization of the Guideline with lessons learned from the testing incorporated, MPI will work with other ministries and propose to the Government to institutionalize this local planning process to the planning systems of Laos.

4.3.3. Gender and Social inclusion

To promote and increase the empowerment of women in community development, the PRF III includes one additional Kum ban facilitator per Kum ban two KBF women and one man per Kum ban. Therefore the target is 67% of the total number of KBF should be women. Due to some Kum ban are located in a very remote areas and women dare not to travel for work; therefore, those Kum ban may have two men and only one woman, for the cycle XIV we can reach around 56% of Women KBF (Detail in Annex7b). To increase the capacity of KBF, PRF III continues to promote Cross Kum Ban Visits and KBF monthly meeting as well as refresher training during Cycle XIV sub-project implementation.

4.3.4. Information Education and Communication (IEC)

To ensure that national, local authorities and donors receive PRF information, The PRF has signed an MOU with the Lao National Radio in January 2017 to release information related to PRF approaches, progress of project implementation as well as good practices, reports, etc. Information will be disseminated in Lao language through *Loungsang Loungsa* and *Hobban Pharnmeuang programs*. Main topics will include *how to promote gender equality and social inclusion and to make sure that women, ethnic and vulnerable groups participate in PRF programme including access to PRF information*. The project has also signed a MOU with the Lao Women's Union, Department of Media responsible of releasing PRF information into the monthly Newspaper, magazines, Television and Radio programmes (Detail in Annex 8).

To promote PRF's principle on transparency and accountability, a film was produced. During the reporting period, 70 % of the film has been completed and it will be available by July 2017 that will be used at community level during the capacity building training for community.

To promote Gender equality and social inclusion, a story was developed for a film about women's participation in PRF Project's implementation and behavior changed on gender role in remote areas, as a mechanism to use during local capacity building and training.

In order to improve communication and interaction with communities, 10 PRF's new songs were completed and mastered in a music album. The CD team produced 300 copies that were distributed to PRF partners such as medias, government line ministry at National, Provincial, District levels including PRF target villages. The objective of producing PRF songs is for using during the PRF meetings, trainings, workshops and other events organized by line ministries and PRF with the communities

During the reporting period, the CD team completed the production of 13 year-achievement of PRF's implementation related on gender role and ethnic group. This is a tool that will be used at community level to highlight the need to give voice to women and small ethnic groups in the decisions making process and the integration of their priorities in the Village Development Plan.

4.4. Engineering Works

The key focus of the engineering team during the reporting period, especially during the period from October to December 2016 was to survey and design the Cycle XIV sub-projects together with the quality control of the Cycle XIII sub-projects.

4.4.1. Survey and design

As part of the Cycle XIV preparation, 349 sub projects had been done for survey and design and approved for implementation, while the Cycle XV's sub-project list under IDA fund preparing and some are ready for survey and design and expected to be completed by September 2017.

4.4.2. Sub-projects implementation

Most of the cycle XIV sub projects are under construction, as 143 out of 349 sub-projects already have begun implementation while 26 had been completed and more than 69 sub-projects are progressed more than 50% of total work (detail in table 25). Due to the heavy raining season this year, most of them will not see any progress till the end of the raining season (October). All cycle XIV sub projects are expected to be completed by December 2017.

Table 25: Sub-project physical progress in each province, 2017

Row Labels	# Sub-project	Completed 100%	progress >=50%	Progress <50%	Inactive
Attapeu	12	0	0	0	12
Huaphanh	83	1	14	19	49
Luangnamtha	21	1	1	1	18
Luangprabang	45	4	16	13	12
Oudomxay	38	0	0	0	38
Phongsaly	22	0	0	0	22
Saravane	27	0	0	0	27
Savannakhet	57	14	25	11	7
Sekong	20	0	0	0	20
Xiengkhuang	24	6	13	4	1
Grand Total	349	26	69	48	206

Source: PRF MIS database, June 2017

In order to deliver the full amount committed by the Government, US\$3 million will need to be allocated for the fiscal year 2018 and same amount for the fiscal year 2019. Consequently, the PRF has prepared a list of 82 sub projects for an amount of around US\$3 million for the fiscal year 2018 and submitted this list to the Government for consideration and approval. In parallel, the PRF is also preparing the list of sub-project to be supported by the Government for the fiscal year 2019. This list includes 78 subprojects. Therefore, the total GoL budget will reach US\$6 million and around 160 sub projects will need to be approved by the National Assembly. The administration costs of these 160 sub-projects will be supported by the IDA and SDC funds.

4.4.3. Pilot Road Maintenance Group

From 29 May to 9 June 2017, a training-of-trainers (TOT) course was held in Viengkham District in Luang Prabang Province, and in Sepon District in Savannakhet Province. This TOT course formed part of the Road Maintenance Group (RMG) pilot funded through the SDC Innovation Fund under PRF III. During the TOT course, national, provincial and district staff of PRF and provincial and district staff of the Ministry of Public Works and Transport were trained in the RMG approach and in the training of RMGs (representatives of the ADB Road Sector Governance and Maintenance Project also participated in one of the TOT courses). In each province, the TOT course consisted of one day of theoretical training to explain the approach and the pilot, followed by one day of practical training of one of the RMGs involved in the pilot. The remaining pilot RMGs in each province were subsequently trained by PRF and OPWT staff that had participated in the TOT course.

The pilot will complete in December 2017 and the result of the pilot will be scaled up during the PRF III lifetime, if successful. All the PRF road subprojects will establish the RMG to maintain

the road for two years. The first evaluation will be conducted at the end of October 2017 with support from a RMG specialist in contract with the PRF.

Table 26: RMG pilot roads

PRF cycle	Kum ban	Village	Length	#Villages	RMGs	RMG members
Viengkham Disctrit						
XI	DonKoon	Chongtai	8.56 km	1 village	1	8
XIII	Meung Muay	Houaykonh	5.20 km	1 village	1	5
XI	Samsoum	Houaykou	3.50 km	1 village	1	4
XI	Sop Heung	Pa-phai	2.20 km	1 village	1	3
Subtotal			19.46 km		4	20
Sepone District						
VIII	KB 03 (Sa E Ton)	Sakaeng	2.50 km	1 village	1	3
XI	KB 13 (Kaeng Laung))	La Kuem	5.00 km	1 village	1	5
XI	KB07 (Lathor)	Vanghai	8.00 km	1 village	1	8
XI	KB07 (Lathor)	Tai	5.00 km	1 village	1	5
XIII	KB 12 (Salan)	Salane	2.50 km	2 villages	1	4
XIII	KB 12 (Salan)	Vang Lerk	2.50 km	2 villages	1	4
XI	KB 14 (Kaeng Kok)	Vangbing	5.30 km	1 village	1	8
Subtotal			30.80 km		7	37
TOTAL			50.26 km		11	57

Source: Road Maintenance group report in PRFIII, page

4.4.4. Quality Control

To control and strengthen the sub-project, the PRF national office undertook a random inspection of cycle XII sub-projects. 109 subprojects were inspected out of 505 subprojects in the 10 target provinces (22% of the total number of cycle XII sub-projects).

The team consisted of:

- Quality control officer and some Engineers from the national office
- The student's voluntary engineers
- Internal Audit team
- External Consultant reviewing all sub-project design and BOQ on cycle basis
- Regular visit of the Quality Control Consultant

The result of the inspection found that only 3 out of 109 sub-project (3%) have issues that need to be solved. The issues related the quality of the sub-project was mainly related to lower standard compared to the design and BOQ and the community labour was not paid by the

contractors according to the agreement: some items were in the bill of quantities such as the construction material and already quoted by the contractors, but during the construction the community also contributed with some construction material so the contractor have to pay back this part of the community contribution.

On the quality control activities, the National office send the notice to provincial and districts team to allow them to inspect and jointly solved the problem found by the quality control team with district authorities and concerned sectors. When the problems are solved, the district team prepare a report with pictures to district authorities, community and national office so that the case can be closed.

4.4.5. Disaster Risk Management

As part of its commitment to strengthening communities' resilience to natural disasters, a support mission from the SDC team will be organized in July 2017 in Luang Phabang province. The objective of the visit will be to(i) jointly conduct hazard and impact assessment to understand the PRF hazard analysis; (ii) identify measures how to improve the PRF risk screening process for the sub-projects and (iii) identify measures complementary to PRF structures. The outcomes of this study tour will be summarized in the Annual progress report.

4.4.6. Main changes from PRF II to PRF III

- The Engineer will strengthen the sub-projects quality (using young graduate engineer to increase the frequency of the visit to site; strengthening DRM activities);
- The Bill of Quantities must give details of the community contribution and make it more comprehensive and easy to follow up;
- To guarantee the sub-projects quality after survey and design, double checking will be carried out by the national office engineers on specific construction aspects where weaknesses were found in the past (the toilet and water connection into the building of the school and dispensary, the drainage system for the rural road, control of the subprojects cost, etc.);
- The rural road construction will automatically benefit from a maintenance fund after the one year guarantee period (see section 4.4.3. on the RMG)

In addition, the Engineering team of PRF also faced different challenges during the implementation of Cycle XIV, where the issues and solution method are detail in annex 12.

4.5. Human Resources

During the transition period from PRFII to PRFIII, our HR team continued to focus on the HR improvement of focusing on the following approach (1) clarify organizational needs and supervisors responsibilities at each level, review roles and responsibilities as well as requirements from other key positions (qualifications, skills, experiences and personal attributes), (3) Clarify KPIs of each position, (4) reconfirm KPIs with the supervisor, (5) develop expanded definitions of KPIs to match performance appraisal scoring, (6) agree on a final version with supervisors. This process will assist to improve annual staff performance and therefore strengthen the overall organization.

Percentage of PRF fully staffed

As of June 2017, there were 259 positions filled (including 76 female staff) out of 265 required positions in total operating at the central office in Vientiane Capital, 10 provinces and 43 targeted districts. The number of staff at each level and province can be found in Table 31. The total number of existing staff is equivalent to 98 percent compared with the total number of approved positions, in which 6 positions (District Livelihood staff at Hiem, District Engineer at Viengxay, District Community Development staff at Dakcheung, District Community Development staff at Sepon, Provincial Project Manager in Salavan and District Finance and Administration at Sanamxay) are on recruitment process. The percentage of female staff represents the same percentage of last year (29 %).

The proportions of staff at the three different levels are as follow 14%, 20%, 53% and 14% respectively from central, province, district and village level. As committed with the donors, the number of staff have been reduced at the central level from 38 positions to 35 positions in order to reduce the operating costs and following the decentralization strategy where more responsibility have been transferred to the provincial level (Annex 1b).

The table 28 below shows the number of ethnic staff at each level. There have 1, 17, 34 and 8 ethnic staff based in PRF central, provincial, and district and village offices respectively. There is 60 ethnic staff in total which is similar to the number reported last year.

Table 27: Number of ethnic staff at each level

Level	Number of staff			Ethnic Group		
	Men	Women	Total staff	Total	women	% by level
National level	22	13	35	1	0	2.9
Provincial level	41	12	53	17	6	32.1
District level	92	44	136	34	7	25.0
Village level	28	7	35	8	2	22.9
Total	183	76	259	60	13	23.2
Percentage	70.7	29.3				

Source: Human Resource unit, June 2017

Staff turnover recorded: During the reporting period, the percentage of staff turnover reaches 4.5 % (equivalent to 13 resigned staff). This percentage has decreased by 5.4% compared to the last reporting period (fiscal year 2015-2016). Since, it is the beginning of PRF III, the organizational structure and responsibilities of the positions have been reviewed and reorganized to be more appropriate with the current project implementation requirement. In addition, the livelihood linked nutrition activities were not extended other than the existing coverage (Huaphan and Savannakhet provinces), so that the number of staff at all level have been reduced by 57 staff in total (Annex 1a).

4.6. Procurement

During the reporting period, the Procurement Unit had accomplished the following activities:

- Completed preparation of the Community Procurement Guideline for PRF III;
- Uploaded the General Procurement Notices (STEP System) on the World Bank's website;
- Completed revision of the Master Procurement Plan for goods, works, non-consultancy services and consultancy services of PRF III as agreed during the World Bank Implementation Support Mission in February 2017;;
- Uploaded the Master Procurement Plan into STEP System and submitted to the World Bank for clearance;
- Completed the procurement of 3 pick-ups (vehicles were received on 10 March 2017).
- Completed the procurement for printing and publishing of Information, Education and Communication (IEC) for which the contract was signed on 28 June 2017 with KS Printing in the contract amount of 380,283,200 LAK. The goods are expected to be delivered by the end of July 2017.
- Completed the bid opening and evaluation of consultancy service (firm) for PRF III Annual Financial Audit through CQS procurement method subjected to post review by the World Bank for which the contract is expected to be signed by the end of July 2017.

- Completed preparation of the Sub-Project Procurement Plan which was submitted to the World Bank for reference and records;
- Conducted the procurement training for Village Procurement Implementation Teams regarding Community Procurement Guideline, Procurement Procedures, Bid Opening and Evaluation Process, and preparation of evaluation for those villages funded by PRF within the Cycle XIV.
- PRF district/provincial staffs assisted the Village Team in conducting the bid opening and evaluation process at the village center for Cycle XIV sub-projects of which most of the contracts are expected to be signed during July-August 2017.

4.7. Livelihood linked Nutrition activities

The livelihood linked Nutrition activities are operating in 165 villages located in 7 districts. Since the end of last year, of the LN staff continue to support the livelihoods activities⁸ on regular basis. Since October 2016, the Nutrition sub-component financed under PRF II stopped to receive financial support in PRF III, as planned. Most of the assets purchased for the 23 VNC have been transferred to village authorities for related nutrition sensitive activities. An assessment of the VNC impact has been undertaken and preliminary results seems to be positive. The final report is expected in September 2017.

4.7.1. SHG Saving

The Overall saving situation among SHG members during the reporting period has slightly increased based on their incomes and better understanding on the purpose of saving and SHG membership, especially in the 4 northern districts, while small amount of saving remained in the 3 Southern districts. The percentage of members regularly saving reaches 81% meanwhile 19% of the SHG members have not done any saving since January 2017. The average saving size is between US\$0.98-2.42 US\$ per member per month and has increased in comparison with last year⁹.

By the end of June 2017, the accumulated saving amount for the last 6 months reaches US\$55,820.23 and has been used for 3 main purposes: 75% were for emergency lending to members including buying rice, transportation to hospital, medicine and education materials, 15% were for IGA loans to members and the last 10% was for reserved money. However, the amount of the money saved is still lower than the amount of the seed grant delivered⁶ by PRF, because of less income generated. The table below shows the progress of saving among SHG

⁸ *SHG formation, technical training, saving scheme management, basic knowledge on nutrition modules and food process*

⁹ In Last quarter 2016 The average saving is 0.25-1.25 US\$ per member/month

⁶ The average compulsory saving size is too small 0,25\$ to 0,62\$

members.

Table 28: The accumulated saving amount of SHGs as June 2017

Dis	#Village	# SHG	# Mem	Fem	Quarterly saving money 2017 (US\$)		Accumulated saving as of June 2017 US\$
					Jan-Mar	Apr-Jun	
Sepon	30	155	1,751	1,354	2,968.64	3,050.12	6,018.76
Nong	19	95	1,284	1,264	1,216.42	1,059.01	2,275.43
Thapangtong	24	192	1,920	1,920	4,195.06	3,425.31	7,620.37
Sub-total	73	442	4,955	4,538	8,380.12	8,334.44	15,914.56
Sone	20	99	1,328	923	2,442.59	2,270.25	4,712.84
Hiem	20	95	1,277	622	16,806.54	1,716.79	18,523.33
Houameuang	32	179	1,719	1,719	5,237.53	5,747.65	10,985.18
Xiengkhor	20	100	941	941	2,598.27	2,286.05	4,884.32
Sub-total	92	473	5,265	4,205	27,084.93	12,020.74	39,105.67
Grant total	165	915	10,220	8,743	35,465.05	20,355.18	55,020.23

Source: Livelihood and Nutrition, July 2017

4.7.2. SHG Lending

Through LONG and PRF-AF period, the total project seed grants reached US\$ 1,216,061 and was released to 165 villages with 10,220 SHG members. Table below shows the total project seed grants released to SHGs villages.

Table 29: Project seed grants released to SHGs villages

tem.	Districts	# Target Villages	Total SHG	Member	Female	Project Seed Grants US\$		
						LONG 2012-2016	AF/LN 2015-2016	Grand Total PSG
1	Sepone	30	155	1,751	1,354	115,160	116,642	231,803
2	Nong	19	95	1,284	1,264	192,790	29,333	222,123
3	Thapanthong	24	192	1,920	1,920	0	189,630	189,630
Sub-total		73	442	4,955	4,538	307,951	335,605	643,556
4.	Son	20	99	1,328	923	86,667	74,015	160,681
5.	Hiem	20	95	1,277	622	124,910	23,111	148,021
6.	Huameuang	32	179	1,719	1,719	0	169,778	169,778
7.	Xiengkhor	20	100	941	941	0	94,025	94,025
Sub-total		92	473	5,265	4,205	211,576	360,928	572,505
Grand total		165	915	10,220	8,743	519,527	696,534	1,216,061

Source: Livelihood and Nutrition, July 2017

4.8. Internal Audit

A part of project's transparency of PRF II, the Internal Audit system has been set up, directly managed by the Executive Director. The team comprises an Internal Audit Officer and an Assistant and use, when necessary, short term external experts to support their field work. The scope of the internal audit work goes beyond the financial and procurement compliance. It also assess the compliance of the prioritization and implementation processes as stated in the PRF manuals as well as controlling adherence to procedures for utilization and maintenance of project assets, per diems, allowances, etc. An internal audit specialist has been hired and will come on regular basis to continue to assist and strengthen the internal audit cell.

During the reporting period, 21 audits were conducted in 10 provinces as well as at the PRF central level (Annex 9). After the audits, reports were prepared and submitted to Executive Director and concerned parties. Out of 21 audits conducted, recommendations were provided to 37 issues, of which 21 were closed and 158 issues were opened for following up, waiting for the supporting documents in order to be closed. Most of the issues are related to non-compliance with the PRF processes and procedure such as signature from concerned sector missing, information missing in some key documents, data inconsistency between district and province level, differences between drawing and implementation, delay in fund transfer, etc.

The internal auditors visited the PRF provincial, district and Kum Ban on a regular basis to ensure compliance with the procedures/systems as described in the Manual of Operations, the operating is functioning well, and that staffing are in place as well as reviewing financial transaction and supporting documents and filing. The working system of Internal Audit usually follows these steps:

1. Criteria are benchmarks to be used to evaluate performance of the audit and determine if there is discrepancy between criteria and condition. Operational manual, CDD procedure, Engineering standards and specifications, norms and rate of inputs for computing estimate and BOQ, Procurement and contract administration procedure, M&E, HR and LN related procedures, Financial and accounting procedures, various reports from the donors and external oversight providers, and good practices of planning and performing project works are main sources of criteria.
2. Condition is what that exists. In simple term if condition is not as per criteria there is discrepancy. It means the risk still exists and needs to be mitigated through appropriate actions.
3. The audit process then has to determine the Causes behind discrepancy and also the Consequence that is impact or potential impact of the variance between criteria and condition.
4. Moving further, the audit team has to develop appropriate Corrective action (recommendation) that if implemented address the discrepancy. Auditor must develop and

report well researched Corrective action (recommendation) that is able to address the cause and consequences of the discrepancies.

5. Challenges encountered and Sustainability of PDO

Key Challenges

During the transition period from PRF II to PRF III (2016-2017), the overall implementation of PRF had faced different challenges causing implementation delay. One of them is about closing account of PRFII, together with starting of PRF III's implementation. The second one is the restructuring of PRF's organization due to lack of clarity about the role of PRF after transferring PRF from the PM's Office to MAF. Nevertheless, the decree number 99/PM has just been signed on March 09, 2017 to provide detail about the organization and role of each department under the MAF. Another key challenge is the lack of understanding and broad support for scaling up deepen CDD/CFA under PRFIII based on experience from the PRFII pilot. A clear implementation guideline will be prepared based on the lessons learned from the pilot and other similar projects (such as EDP) with support from the international consultant. A study tour in Nepal will also be organized in November. This will be followed by discussions and training for MAF and PRF at all levels. The last challenge is the management of a wide range of partnerships (Community Led Total Sanitation with Namsaath, Livelihood and Nutrition with the Agriculture for Nutrition Project, governance with the GPAR, Planning with Nam Theun 2, Cook stove initiative with the World Food Program and the World Bank).

However, the change of fiscal year based on yearly calendar starting in January and ending in December of each year will not affect the implementation status, as one of the first priority of PRF staff is to complete all sub-projects construction by December 2017 (Cycle XIV) together with the preparation of Cycle XV (2018) as survey design and procurement work shall be done by the end of 2017 and the actual implementation of Cycle XV can start from January 2018 onward.

Sustainability of PDO

To ensure the sustainable development under PRF's activity as mentioned in ICR of PRFII, PRF should consider four dimensions: (i) developing a viable and replicable model; (ii) increasing the role of local government; (iii) enhancing community and local capacity, and (iv) improving design quality and O&M of sub-projects. These four dimensions are considered as key factors to sustain PRF activities, especially, the involvement of government and local authorities as to carry out the work after without or with minimal support from donors. the dimension (i) and (ii) are underway with support for MPI to the process of integrating local planning to be applied nationwide and deepen CDD/CFA and RMG successfully piloted to be scaled up. At the same time, design quality and M&E has been strengthened through the on-going Quality Assurance work, RMG and DRM initiatives. The dimension (iii) has been addressed by the increased number of Kum ban Facilitators and assessment of the capacity of the SHG for instance. The

dimension (iv) will be addressed through strengthening the Disaster Risk Management activities, the implementation of the 6 and 12 months follow up visit and the Road Maintenance Groups.

6. Planned activities up to December 2017

6.1. Finance and Administration

- PRF, F&A Division at the central level will prepare the training for PRF staff at the provincial and district levels on the budgeting and Financial Management trainings for the fiscal year 2017. The training is planned in October and December 2017;
- Submission of Annual Budget Planning for the FY 2018 in December 2017;
- WB's FM supervision to the PRF office is planned in November 2017;
 - Consolidate and analyze quarterly budget from all divisions and summary for the next quarterly budget plan;
 - Preparation of the first six monthly budget and expenditure progress report by the Project Management Team;
 - Submission of Interim unaudited financial report (IFR) for the period (April-June 2017) to the WB by August 15, 2017;
 - Follow up and analyze the first six months of the FY 2017, PRF III disbursement and budgeting;
 - Preparation of the request to the concern Ministry offices on the Government contribution for the cycle XV for an amount of US\$ 3,000,000.00 or LAK 48 billion;
 - PRF FA at the central level will prepare the replenishment document for IDA 5827 during July – December 2017, with a total estimate budget of US\$ 7,850,000;
 - PRF FA at the central level will prepare to transfer the first and second installments of sub-grant budget to villagers for a total amount of US\$ 8,877,000 (90% grant total of the sub-grant cycle XIV);
 - Preparation of refresher and review training for PRF provincial finance staff on PRFIII accounting process during October 2017.

6.2. Monitoring and Evaluation

- Following up the use of PRF's database for ME staff and key staff from other divisions and units;
- Follow the progress of work and sub-project implementation (monthly), especially the status of physical progress of Cycle XIV and preparing of Cycle XV, as to identify issues and solutions;
- Focus on evaluation work (effectiveness evaluation) including outcomes/impacts assessment, sub-project work and livelihood activities;
- Preparing a strategy for implementing and managing an IE, including hiring a technical advisor and a survey firm, in line with the budget allocated in PRF's AWPB;

- Follow up with government about sub-project under government contribution, US\$ 3 million;
- Updating guideline and manual for M&E staff and also staffs from the other divisions;
- Creating map showing sub-project location for the cycle XIV and XV;
- Follow up budget for M&E provincial staff's activities (10 provinces);
- Plan to follow up the use of MIS database for LN staffs in Huaphan province;
- Plan to follow up the progress of PRF III's sub-project construction in 10 provinces;
- Update and printing maps;
- Preparing draft of the PRFIII Annual Progress Report for the fiscal year 2017

6.3. Community Development

- Organize cross Kum ban Monitoring Visit;
- Support MPI for Roll-out DSEDP in 4 district (2of LPB & 2 of ODX);
- Refresher Training on Planning Review for cycle XVI;
- Review VDP & KDP for cycle XVI;
- Supporting Community for organizing the meeting/activities at the village or Kum ban level as mentioned in the sub-project cycle and encourage ownership of the community peoples for SP implementation;
- Continue assist and support Kum ban teams for updating the Kum ban and village Information board;
- Assist PRF staff formation a model Information Board (at least 2 kum ban per district);
- Study tour in Nepal to share experiences and lessons learned on RMG and CFA.

6.4. Engineering Works

Continuous activities

- It is necessary to conduct refreshing and training on the job for VIT on community CLTS mobilization to fill the gaps of not regularly monitoring from Kum ban facilitators.
- District Governors will issue an official letter to village authorities for CLTS implementation and force to use village regulation that have been formulated and agreed by villagers.
- District Governors will support project and monitor the progress of project areas by encourage village authorities to set CLTS as village development activity plan.

Following with key work:

- The Kum ban administration cost in GoL fund will be allocated into IDA fund;
- Follow up on the implementation of CLTS in the 4 provinces;
- Preparing the survey and design of PRF III, cycle XV IDA, cycle XV GoL , cycle XVI GoL the subproject (around 400 sub-projects);
- To follow up the pilot sub-project on the RMG in two provinces and lessons learnt for cycle XIV in PRF III after guarantee period;
- Follow up on the quality control of subproject for the cycle XIV;
- Continue to follow up CLTS progress with Kum ban Facilitators.

6.5. Human Resources

- Translate all documents related to HR tasks including HRM Handbook, code of conduct, performance appraisal system, performance reward, all revised ToRs and its KPIs into Lao;
- Organizing workshop on launching the new staff performance appraisal system;
- Supporting and following up the implementation of yearly staff performance appraisal;
- Preparation of employment contract for 2018;
- Organizing a staff retreat meeting for 2017;
- Recruitment of short-term consultants (PRF website, CFA, M&E, Quality Management & Infrastructure Control);
- Recruitment of the consultancy firms for the beneficiary satisfaction and construction quality studies.
-

6.6. Procurement

- Conduct the bid opening for the remaining items as mentioned in the PRF III Procurement Plan;
- Conduct the selection of consultancy services as mentioned in the PRF III Procurement Plan;
- Assist the Village Team to conduct the bid opening and evaluation process for the remaining sub-projects in Cycle XIV;
- Monitor and follow up on the sub-projects for which the contracts have not been signed or which have not been implemented yet;
- Upload Sub-Project Procurement Plan of Cycle XIV into the STEP System.

6.7. Livelihood and Nutrition

- Assessment of VSMC and SHG performance;
- Refreshing training on Accounting System Management for VSMCs;
- District regular monitoring and support saving and loan utilization and repayment by SHG members;
- Technical production supports for Livelihood Activities;
- Organizing cross visit for SHG members in well performed villages;
- Central Training on delinquency management;
- Central regular monitoring and technical supports for implementation of livelihood activities at village level.

6.8. Internal Audit

- Conduct integrated and special audit at PRF central and all targeted provinces.

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Annex 1a: PRF staff turnover during October 2016- June 2017

Positions		Gender	Reasons for leaving	Replaced	%
Centre	General Services Officer	Male	Abolition position	No	2.86
	Data Analysis & Reporting Officer	Male	Working for another project	Yes	
	Cashier/Accountant Assistant	Female	Abolition position	No	
	Secretary	Female	Abolition position	No	
	Microfinance Officer	Male	Abolition position	No	
	Civil Engineer	Male	Abolition position	No	
	Community Relation Officer	Male	Abolition position	No	
National office Total staff : 35					
Savanakhet	District Nutrition Staff at Sepon	Female	Abolition position	No	5.00
	District Nutrition Staff at Thapangthong	Female	Abolition position	No	
	District Nutrition Staff at Nong	Male	Abolition position	No	
	District Livelihood Staff at Nong	Male	Terminate contract	Yes	

	Village Livelihood Young Graduate	Male	Terminate contract	Yes	
	Village Livelihood Young Graduate	Male	Terminate contract	Yes	
	Village Livelihood Young Graduate	Female	Terminate contract	Yes	
	Village Livelihood Young Graduate	Female	Terminate contract	Yes	
	Village Livelihood Young Graduate	Male	Terminate contract	Yes	
	Village Livelihood Young Graduate	Female	Working for new project	Yes	
	Village Nutrition Young Graduate	Female	Abolition position	No	
	Village Nutrition Young Graduate	Female	Abolition position	No	
	Village Nutrition Young Graduate	Female	Abolition position	No	
	Village Nutrition Young Graduate	Male	Abolition position	No	
	District FA Staff at Nong	Female	Terminate contract	Yes	
	Provincial Project Manager	Male	Working for Government Sector	Yes	
Savannakhet office Total staff : 40					
Phongsaly	District CD Staff at Samphanh	Male	Terminate contract	Yes	0.00
	Provincial CD Staff	Male	Terminate contract	Yes	
	District Engineer at Khua	Male	Terminate contract	Yes	
Phongsaly office Total staff: 15					
Hauphanh	Village Livelihood Young Graduate	Male	Terminate contract	Yes	7.27
	Village Livelihood Young Graduate	Female	Terminate contract	Yes	
	Village Livelihood Young Graduate	Female	Terminate contract	Yes	
	Village Livelihood Young Graduate	Male	Terminate contract	Yes	
	Village Livelihood Young Graduate	Female	Terminate contract	Yes	
	Village Livelihood Young Graduate	Male	Terminate contract	Yes	
	Village Livelihood Young Graduate	Female	Terminate contract	Yes	
	Village Livelihood Young Graduate	Female	Terminate contract	Yes	
	Village Livelihood Young Graduate	Female	Terminate contract	Yes	

	Village Livelihood Young Graduate	Female	Terminate contract	Yes	
	Village Livelihood Young Graduate	Female	Terminate contract	Yes	
	Village Livelihood Young Graduate	Female	Working for new project	Yes	
	Village Livelihood Young Graduate	Female	Working for new project	Yes	
	District Nutrition Staff at Huameung	Male	Abolition position	No	
	District Livelihood staff at Hiem	Male	Applied for District CD Staff	No	
	District Engineer at Viengxay	Male	Working for Government	No	
Huaphanh office Total staff: 55					
Xiengkhoaung	District CD Staff at Thathom	Male	Phase out district	No	0.00
	District Engineer at Mok	Male	Terminate contract	Yes	
	District Engineer at Thathome	Male	Phase out district	No	
Xiengkhoaung office Total staff: 15					
Oudomxay	District Engineer at Nga	Male	Terminate contract	Yes	0.00
	District FA at Beng	Female	Terminate contract	Yes	
	District Engineer at Houn	Male	Terminate contract	Yes	
	Provincial Procurement Staff	Male	Terminate contract	Yes	
Oudomxay office Total staff: 21					
Luang Namtha	District CD at Nalae	Male	Terminate contract	Yes	13.33
	District FA at Viengphoukha	Female	Working for new project	Yes	
	District Engineer at Long	Male	Continue studying in VTE	Yes	
Luang Namtha office Total staff: 15					
Luang Prabang	District Engineer at Pakseng	Male	Terminate contract	yes	4.17
	District Engineer at Phonxay	Male	Terminate contract	yes	
	District FA Staff at Pakseng	Female	Terminate contract	yes	
	District FA at Viengkham	Male	Working for new project	yes	
	District FA at Chomphet	Female	Phase out district	No	
Luang Prabang office Total staff: 24					

Sekong	District CD at Dakcheung	Male	Assigned to work at district in Attapeu	No	0
Sekong office Total staff: 18					
Salavan	District CD Staff at Ta-Oy	Male	Terminate contract	yes	0.00
	Provincial Project Manager	Male	Terminate contract	No	
Salavan office Total staff: 14					
Attapeu	Provincial Coordinator	Male	Abolition position	No	
	Provincial Procurement Staff	Male	Abolition position	No	
	Provincial FA Staff	Male	Abolition position	No	
	Provincial M&E Staff	Male	Abolition position	No	
	Provincial Engineer	Male	Abolition position	No	
	Provincial CD Staff	Male	Abolition position	No	
	District FA Staff at Sanamxay	Male	Terminate contract	No	
Attapeu office Total staff: 7					
Grand Total: 259 Staff					
Average of Percent of change:					3.86 %

Annex 1b: PRF staff male and female each level October 2016- June 2017

Location	Central				Province				District				Village				Total
	Male	Female	Total	%*	Male	Female	Total	% *	Male	Female	Total	%*	Male	Female	Total	%*	
Vientiane	22	13	35	37.14													35
Savannakhet					4	2	6	33.3	13	5	18	27.8	15	1	16	6.3	40
Sekong					5	0	5	-	9	4	13	30.8					18
Salavan					5	0	5	-	8	1	9	11.1					14
Attapeu									6	1	7	14.3					7
Xiengkhouang					5	1	6	16.7	5	4	9	44.4					15
Houaphanh					4	3	7	42.9	16	13	29	44.8	13	6	19	31.6	55
Luang Namtha					4	2	6	33.3	7	2	9	22.2					15
Luang Prabang					4	2	6	33.3	12	6	18	33.3					24
Oudomxay					4	2	6	33.3	9	6	15	40.0					21
Phongsaly					6	0	6	-	7	2	9	22.2					15
Total	22	13	35	37.1	41	12	53	22.6	92	44	136	32.4	28	7	35	20.0	259
female staff: 29.07 %																	

Source: Human Resource Unit, June 2017

Annex 2: Result framework PRF III

Indicator Name Project Development Objectives (PDO)	Baseline	Cumulative Target Values					Comment
		YR1 2016	YR2 2017	YR3 2018	YR4 2019	End Target	
Direct project beneficiaries ¹ (Number) - (Core)	567,762	40,000	680,000	87,000	690,000	690,000	This represents beneficiaries from the last annual sub-grant PRF II, data of new villages from Cycle 14 (PRF III) taking from MIS in June 2017.
		695,663	778,521 ²				
Female beneficiaries (Percentage - Sub-Type: Supplemental) - (Core) Actual	53	50.00	50.00	50.00	50.00	50.00	As above
		49.8	50.25				
Ethnic Beneficiaries (Percentage - Sub-Type: Supplemental)	70	70	70.00	70.00	70.00	70.00	As above
		77.00	82.00 ³				
% of PRF beneficiary HHs reporting improved access to basic services (Percentage) ⁴	n/a					End targets set for	Data to be available before project closing through an endline impact evaluation

¹ The baseline value is the total number of villagers who have directly benefited from the PRF II at the time of PRF III appraisal. The Year 1 value includes villagers who would benefit from the last annual sub-grant cycle of the PRF II, in addition to those who would benefit from the first annual sub-grant cycle of PRF III.

² based on the number of population (82,858 people) in new villages that received PRFIII's support as total 162 out of 341 villages while 179 villages received PRF II and PRF III's support.

³ based on the number of ethnic population in villages received sub-projects in 2017 per total population.

⁴ Baseline values for the sub-indicators are the current level of access at the time of PRF III appraisal.

						each subproject type	conducted by a firm contracted by PRF, end of 2018
% of PRF beneficiary HHs with access to health services (Percentage - Sub-Type: Supplemental)	36.40				42.40	42.40	As above
% of PRF beneficiary HHs with access to safe water resources (Percentage - Sub-Type: Supplemental)	11.00				14	14	As above
% of PRF beneficiary HHs with access to all weather roads (Percentage - Sub-Type: Supplemental)	48.00				58.00	58.00	As above
% of PRF beneficiary HHs reporting improved quality of educational facilities (Percentage - Sub-Type: Supplemental)	45.00				60.00	60.00	As above

Intermediate Results Indicators

Indicator Name	Baseline 2015	Cumulative Target Values					End Target	Comments
		YR1 2016	YR2 2017	YR3 2018	YR4 2019			
% of total project value contributed by the community (Text)	11.00	8.00	7.00 ⁵				No target value set	Sub-project implementation not yet commenced
% HHs in PRF beneficiary villages voting for village priorities (Percentage)	60.00	70.00	75.00	75.00	75.00	75.00		From MIS in June 2017. It is new indicator of PRF III
		n/a	82.85					

⁵ Based on 349 sub-projects that got approval (NOL), data would be updated in annual progress report with updated data during actual implementation.

% of PRF Kumbans participating in DSEDP process promoting PRF KDPs and/or VDPs (Percentage)	0.00	50.00 n/a	70.00 71.20 ⁶	75.00	75.00	75.00	We based on data of pilot DSEDP districts, KDPs are included in annual DSEDP
% of sub-project activities of high technical quality (Percentage)	85.00	90 ⁷		85.00		85.00	Sub-project implementation not yet commenced; data to be available mid-term through survey conducted by a contracted firm in 2018 or by 6-12 months checklist.
% of households in PRF beneficiary villages satisfied with the participatory planning process supported by PRF III (Percentage)	75.00			80.00		80.00	As above/6-12 months checklist
% of PRF III sub-project prioritized by women (Percentage)	91.00	90.00 93.00	90.00 91.97 ⁸	90.00	90.00	90.00	From MIS in June 2017
% of PRF III sub-projects prioritized by ethnic group (Percentage)	70.00	70.00	70.00	70.00	70.00	70.00	As above, it is new indicator of PRF III

⁶ We used the data of KBPs in annual DSEDP implementation plan in the pilot districts that tested for DSEDP, we based on data of Sepone district where there is 152 priorities and 114 are included in DSEDP, Samneua district in Huaphan, there are 93 priorities and 73 are added in DSEDP, Phonesay district in Louanprabang there are 222 priorities and 143 are added in DSEDP, Beng district 40 priorities and in DSEDP 31. This Indicator = $(114+73+143+31)/(152+93+222+40) = 71.20\%$

⁷ Based on the finding of technical study in 2016, where 90 percent of sample sub-projects are good quality, 7 % are fair and 3 % are poor

⁸ This based on data of 349 sub-projects that entered to the system by June 7, 2017, as 87 sub-projects are prioritized by only women and 234 sub-projects are prioritized by both men and women, only man 28 sub-projects.

		n/a	80.02				
% of PRF built infrastructure in a functioning quality (Percentage)	80.00	80.00 98.5 ⁹	80.00	80.00	80.00	80.00	Data to be available mid-term through survey conducted by a contracted firm in 2018 or by 6-12 month checklist.
% of registered grievances that are addressed according to agreed procedures (Percentage)	90.00	90.00 95.00	90.00 90 ¹⁰	90.00	90.00	90.00	From MIS in June 2017
# of communities able to plan, implement and monitor their VDPs (Number)	1,124	1,300 1,349	1,400 1,511 ¹¹	1,450	1,450	1,450	Represents # of villages that have developed VDPs under Cycle 14
# and value of sub project activities implemented by types (Number)	1,426	1,750 1,931 ¹²	2,100 2,280 ¹³	2,450	2,800	2,800	From MIS in June 2017
# of individuals with livelihood investments using loans from SHGs (Number)	4,054	8,000 8,213	8,000 9,867	8,000	8,000	8,000	Data for Cycle 14 to be available from LN MIS in June 2017

⁹ Based on internal monitoring and follow with concerned sectors as well as data of PRFII's database at SPIM form.

¹⁰ We based on data Grievances submitted through hotlines and FRM, as well as issues raise by community during the meeting.

¹¹ For this indicator we based on the number of villages have received at least one sub-project, as same as we calculated in PRF II , For PRF III, there are 340 sub-projects located in 341 villages, there are 179 villages received PRFII and PRF III, and there are 162 new villages that received supported by PRF III.;therefore, we have 1349+162=1511villages.

¹² Based on last number of PRF II, there are 1931 sub-projects that got approved, and then we can add data of Cycle 14.

¹³ This is based on 349 sub-projects that we requested for NOL and proceeded procurement process.

% of SHGs with NPLs 4% and below ^[1]	60.00	60.00	70.00 51.00 ¹⁴	70.00	70.00	70.00	As above
Additional Indicator: % of poor and poorest villages have received at least one sub-project from PRF III	n/a	n/a	87.6 ¹⁵				New indicator of PRF III

¹⁴ Actually 49% is considered as delay payment (not NPLs) because those are still in contracted and activities are going on at villages that would take at least 3-6 month to pay back.

¹⁵ Based on data of 349 sub-project(s) located in 341 villages where 27 are poorest villages, 272 are poor villages, and 42 are relative poor villages, data may be updated in annual progress report.

Annex 3: Grievances under process of resolution

Location	Feedback	Description	Proposed solution
Thaphi village, KB Thaphi, Thapangthong district, Savannakhet	Communities have complaint on the delay in the implementation of cycle 14 which left them hesitated if sub projects will be supported and implemented	After the procurement, construction should be started as the rain season is approaching and it will further delay the implementation.	Since this is during rainy season, materials cannot be transported to the project site. However, other possible works have already started such as framing, foundation, level marking etc. while structuring woods which are a contribution of communities are also provided
Nonsivilay village, KB Kathong-tai, Thapangthong district, Savannakhet	Primary school construction, not yet started (cycle 14) - Communities have complaint on the delay which left them hesitated if sub projects will be supported and implemented	Contract was signed on 08/05/2017. Up till now (Reporting period) construction has not yet been started. PRF district will contact the contractor and make them start the construction very soon. However, this is a production season, the work will be delayed	After the PRF district contacted the company, the construction has now been started with 20% progress, for update information will detail in the next report.

Annex 4: Details of training activities

No.	Training topic	Objective	Period	Participants (Number and level)	Location
Engineering					
1	Sub-project inspection training	Training for Engineer student in Souphanouvong university	23-24 March 2017	55	Luangphrabang
2	Road Movement Group Training	providing skill to RMGs members to understand key work and responsibility of RMGs.	30/May-18 June 2017 6 -16 June 2017	123	Luangphrabang and Savannakhet
3	A Social and Environmental Safeguards Workshop	-			
4	Implementation training				
Monitoring and Evaluation					
1	Training on the use of PRF III MIS	<ul style="list-style-type: none"> Improve the ability and skill of M&E staff regarding data collection, data generating, data analysis, report writing and presentation 	28/11-01/12/2016	19	Vientiane Capital
2	Training on the use of forms, database and PRFIII Indicators for Luangnamtha, Oudomxay, Phongsaly and Luangprabang staff	<ul style="list-style-type: none"> Follow up on the implementation progress Present PRF III indicators 	15-22/02/2017	28	Luangnamtha, Oudomxay and Phongsaly
3	Orientation meeting on the implementation of PRF III for staff in Luangnamtha	<ul style="list-style-type: none"> Build awareness regarding social and environmental safeguard issues which is related to FRM Present PRF III implementation procedures 	30/03-04/04/2017	29	Luangnamtha
4	Orientation meeting on the implementation of PRF for PRF staff in Oudomxay, Phongsaly and Luangprabang	<ul style="list-style-type: none"> Present on the PRF III implementation procedures Review on forms, PRF III indicators, social and environmental safeguards, FRMs 	02-10/05/2017	61	Luangnamtha, Oudomxay, Phongsaly and Luangprabang
5	Training on the use of forms, database and PRFIII Indicators for Xiengkhouang and Huaphanh staff	<ul style="list-style-type: none"> Review on data entry Review on the data generating process and correctly generate data related to 	16-23/02/2017	32	Luangprabang, Xiengkhouang and Huaphanh

		indicators			
6	Training on the use of MIS for LN staff in Savannakhet	<ul style="list-style-type: none"> Improve understanding of staff regarding policy, forms, PRF III indicators and data. Ensure correct data entry. 	29/05-04/06/2017	17	Savannakhet
7	Capacity building for M&E staff, Six month review and strengthening for M&E staff.	<ul style="list-style-type: none"> Review on PRF principles and procedures Review on the use of MIS, what constraints are still exist Encourage understanding towards PRF indicators and how to generate data that response to the set indicators Review on the reporting skill as well as analytical skill 	26-30/06/2017	26	Vientiane Capital
Community Development					
1	Community Development staff training for PRF III,	<ul style="list-style-type: none"> related to planning and social safeguard 	1-3/2/2017	57 (14 are female)	Vientiane capital
2	Training for new CD staff at provincial and district level.	<ul style="list-style-type: none"> Related to CD work 	March and May 2017	23 (2 are female)	Oudomxay and Sekong
3	Organized meeting about participation planning manual for district local authority.	<ul style="list-style-type: none"> To introduce about PRF key activities and work 	29-31/5/2017	14 (2 are female)	Vientiane
4	Social safeguard training for 43 districts for Kumban facilitator	<ul style="list-style-type: none"> Related to social safeguard under PRF work 	March-May 2017		43 Districts
5	Organized meeting about participation planning manual for district local authority.	<ul style="list-style-type: none"> About how to use manual of participation planning 	29-31/5/2017	14	Vientiane
6	Join with MFI to organize meeting on DSEDP.	<ul style="list-style-type: none"> About how to have a single planning system in a district 	2/6/2017	70	Vientiane capital
Finance and Administration					
3	Training on the Community Procurement Process for PRF Provincial Procurement Officers	Training on procurement and financial regulation of PRF III	3 March, 2017	27 (10 are female)	Vientiane capital
	All PRF				
1	Orientation meeting with local authority				
2	Orientation with PAFO	<ul style="list-style-type: none"> Present on the PRF III 	March 2017	421 (128 are	10 targeted

		principles and implementation procedures		female)	provinces
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Annex 5: participants at orientation meeting PRF and PAFO

Province	Total Participant	PRF	Government	Community
Phongsaly	27	8	19	0
Luangnamtha	36	7	29	0
Oudomxay	42	8	34	0
Luangprabang	31	5	26	0
Huaphanh	38	5	32	0
Xiengkhuang	62	10	52	0
Savannakhet	72	42	30	0
Saravanh	41	20	21	0
Sekong	39	16	23	0
Attapue	33	18	15	0
Total	421	103	263	0

Source: M&E Division , June 2017

Annex 6: Identified environmental impacts and recovery actions Cycle XIII

N0	Identified impacts	Recovery proposal	Recovery action	Sub-project type	province
I	Earth excavation, Landslide and erosion on building				
1	Overflowing water on school playground when rainy	Community resolve	enlarge the water drain canal	Primary School	Oudomxay
2	there are the landslide at 3 locations and the culverts are blocked with soil 2 location	Community resolve	Community clear out the soil volume in impacted area and use the bamboo fence for land slide protection.	Rural access road improvement	Oudomxay
3	Some landslide flowed over a part of footpath at back of school near the high cutting	Community and teachers resolve	Soil volume eliminate out and Water drainage canal need	Primary School	Oudomxay
4	There is the waste water basin near the water reservoir cause of sort length overflow water pipe	Community resolve	Community extend the length of Overflow water pipe and drainage canal digging	Gravity fed water system renovation	Oudomxay
5	some landslide at many points	Community resolve	excavation the earth volume from the impacted area	Rural road renovation	Oudomxay
6	There is no water a few months and dirty tap platform	Community resolve	concentrate more in water sourced forest protection and Roof construction and Fencing around the Tap Platform.	Gavity fed water system construction	Luangnamtha
7	Some landslide cover a part of footpath on the back side cause of school locate in hill	Community and teachers resolve	Soil volume eliminate out and Water drainage canal need	Primary School	Luangnamtha

8	Back filled soil at the entrance road to Culvert pipe break down by the overflow water cause of obstrucal waste from flooding block water in culvert pipe.	Contractor/Community resolve	Retaining wall re-build by stone laying then soil back fill and Bio-engineering concentration by tree planting and grass laying	Culvert pipe	Luangnamtha
9	The school building located near high cutting	Contractor/Community resolve	The big trees keeping and new planting round building and Footing and retaining wall are deeper addition at the below side	Primary School	Luangnamtha
10	Land slice block water at the Drainage canel cause to leak and damage the raod surface	Community resolve	Soli volume remove out from drainage canal and refill and leveling at damage surface	Rural road	Luangnamtha
11	Waste water make the dirty around the tap platform	Community resolve	much more frequency in routine cleaning and fencing round the platform	Spring fed Gravity Water system	Luangnamtha
12	Land slice at the Bridge entrance road	Contractor resolve	Retaining wall made by boulder laying	Over flood Bridge	Phongsaly
13	Land slide next to Intake	Community resolve	Soil volume Removing and boulder laying as retaining wall.	Spring fed Gravity Water system	Phongsaly
14	Landslide block trafficking	Contractor resolve	Soil volume removing from road surface	Rural road construction	Phongsaly
15	Leakage water damage road surface	Contractor resolve	Drainage canel made by side the road	Rural road construction	Phongsaly
16	Waste materials from construction such as waste concrete from Concrete mixing place, Waste timbers, Cement bags...	Contractor resolve	Concrete mixing place removing and cleaning	Kindergarten school	Sekong
17	Waste materials from construction and Waste water in Tap platform.	Contractor/Community resolve	Waste water hole and drainage canal are needed and much more frequency of routine cleaning	Community Water supply renovation	Sekong
18	Waste materials from construction and Waste water in Tap platform.	Contractor/Community resolve	Waste water hole and drainage canal are needed and much more frequency of routine cleaning	Gravity fed water system construction	Sekong
19	Waste materials from construction and Waste water in Tap platform.	Contractor/Community resolve	Waste water hole and drainage canal are needed and much more frequency of routine cleaning	Drilled well	Sekong
20	Waste materials from construction, Waste water in Tap platform and Water resource forest at The Intake was damaged.	Contractor/Community resolve	Waste water hole and drainage canal are needed and much more frequency of routine cleaning and create conscience to community to know well the meaning of water resource forest.	Gravity fed water system construction	Sekong
22	Labor camp, Waste materials from construction such as waste concrete from Concrete mixing place, Waste timbers, Cement bags...	Contractor resolve	Contractor clear and clean out	Kindergarten school	Attapu

23	Waste materials from construction and Waste water in Tap platform.	Contractor/Community resolve	Waste water hole and drainage canal are needed and much more frequency of routine cleaning	Drilled well	Attapu
24	Oil leakage stain and waste from Labor camp	Contractor resolve	Contractor clear, clean out and keep waste from oil products in safe hole	Village area improvement	Attapu
25	Waste materials from construction, Waste water in Tap platform and Water resource forest at The Intake was damaged.	Contractor/Community resolve	Waste water hole and drainage canal are needed and much more frequency of routine cleaning and create conscience to community to know well the meaning of water resource forest.	Gavity fed water system construction	Attapu
26	Waste materials from construction such as waste concrete from Concrete mixing place, Waste timbers, Cement bags...	Contractor resolve	Contractor have to clean and clear before 100% inspection	Primary School	Savannakhet
27	Waste materials from constructions block water flowing	Contractor resolve	Contractor have to clean and clear before 100% inspection	Drift Bridge	Savannakhet
28	Waste materials from construction such as waste concrete from Concrete mixing place, Waste timbers, Cement bags...	Contractor resolve	Contractor have to clean and clear before 100% inspection	Primary School	Savannakhet
29	There is Waste water in the Tap platform	Community resolve	Fencing round the platform and gravel sow on the ground around the Tap platform	Spring fed Gravity Water system	Savannakhet
30	There is Waste water in the Tap platform	Community resolve	Fencing round the platform and gravel sow on the ground around the Tap platform	Spring fed Gravity Water system	Savannakhet
31	Water overflow on the school play ground	Community resolve	Drainage canal made by side of the school play ground	Primary school	Xiengkoung
32	Water overflow on the school play ground	Community resolve	Drainage canal made by side of the school play ground	Primary school	Xiengkoung
33	Land slice cover the irrigation ditch	Community resolve	Soil collapse removing	Irrigation Ditch	Huaphanh
34	Land slice near the Tank reservoir cause of community consumption	Community resolve	Soil back filled and Bamboo using for drainage pipe 8 meter long	Spring fed Gravity Water system	Huaphanh
35	Land slice cover the irrigation ditch	Community resolve	Soil collapse removing	Irrigation Ditch	Huaphanh
36	Land slice block the trafficking and water leaking damage the road surface	Community resolve	Soil volume removing and back filled in damaged surface	Rural road	Huaphanh
37	Small land slice cover a part of footpath on the back side cause of school locate in hill	Community and teachers resolve	Soil volume eliminate out and Water drainage canal need	Primary School	Huaphanh

38	Small land slice cover a part of footpath on the back side cause of school locate in hill and there is small water flow out from steep hill at back of school	Community and teachers resolve	Soil volume eliminate out and Water drainage canal need	Primary School	Huaphanh
39	Landslide block water in side drainage	Community resolve	Soil volume removing and back filled in damaged surface	Rural road	Luangphabang
40	Landslide block water in side drainage	Community resolve	Soil volume removing and back filled in damaged surface	Rural road	Luangphabang
41	Land slide near pipe culvert	Community resolve	Soil back filled and Grass laying in impact point	Bridge and culvert	Salavan
42	Land slide down to paddy field	Contractor/Community resolve	Soil volume removing in impact area	Rural Road	Salavan
43	Some smell from waste water in tap platform	Community resolve	Waste water hole and drainage needed frequency of routine cleaning	Spring fed Gravity Water system	Salavan

Source: Engineering Division, June 2017

Annex 7 a: Summary of participants of TOT on Social Safeguards

No	Province	#District	Participants		Ethnic Names
			Total	Women	
1	Houaphan	8	139	82	Mong, Kum-Mou, Lao, Thaidam, Thaideang
2	Xiengkhouang	3	51	33	Mong, Kum-Mou, Laom, Thaidam, Phor
3	Louangnamtha	3	32	18	Kum-Mou, Mong, Lao, Kor, Lamed
4	Louangprabang	6	108	65	Lao, Kum-mou, Mong
5	Oudomxai	6	96	60	Kum-Mou, Mong, Leu, Lao
6	Phongsaly	3	59	35	Kum-Mou, Phou noi, Arkha, Kor, Thaidam, Loma.
7	Saravanh	3	38	19	Palor, Katang, Ta-oy
8	Savannakhet	5	125	66	Ta-oy, Mangkong, Palor, trii, Phouthai
9	Sekong	3	47	26	Parlor, Talieng, Krieng, Lao, Katou, Lao, Taoy
10	Attapeu	3	32	17	Talieng, Alack, Ouy, Yrou, Blao
10 Provinces		43	727	421	58% is women

Sources: PRF at Provincial levels, June 2017

Annex 7 b: Number of PRF Kumban Facilitator in 2017

Provinces/Districts	Sum of #KB	#KBF	KBF Male	KBF Female
Attapeu	12	36	14	22
Phouvong District	3	9	4	5
Sanamxay District	5	15	5	10
Sanxay District	4	12	5	7
Huaphanh	50	150	64	86

Huameuang District	8	24	8	16
Huim District	4	12	5	7
Kuane District	9	27	13	14
Sone District	5	15	6	9
Viengxay District	5	15	5	10
Xamneua District	7	21	10	11
Xamtay District	7	21	9	12
Xiengkhor District	5	15	8	7
Luangnamtha	12	36	16	20
Long District	4	12	5	7
Nalae District	4	12	5	7
Viengphoukha District	4	12	6	6
Luangprabang	38	114	50	64
Nambak District	4	12	6	6
Pak xeng District	8	24	12	12
Phonthong District	5	15	6	9
Phonxay District	8	24	12	12
Phoukhoun District	5	15	5	10
Viengkham District	8	24	9	15
Oudomxay	34	102	45	57
Beng District	3	9	3	6
Hoon District	8	24	10	14
La District	4	12	5	7
Namor District	5	15	7	8
Nga District	7	21	12	9
Pakbeng District	7	21	8	13
Phongsaly	22	66	34	32
Khua District	6	18	9	9
May District	8	24	11	13
Samphanh District	8	24	14	10
Saravane	14	42	20	22
Samuoi District	4	12	5	7
Ta oi District	5	15	6	9
Toomlarn District	5	15	9	6
Savannakhet	43	129	54	75
Atsaphone District	9	27	14	13
Nong District	9	27	10	17
Phine District	7	21	8	13
Sepone District	12	36	13	23
Thapangthong District	6	18	9	9
Sekong	19	57	26	31
Dakcheung District	8	24	11	13
Kaleum District	7	21	10	11

Lamarm District	4	12	5	7
Xiengkhuang	19	57	26	31
Khoune District	5	15	8	7
Morkmay District	5	15	6	9
Nonghed District	9	27	12	15
Total	263	789	349	440
				55.77%

Source: PRF MIS database, June 2017

Annex 8: IEC material production

No	Content	unit	number	remark
1	poster on operation and maintenance	sheet	2,208	
2	manual on training pre-implementation of building	book	969	
3	manual on training pre-implementation of irrigation	book	144	
4	manual on training pre-implementation of bridge	book	240	
5	manual on training pre-implementation of road	book	401	
6	manual on training pre-implementation of culvert	book	253	
7	manual on training pre-implementation of gravity fed water system	book	663	
8	manual on training pre-implementation of drilled well	book	241	
9	manual on training of maintenance and renovation of builds	book	997	
10	manual on training of maintenance and renovation of irrigation	book	172	
11	manual on training of maintenance and renovation of bridge, road, culvert	book	1,973	
12	manual on training of maintenance and renovation of gravity fed water system	book	654	
13	manual on training of maintenance and renovation of drilled well	book	252	
14	Report book for year 2016 (English version)	book	200	

Source: CD Division, June 2017

Annex 9: Recommendations after audit and follow up action

Item	Description	Outstanding recommendations	Recommendations in period	Recommendations closed	Recommendations for follow up
1	LN National Level	10	11	8	13

2	FA Division	12	2	4	10
3	Procurement unit	-	2	-	2
4	Engineering division	-	2	-	2
5	PRF-Oudomxay	9	7	1	14
6	PRF-Attapeu	7	7	1	14
7	PRF-Saravanh	7	6	2	11
8	PRF-Luangnamtha	14	-	-	14
9	PRF-Phongsaly	15	-	-	15
10	Special audit				
11	CD division				
12	PRF-Savannakhet	11			11
13	LN-Savannakhet	9			9
14	HR Unit				
15	PRF-Luangprabang	12			12
16	PRF-Xiengkhouang	9			9
17	ME division				
18	PRF-Sekong	15			10
19	PRF-Huaphanh	10			10
20	LN-Huaphanh	2			2
21	Special audit				
	Total	142	37	21	158

Annex 10 - Partial Implementation Support Mission to Poverty Reduction Fund III

Mission and Agreed Actions:

Planning:

The District Office of Planning raised concern over multiple overlapping planning exercises carried out with support from various projects in the same villages as those covered by PRF.

Following action:

The single DSEDP^[1] to be made in line with the new local planning guideline could help the district with improved coordination and synergy among all ongoing and proposed public and private investments and support for the local development (on-going)

Sub-project implementation timeline:

It was agreed that from Cycle XV, the implementation of PRFIII subprojects could start early and be completed before rainy-paddy cultivation season due to the better accessibility and availability of villagers to participate in the project

Following action:

Review Cycle 15 implementation timeline (done already during the meeting with PC)

Sub-project quality and monitoring:

The work was undertaken by a local contractor using skilled labors (builders) from Vietnam (how can VIT communicate with them? This is the case that would further discuss more)

The mission was reported by the VIT on two major technical defects found in the school structure being built. Two concrete poles were about 5-10 cm lower than the roof beams and concrete side beams for all window frames installed on the opposite side of the entry (see pictures) were missing

The mission took a look at the construction monitoring logbook and found that the above technical issues were not clearly documented and written in the wrong column

Following action:

The mission recommended the PRF engineers to conduct a joint inspection of the school building and identify effective measures against the contractor accordingly. The next payment shall be withheld until the above pointed out defects have been rectified. Closer supervision by the district engineer to the civil work performed by the Vietnamese builders is necessary (need follow up from TA division)

Feedback and resolution Mechanism:

The VIT and villagers met did not seem to be aware of the Feedback and Resolution Mechanism (FRM) and the hotline 161 required to be established in all target villages.

Following action:

PRF CD staff was also recommended to revisit the village to explain and help the village reconstitute the FRM (need follow up from CD division)

Livelihood Linked Nutrition

With unclear strategy and limited capacity, it is unlikely that the concerned district agencies will be able to fully take over and continue to provide the same level of support for the LN program initiatives as that given by PRF after the project's withdrawal. There are two NGOs, i.e. World Vision and Normay currently working in this area. The PRF teams are encouraged to continue their partnership with these NGOs and other development projects in order to improve the investment synergy where feasible.

Enabling the SHGs and the village institutions to sustain their LN activities on their own is believed to be the most pragmatic and sustainable exit strategies for LN program in Thapangthong at this stage.

Following action:

The PRF teams should discuss and assess the situation of all SHGs and the LN program as a whole. The results of the review will inform discussions about possible need for budget and resource re-allocation or mobilization during the PRFIII Mid-Term Review Mission (March, 2018). (need follow up from LN Unit)

List of eligible sub-projects

It was suggested that VMC should be one of the eligible expenses under PRFIII, if justifiable and should not be included in the negative list of subprojects because of multiple purposes and cost-benefit from this community facility.

Payment of unskilled labor

This mission also stated that verbally issues related to the payment of unskilled labor within the village and unclear boundary related to the community contribution.

Following action:

Revise the monitoring of the community contribution to ensure that after the community contribution has been fulfilled, community labors are paid by the sub-contractor (need follow up from TA division)

Annex 11: Annual budget planned for fiscal year 2017

Components	Description	Budget
Component1:	Community Development Grants	<u>12,353,986</u>
1.1	Sub-grants	11,176,000
1.2	Kum Ban Planning	1,177,986
Component2:	Local & Community Development Capacity building	<u>2,215,101</u>
2.1	Capacity building	1,033,011
2.2	Assessments and Developmental Activities	398,090
2.3	Sub-Grant Monitoring	601,000
2.4	WSP Local capacity building	50,000
2.5	Innovative Fund	133,000
Component3:	Project Management	<u>2,831,793</u>
3.01	PRF staff Salary	2,253,793
3.02	Equipment	200,000
3.03	Works	30,000
3.04	External Audit & Internal Audit	69,000
3.05	Incremental Operating Costs	279,000
Component4:	Livelihood & Nutrition Project	250,161
Contingencies:		103,000
Total:		<u>17,754,041</u>

Source: PRF FA Division, 31 May 2017

Annex 12: Achievements, issues found and solving method

Main areas	Issue	Impact	Resolution
Quality of the sub-projects	<p>1. The subprojects dimension was less than in the drawing. Mistakes were found in all ten provinces: The engineer are marking the building dimension from center to center of the post but the labor and skill labor understood that the dimension of the building is from edge to edge of the post.</p> <p>2. The quality of the construction material contributed by the community is poor (gravel and sand have to be good and clean from rubbish or contaminated by soil).</p>	<p>1. The community is unhappy with dimension of the building (width less than 10 cm and length less than 20 cm).</p> <p>2. Poor construction material made low compressive strength of the concrete and therefore building life expectancy shorter.</p>	<p>1. Engineering division revised the standard drawing with consultant on the technique on coding in the drawing. This issue will be raised and discussed during the engineer annual meeting.</p> <p>2. The quality of the material contributed by the community for the construction should be checked. If the quality is not good, then the community should contribute in other way so that amount of the contribution commitment can be fulfilled (more labor contribution, Wood for supporting the frame work, etc.)</p>
the community labor payment by contractor	The community provides labor during construction and does not get paid by the contractor. The understanding of the contractor is that the labor is free of charge	After construction completed, the community ask for the payment to PRF and complained about the PRF	Inform villagers on the community contribution and mention it in the contract documents. Ensure that the contractors is aware of community contribution commitment and modalities
Community contribution overcharged	The contractor asking payment for the material that is contributed by the community.	The community complained to the PRF as they have contributed more than planned	Stricter monitoring of the community contribution and notice to the district that the contractors have to pay back to community for the cost of materials contributed by the community. Use district authority's assistance if needed.
Sub-projects cancelled after approval	After subproject approval from donors, some subprojects have been changed as they will be supported by the Government or other development partners	Time and budget waste on the sub-project survey and design	Improve coordination with local authorities and concerned sector to ensure no overlapping
Sub-projects supported by the Government	Sub-projects list for a total amount of US\$ 6 million have to be submitted this year for GOL approval. Therefore, the engineering team has had to survey and design 160 sub-projects with a very limited time while having to also submit the list of subprojects under IDA fund.	The PRF engineers were overloaded with work, creating delays for the other activities such as sub-projects implementation follow up.	<p>1. The national office will assist in survey and design for critical subproject or non-standard subprojects.</p> <p>2. Ask the Engineer student to assist in survey and design</p> <p>3. Ask concerned sector at district level to also assist</p>

Source: Engineering Division, June 2017

Annex 13: Mou and Workplan with Nakai District authorities

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the “**MoU**”) is entered into between:

The Nakai District Authorities, represented herein by its Vice-District Governor, Mr. Thonekeo Chanthavong; and

THE Poverty Reduction Fund (phase III), a project under the Ministry of Agriculture and Forestry, supported by the World Bank and the Swiss Agency for Development Cooperation, represented herein by Mr. Sengphet Vannavong (“**PRF**”).

(Each a “**Party**” and, jointly, the “**Parties**”).

NOW THEREFORE, the Parties agree as follows:

ARTICLE 1 – Purpose of the MoU

1.1 This MoU establishes the collaborative framework between the Parties for cooperating in the following areas of mutual interest:

- (a) Discussions on planning methods in order to prepare a participatory planning manual tailored to the specific context of the resettled villages and based on existing process and procedures as well as MPI participatory planning manual;
- (b) Training and other capacity building activities aimed at improving knowledge and capacity related to planning at the village and district levels (District Planning and Coordination Meeting);
- (c) Update VDP for 4 hamlets/2 villages and the District Socio-Economic Plan based on the updated VDP; and
- (d) Discussions on other areas of collaboration that the Parties may identify from time to time.

1.2 As part of the activities identified by the Parties under this MoU, PRF will provide the Nakai District Authorities with experts / speakers / trainers, who will participate in the guidance and formulation of the planning manual, training and other capacity building activities as well as hamlet and village planning review in two villages, as further described in Annex A.

1.3 The collaboration among the Parties hereunder is non-exclusive. This MoU does not preclude any of the Parties from collaborating with other organizations in implementing, or conducting, other activities related to the collaboration set forth in this Article.

ARTICLE 2 – Financial Arrangements

2.1 Subject to Article 1.2 above, the PRF and the two parties will agree on the budget amount to support the activities covered by this MoU. The total budget required will be sent to NT2 for consideration and approval. Any disbursement of the budget related to the activities covered by this MoU will follow the NT2 financial processes and procedures.

2.2 This MoU does not represent any commitment with regard to funding on the part of either Party, except for the provision set forth in Article 1.2 above. Any further commitment shall be reflected in a written separate agreement that may be entered into by the Parties at a later date.

ARTICLE 3 - Duration, Termination, Amendment

- 3.1 This MoU enters into force upon signature of the last of the Parties, and will expire on July 25, 2018, unless terminated earlier in accordance with Article 3.2.
- 3.2 Any of the Parties may terminate this MoU at any time and for any reason with 30 (thirty) days written notice to the other Party, or upon mutual consent of both Parties.
- 3.3 In the event of termination of this MoU, the Parties shall take immediate steps to bring the performance of any obligations under this MoU and under any arrangement related to the implementation of the activities hereunder, to a close, in a prompt and orderly manner, and in doing so, reduce expenses to a minimum.
- 3.4 This MoU may be extended, supplemented, or otherwise amended, by written agreement of duly authorized representatives of each Party.

ARTICLE 4 - Independence and Liability of the Parties

- 4.1 Nothing in this MoU, or any document entered into in connection with this MoU, shall be deemed to create any joint venture, joint liability partnership, association or company of any sort between the Parties, nor shall any Party be deemed an agent of the other.
- 4.2 Each Party will be responsible for dealing with any casualty incurred by its own staff in the performance of this MoU, including loss of or damage to property, personal injury, disability, kidnapping, death, or any other hazard. Furthermore, each Party will deal with any claim by third parties in relation to loss of or damage to property, personal injury, disability, death, or any other damage caused by its actions or omissions or the actions or omissions of any of employee, agent or subcontractor thereof, in the performance of this MoU.

ARTICLE 5 - Confidentiality

Each Party shall maintain the confidentiality of any non-public information pertaining to, or provided by, the other Party hereunder, including information relating to any activities governed by this MoU, and shall use such information only for purposes of this MoU. The confidentiality obligations of this Article shall survive any termination or expiration of this MoU.

ARTICLE 6 – Intellectual Property Rights

Each Party shall retain the intellectual property rights in all materials, publications, images, and texts which that Party introduces to the other Party during the collaboration foreseen under this MoU. The ownership of the intellectual property rights in any materials, publications, images, and text resulting from joint activities by the Parties under the terms of this MoU shall be owned by the Nakai District Authorities.

ARTICLE 7 - Communications, Emblems, Names, and Logos

- 7.1 Neither Party shall issue press releases or other public statements about their collaboration hereunder without the express prior written approval of the other Party. These obligations do not lapse upon termination of this MoU.
- 7.2 Neither Party shall use the emblems, name or logo of the other Party, its affiliates, and or authorized agents, or any abbreviation thereof, in publications and documents produced by the Parties, without the express prior written approval of the other Party in each case.

ARTICLE 8 - Notices

All notice or communication under this MoU shall be made in writing, and may be served by registered post, facsimile or email, to the following addresses:

If to Nakai District Authorities:

Name: Mr. Thonekeo Chanthavong
Title: Vice-District Governor

Address: [•]
Email: [•]
Telephone: [•]
Fax: [•]

If to PRF:

Name: Sengphet Vannavong
Title: Head of the Community Development Division
Address: Poverty Reduction Fund
Email: sengphet@prflaos.org
Telephone: 020-55605344
Fax: 021-261481

ARTICLE 9 - Force Majeure

Neither Party shall be liable to the other for any delay or non-performance of its obligations under this MoU due to any event or circumstance that is beyond the reasonable control of a Party including, without limitation, fire, flood, earthquake, elements of nature, acts or regulations of government bodies, court orders, acts of war, terrorism, riots, civil disorders, rebellions or revolutions (a “**Force Majeure Event**”). Should a Party deem that a Force Majeure Event is likely to cause delay or non-performance of its obligations under this MoU, that Party shall promptly notify the other Party in writing of the cause, its likely duration and its effect on the performance of the affected Party’s obligations. The Parties shall negotiate with a view to limiting as far as possible the potential effect of the Force Majeure Event on the capacity of the Parties to fulfil their obligations under this MoU. If no solution can be found within thirty (30) calendar days from the affected Party’s notification, either Party may either (a) suspend this MoU in whole or in part for the duration of the Force Majeure Event, or (b) terminate this MoU with immediate effect.

ARTICLE 10 - Governing Law

This MoU, and any document entered into in connection with this MoU, and any dispute arising hereof shall be exclusively governed by Lao accepted general principles of law and by the terms of this Agreement.

This MoU is executed on the last date noted below by duly authorized representatives of the Parties:

Nakai District Authorities:

For Poverty Reduction Fund (Phase III):

Name: Mr. Thonekeo Chanthavong
Title: Vice-District Governor

Date: _____

Name: Sengphet Vannavong
Title: Head of the Community Development Division

Date: _____

ANNEX A

Overall tentative Schedule

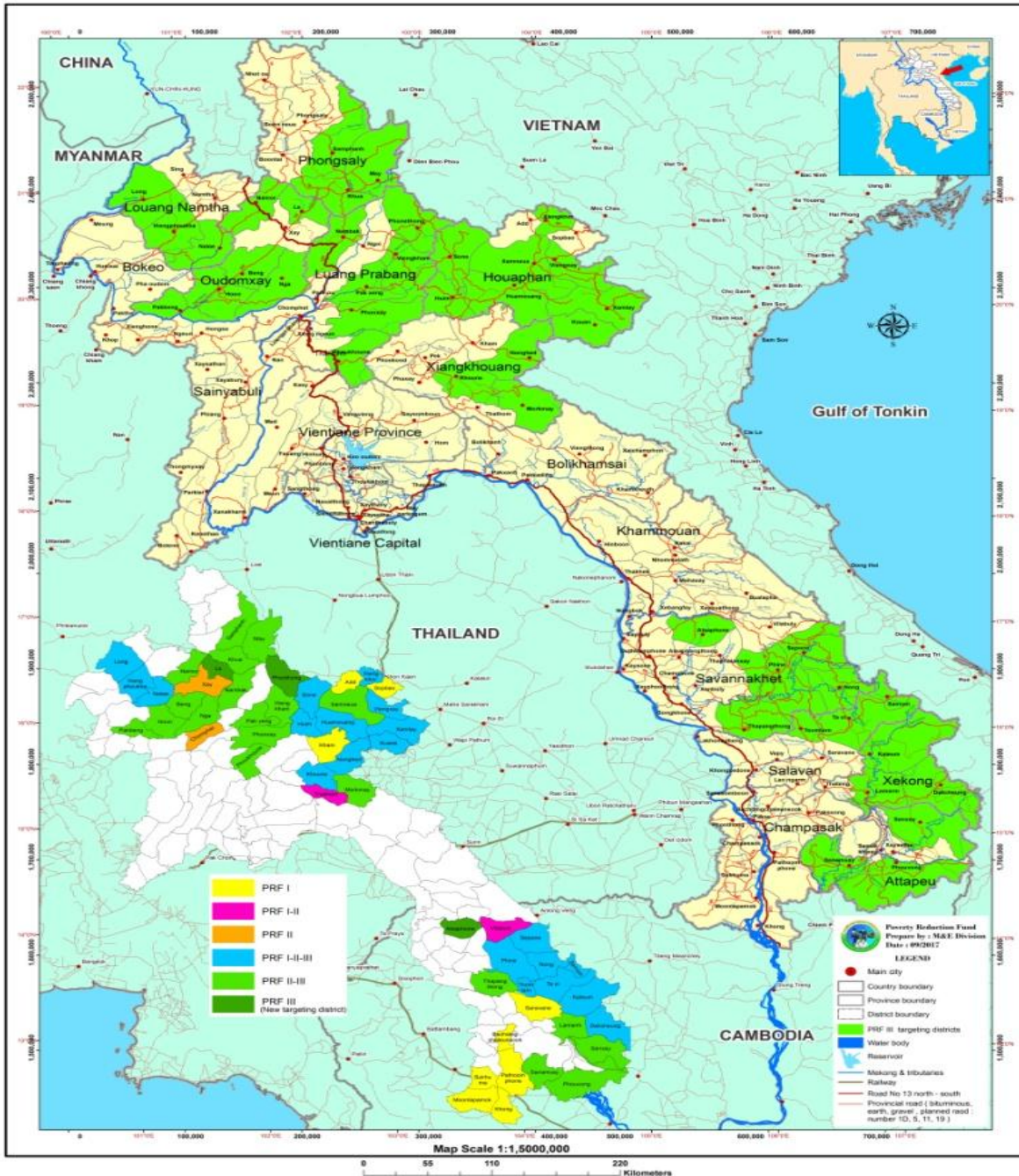
	May-17				Jun-17				Jul-17				Aug-17			
	w1	w2	w3	w4	w1	w2	w3	w4	w1	w2	w3	w4	w1	w2	w3	w4
1. Proposal sent to district authorities for consideration		■														
2. Proposal approved and consultation team set up			■													
3. Planning manual preparation session				■												
4. TOT (district staff and village facilitators)											■					
5. hamlet Orientation meeting										■						
6. Village Development Plan												■	■			
7. Workshop on lessons learned												■	■			
8. District Planning and Coordination Meeting for VDP endorsement																■
9. Village Report Back and Validation Meeting																■
10. Incorporation of VDPS to the DSEDP																

Tentative Schedule training facilitators, VDP and District Planning and Endorsement Meeting

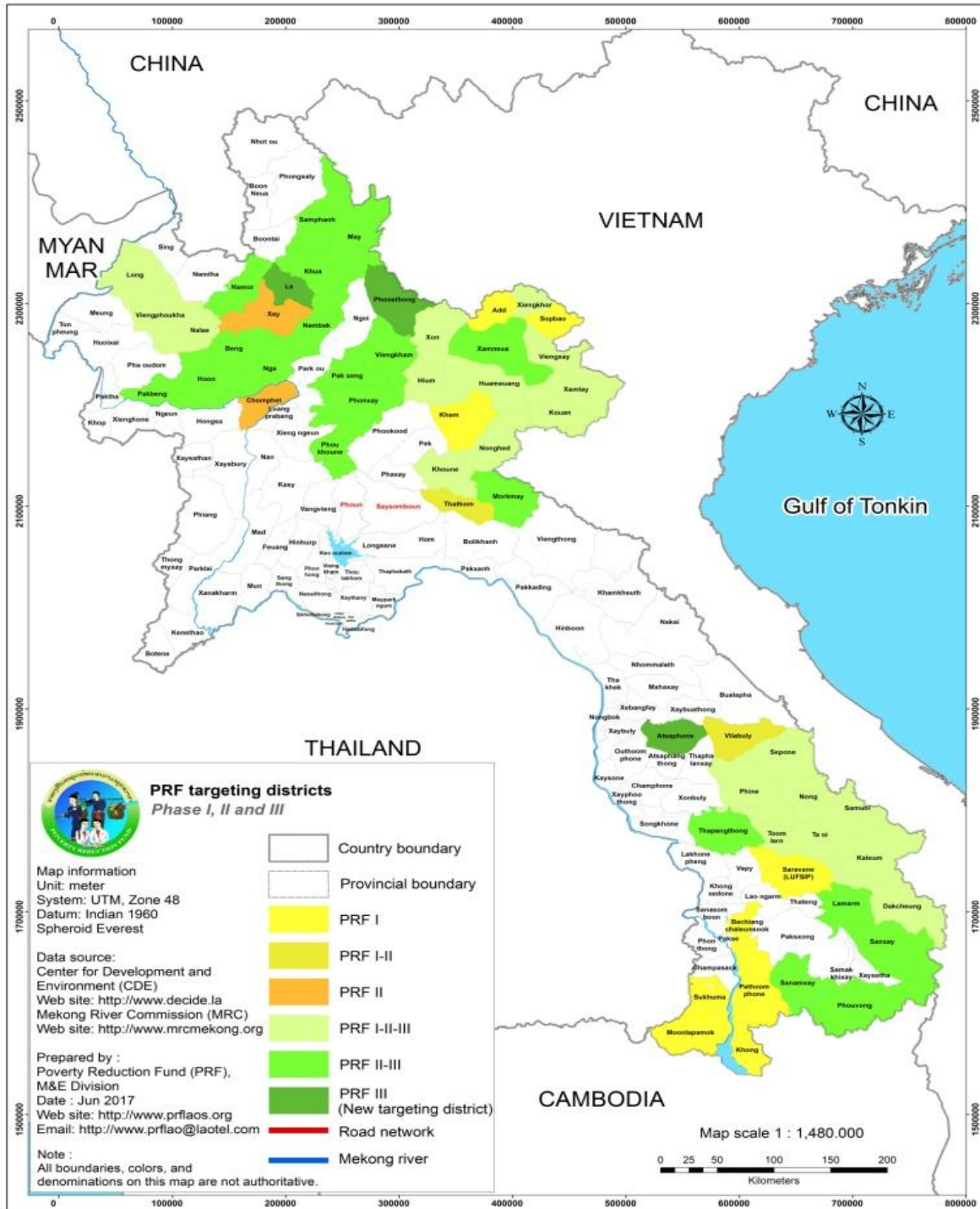
	Jul-17											Aug-17																													
	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28		
Mr. Sengphet Vannavong			1	1	1	1	1	1	1	1																	1	1	1												
Mr. Julien Rossard			1	1	1	1	1	1	1	1																	1	1	1												
Mr. Phouvieng Bounmysay																																									
Mr. Sinenakhone Inthilath		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Mr. Khamphane Sidaving		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Mr. Souklakhone	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Mr. Sonexay		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Transportation training / meeting		■																																							

Annex 13: Sample of PRFIII maps

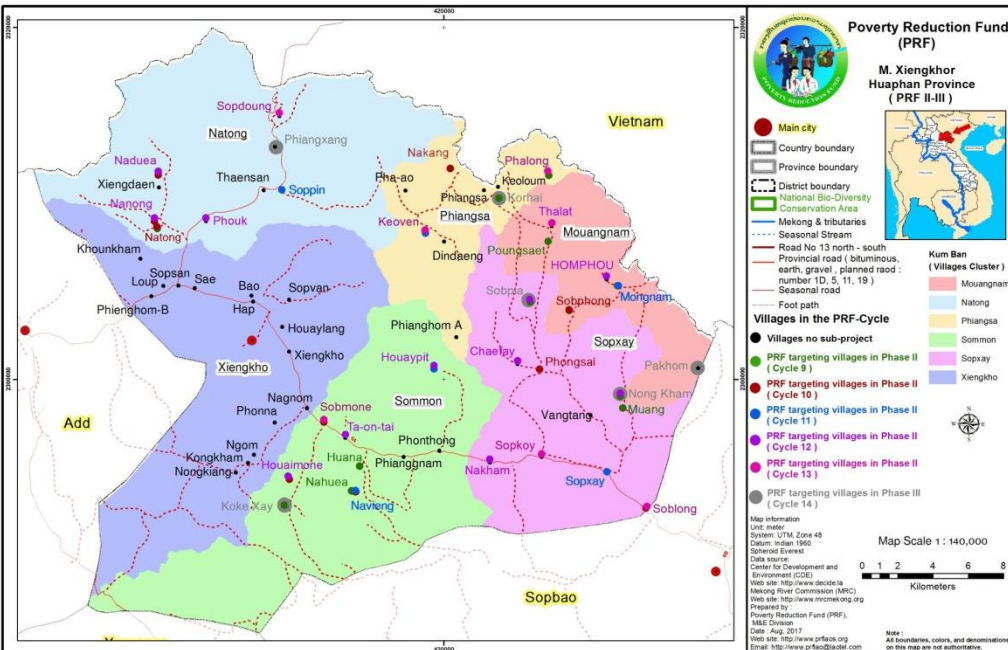
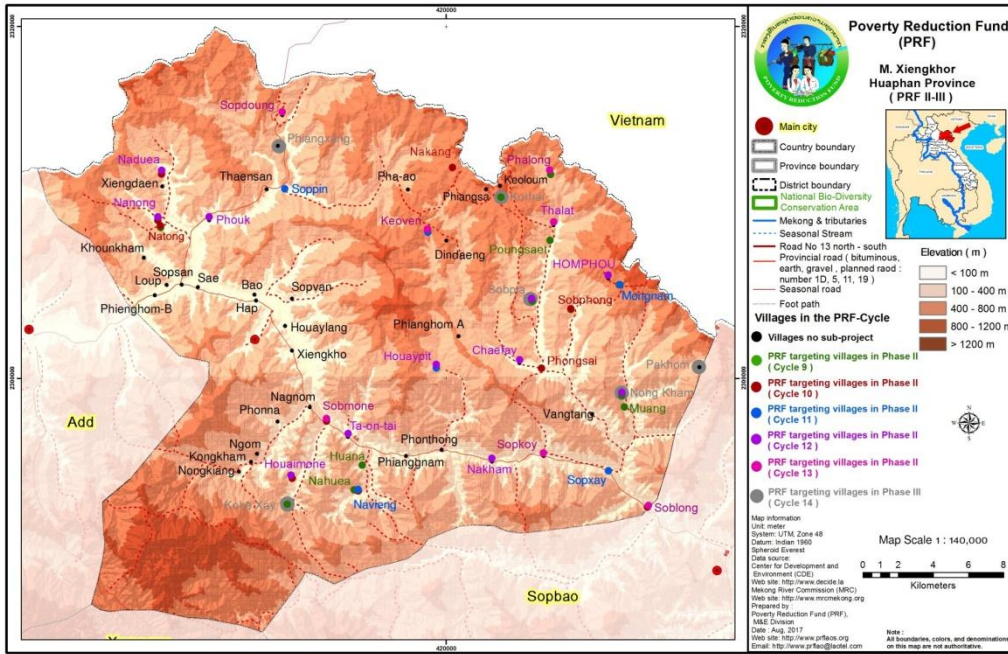
Below are 4 types of maps sample maps for year 2017 (1. PRF III' s targeting districts , 2. Map shows PRF I-II-III targeting districts, 3. Elevation map shows PRF II cycle 9-13 and PRF III cycle 14, 4. Kumban map . Map 1 show in the PRF's meetingroom



Map 2 is electronic file



Map 3 shows elevation of the Area with PRF II cycle



Map 4 show the kumban area with PRF II cycle 9-13 and PRF III cycle 14

PREFIII INNOVATIVE FUND COOKSTOVE INITIATIVE PROPOSAL

1. BACKGROUND

Although Lao PDR is 91% electrified, 96% of the population still uses solid biomass for cooking and heating. This results in high consumption of fuel wood and charcoal, which contributes to the country's total greenhouse gas (GHG) emissions. In addition, household air pollution (HAP) from cooking over open fires or on crude wood-burning cook stoves is also the top health-risk factor in Lao PDR (surpassing HIV/AIDS and Malaria). Indoor air pollution remains a major issue in the country ranking number one in causing lost healthy life years or Disability Adjusted Life Years (DALYs) at 223,000 years of life lost (YLLs); this ranks above even smoking, and has a major impact on GDP (measured at roughly USD 250.4 million or 3.5 percent of GDP in 2010). Since women and children spend most time in the kitchen cooking, they are at highest risk. In addition, there are several health-related practices in the post-partum period that cause early exposure to particulate matter (PM_{2.5}), which is the primary source of emission causing respiratory diseases. New evidence now also links HAP exposure and adverse pregnancy outcomes such as altered lung growth and neurodevelopmental performance in newborns of HAP-exposed mothers. Babies born by women exposed to biomass fuel have significantly lower birth weights than babies from women exposed to cleaner fuels.

To cope with these issues, the World Bank has been supporting the Lao PDR Government with the Clean Stove Initiative (CSI) since 2012. The program aims to scale up access to modern cooking and heating solutions, particularly focusing on poor and rural households who are more likely to continue using solid fuels to meet their cooking and heating needs beyond 2030.

A lot of initiatives have already been set up in Lao PDR to promote clean cook stove. However, a lack of information of what constitutes good quality cook stoves and the absence of regulation that sets cook stove quality standards has resulted in a market saturated by primarily cheap and low-quality cook stoves. Though most improved cook stoves have been able to achieve a certain degree of improvement of energy efficiency and fuel and time savings (e.g., in Cambodia), they have not reduced the harmful health damage due to their low-quality.

The last generation of cook stove or advance biomass cook stoves (Tier 4) have shown a great potential in achieving a very high thermal efficiency (more than 45%) and very low emission of carbon monoxide (CO) and particulate matters (PM 2.5) in laboratory and test conditions. These advance biomass cook stove can be a great solution to reduce HAP, and save many lives, which are lost due to HAP. In order to access carbon credit and to create an impact at a large scale, The Ministry of Health, Ministry of Education and local stakeholders agreed that a minimum of 50,000 Tier 4 cook stoves should be put into use in the next 1.5-2 years. Under this project, private investors would pre-finance super-clean cook stoves, which will allow subsidizing cook stove prices to potential customers on the Lao market (based on a recent study, households in rural areas are eager to invest around US\$15 to purchase such super clean cook stove).

However, the technical performance of the cook stoves in laboratory or test conditions alone is not sufficient for the adoption and use of the biomass cook stoves. There are several other factors such as local cooking practices, household specific factors, fuel availability and use that affect the cook stove adoption. Hence, these cook stoves need to be assessed for their acceptance and adoption by households in Lao P.D.R.

Therefore, there is a need to conduct a Consumer Acceptance Trial (CAT). CAT is a very effective tool for understanding several factors that affect the cook stove adoption and predict the acceptance of a technology among selected consumer segments. This is also a great way to get contextual feedback on product features and performance for improving the product performance and acceptance.

2. OBJECTIVE OF THE TRIAL

In the above context, the Poverty Reduction Fund of Lao P.D.R. (PRF) will undertake a trial aiming at understanding the acceptance of Tier-4 cook stoves in Lao using comprehensive consumer acceptance study of Tier-4 cook stoves. This initiative will help in understanding the following:

- Tier-4 cook stoves and its capability to cook common Lao cuisines;
- Ease of use of Tier-4 cook stoves in Lao households;
- Training needs of users for proper use of the Tier-4 cook stoves;
- Other geographic and contextual factors that may affect the performance and acceptance of Tier-4 cook stoves.

3. STEPS FOR THE COOK STOVE TRIAL

Steps	Description	Responsibility	Timeline
1.Cook stove Procurement	The World Food Program will procure 50 ¹⁶ Tier-4 cook stoves (household stoves) for PRF, included associated parts and required after-sale services aspects.	PRF/WFP	Procurement: April 2017 Delivery: May 2017
2.Selection of the 2 villages for the trial	<p>The trial will be conducted in Houapanh province in two villages (Houameuang or Sone district) and a total of 40 households (around 20 households per village). The villages will be selected based on the following criteria:</p> <ul style="list-style-type: none"> • Villages that have already received PRF/Livelihood Linked Nutrition Initiative (possibly with VNC center) • Villages that will receive AFN project support (sustainability) • Villages with road access all year around • Villages close to the district center (no more than two hours by road) • Village with good unity and strong leadership 	PRF	May 2017
3.Contract with the selected firm	<p>The selected firm will provide the following services:</p> <ul style="list-style-type: none"> • Training and capacity building of Mining and Energy Office, Lao Women Union PRF staff, Kum ban Facilitators and Young Graduates; • Providing audio-visual training material for the trial; • Providing Tier-4 cook stove and fuel (biomass pellet) to participating households • Providing maintenance and other support services <p>The firm (Mimi Moto) will assign one of their cook stove specialist with extensive experience in training and setting cook stoves into rural</p>	PRF	June 2017

¹⁶ The World Food Program will also run a trial with community cook stove that will be tested in 50 schools as well as 50 Tier-4 cook stove. Therefore, it was agreed that it will be easier and cheaper to procure all the cook stove in once. Therefore, the WFP will take the lead in procuring and the PRF will pay them back for the 50 Tier-4 cook stove that will be used in PRF/AFN villages

	communities will come from Netherland to assist the PRF and build capacity of the stakeholders involved in the trial.		
4.Training of Government staff, PRF staff, KBF and Young Graduate	<p>The training will focus on the following:</p> <ul style="list-style-type: none"> • Using the Tier-4 cook stoves in the right way and understanding the key functions of different accessories and parts; • Maintenance and taking care of common repair needs (replacement of parts) of the Tier-4 cook stoves; • Training the Tier-4 cook stove users and providing them guidance on how to use the cook stove properly. <p>The firm will provide audio-visual/other forms of educational material for the following needs:</p> <ul style="list-style-type: none"> • Audio-visuals/posters for assembly of the Tier-4 cook stoves and how to use Tier-4 cook stoves; • Audio-visuals/posters for performing maintenance and repair of the Tier-4 cook stoves. 	Selected firm	August 2017
5.Awareness campaign	<p>The selected firm will organize an awareness campaign in the two selected villages with Government and PRF support in order to sensitize households about the risk of in-door air pollution and to select the households who are interested to be part of the trial on voluntary basis.</p> <p>The criteria for the selection of the households will be as follow:</p> <ul style="list-style-type: none"> • Priority will be given to poor households/vulnerable groups • Households who will be able to stay in their house during the trial period • Households who commit to use the Tier-4 cook stove on daily basis • Households who are SHG members • Households who are commit to train other households on the use of the Tier-4 cook stove <p>The firm will provide audio-visual/other forms of educational material (see step 4)</p>	PRF	August 2017

6. Baseline survey	The PRF will collect baseline data of the 40 households involved in the trial (see questionnaire in annex 1). The purpose is to collect data on existing fuel-use, cooking practices and other relevant factors to further get the nuanced understanding of key factors	PRF	August 2017
7. Training of the 40 households	<p>The training will focus on using the Tier-4 cook stoves in the right way and understanding the key functions of different accessories and parts. The training will be done by Mining & Energy representatives with support from the PRF. The firm will provide audio-visual/other forms of educational material (see step 4) The selected firm will provide the following to the households participating in the study:</p> <ul style="list-style-type: none"> • Biomass pellet based Tier-4 cook stoves along with all the necessary accessories that are required for using the cook stoves in non-electrified areas. • Supply of biomass pellets to the households for 6 months: The selected firm will provide biomass pellets, equivalent to six months of use (estimated consumption is in the range of 3-4 kgs per day per households) for each selected households. • Providing maintenance and other support services: The selected firm will ensure support and other services to the selected 40 households to ensure that the cook stoves are in working conditions for at least 12 months (10 additional cook stoves would be available so that cook stoves that need repair will be replaced until they are fixed so that households can continue to use Tier-4 cook stoves for cooking). 	PRF Selected Firm	August 2017
8. Consumer acceptance trial	The PRF will organize weekly visit of the 40 households in order to monitor cook stove use and feed-back from users during a period of 6 weeks (see questionnaire in annex 2). Data will be entered at the district level and sent to the central level for data quality checking. Qualitative and quantitative measures will be used to collect feedback on the performance acceptance and willingness to pay for the advance clean cook stove system (cook stoves and fuel).	PRF	September-October 2017

<p>9.Data analysis, report writing and dissemination</p>	<p>Analysis of the consumer acceptance trial data will be done to prepare a comprehensive report that can provide in-depth understanding of:</p> <ul style="list-style-type: none"> • Customer acceptance for advance biomass cook stove and its suitability to local practices • Willingness to pay for advance biomass cook stove and fuel. <p>Study outcomes will be shared with the Inter-Ministerial Clean Cook stove Taskforce and the CSI team.</p>	<p>CSI</p>	<p>End October 2017</p>
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4. COOK STOVE TRIAL IMPLEMENTATION TIMELINE

	May-17			Jun-17			Jul-17			Aug-17			Sep-17			Oct-17		
Steps																		
1.Cook stove Procurement																		
2.Selection of the 2 villages for the trial																		
3.Contract with the selected firm																		
4.Training of Government staff, PRF staff & volunteers																		
5.Awareness campaign																		
6.Baseline survey																		
7.Training of the 40 households																		
8.Consumer acceptance trial																		
9.Data analysis, report writing and dissemination																		

5. STAFF IN CHARGE OF THE COOK STOVE INITIATIVE

Name	Position	Responsibilities
Somsack	Head of LN Unit	Overall management of the cook stove initiative and more particularly Step 2, Step 4, step 7, step 9)
Youthavinh	Head of Procurement Unit	Procurement activities in coordination with WFP and more particularly Step 1 and Step 3
Mining and Energy Office and Lao Women Union with PRF support		Training of the households, monitoring and coordination with the selected firm for the repair of the cook stove during the trial (Step 5, Step 6, step 8)
Kum ban Facilitators and Young Graduate		Assist the Government counterpart

6. SUSTAINABILITY AFTER THE COOK STOVE TRIAL

The PRF will continue to support the households involved in the trial after the trial completion on two main aspects: Fuel supply (biomass pellet) for a period of 6 months (including the trial period) and cook stove repair for a period of 12 months (including the trial period) in order to ensure that these households can continue to use the Tier-4 cook stove. The aim is to maintain the momentum of using the cook stove until the private sector can take the relay in providing service after sale for the Tier-4 as well as biomass pellet availability. These two activities will be supported by the Agriculture For Nutrition Project (AFN). This project is able to support public-private investments (Target: (i) USD 0.9 million invested; (ii) Max USD 50.000 per co-investing enterprise/ cooperative, min 18 enterprises; (iii) At least 1800 households in the value chains). Therefore, they can support the production of bio-mass pellet locally (SHG) as well as the Tier-4 availability on the local market and service after sale (private sector). After the trial, if households are interested to buy the Tier-4 cook stove, they will be able to access credit through the Village Development Fund (the cost of a Tier-4 cook stove will be around US\$15 in rural areas). The 40 households involved in the trial will be used to teach other households how to use the Tier-4 to others in their village.

Based on the success of introducing Tier-4 cook stove in Laos, the PRF may be the agency responsible to raise awareness of the in-door pollution risks in the villages covered by the project. This step will be done before the village development plan review so that Government and other projects working on super clean cook stove introduction will be aware of this priority.

7. COOK STOVE TRIAL BUDGET

Cost item	Unit	Unit cost	# Units	Cost
Tier-4 cook stove	Cook stove	\$100	50	\$5,000
Fuel (Biomass pellet)	Kilogram	\$0.4	14,400	\$5,040
Sub-total cook stove and fuel				\$10,040
Cook stove maintenance	Cook stove	\$20	40	\$800
Sub-total cook stove maintenance				\$800
Training PRF staff, Volunteers	Training	\$2,500	1	\$2,500
Training 40 households	Training	\$1,000	1	\$1,000
Audio-visual/Educational Material	Set	\$200	2	\$400
Translation Audio-visual/E.M in Lao	Set	\$200	2	\$400
Sub-total training				\$4,300
Awareness campaign	Days	\$83	5	\$413
Baseline survey	Days	\$95	8	\$756
Monitoring	Days	\$104	24	\$2,503
Sub-total field activities				\$3,672
International consultant fees	Days	\$450	10	\$4,500
International airfares	Trips	\$1,000	1	\$1,000
Domestic airfares	Trips	\$200	1	\$200
Per diems	Days	\$120	10	\$1,200
Sub-total consultancy firm				\$6,900
GRAND TOTAL				\$25,712