



Government of Lao PDR



GOVERNMENT OF LAO PEOPLE'S DEMOCRATIC REPUBLIC
UNITED NATIONS DEVELOPMENT PROGRAMME
UNITED NATIONS CAPITAL DEVELOPMENT FUND

UNDAF Outcome(s)/Indicator(s):

- Deepening Participation and Broadening Partnerships
- Building Institutional and Administrative Capacity

Expected Outcome(s)/Indicator (s):

- Improved local level provision of public goods and services in Saravan Province

Expected Output(s)/Indicator(s):

- Procedures for inclusive and pro-poor planning and budgeting of local public service delivery are established and applied
- Transparent and effective procedures for sustainable production/delivery of public services are established and applied
- Financing and financial management of local public service provision are improved
- Provincial and district administrative organisations are rationalised/rightsized on the basis of clearly defined mandates
- HRM procedures and practices (and selected individual capacities) are improved
- National policies on decentralisation, public administration reform and poverty reduction are informed by Saravan experience

Implementing partner: Office of the Governor of Saravan Province


Other Partners: PACSA/PMO, FPD/MOF and GPD/CPI

<p>Programme Period: Q4/2004 - 2009</p> <p>Programme Components:</p> <ul style="list-style-type: none"> • Policy support for good governance • Decentralisation, local governance and urban/rural development • Public administration reform and anti-corruption <p>Project Title: Saravan Governance, Public Administration Reform and Decentralised Service Delivery</p> <p>Project ID: UNDP: UNCDF: 00032148, LAO/03/C01</p> <p>Project Duration: 5 years</p> <p>Management Arrangement: Implementation by the Office of the Governor of Saravane Province in accordance with NEX procedures</p>	<p>Budget: US\$ 3,178,040</p> <p>General Management Support Fee: US\$ 50,000</p> <p>Total Budget: US\$ 3,178,040</p> <p>Allocated resources:</p> <ul style="list-style-type: none"> • Government (in kind) • Regular (TRAC): US\$ 150,000 • Other: UNCDF US\$ 1,999,410 Donor (EU) Euro 650,000*
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* Subject to approval from Brussels. Otherwise UNDP will contribute the remaining amount.

On behalf of : _____ Signature _____ Date _____ Name/Title _____

Agreed by (Government):  _____ Dr. Phankham Viphavanh
Chief of Cabinet, PMO

Agreed by (UNDP/UNCDF):  _____ 3.2.05 Mr. Finn Reske-Nielsen
UNDP Resident Representative





Government of Lao PDR



UNCDF



Lao PDR

ລັດຖະບານແຫ່ງສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ
ອົງການສະຫະປະຊາຊາດເພື່ອການພັດທະນາ ບຸນຊຽງ
ກອງທຶນພັດທະນາຂອງອົງການສະຫະປະຊາຊາດ ບຸນຊຽງ

ຜົນໄດ້ຮັບ / ຕົວຊີ້ບອກຂອງໂຄງປະກອບການຊ່ວຍເຫລືອພັດທະນາຂອງອົງການສະຫະປະຊາຊາດ ບຸນຊຽງ:

- ເຮັດໃຫ້ການມີສ່ວນຮ່ວມເລິກເຊິ່ງ ແລະ ຂະຫຍາຍການເປັນຄູ່ຮ່ວມງານ ໃຫ້ກວ້າງຂວາງ ຂຶ້ນຕື່ມ
- ກໍ່ສ້າງຄວາມສາມາດໃຫ້ແກ່ການຈັດຕັ້ງ ແລະ ການບໍລິຫານ

ຄາດຫມາຍຜົນໄດ້ຮັບ / ຕົວຊີ້ບອກ:

- ການໃຫ້ການບໍລິການຂອງພາກລັດໃນຂັ້ນທ້ອງຖິ່ນຢູ່ແຂວງສາລະວັນໄດ້ຮັບການ ບັບປຸງໃຫ້ດີຂຶ້ນ

ຄາດຫມາຍໝາກຜົນ / ຕົວຊີ້ບອກ:

- ລະບົບການວາງແຜນ ແລະ ງົບປະມານເພື່ອບໍລິການໃຫ້ແກ່ປະຊາຊົນຜູ້ທຸກຍາກໄດ້ຮັບການພັດທະນາຂຶ້ນ ແລະ ນຳໄປຈັດຕັ້ງປະຕິບັດ
- ຂັ້ນຕອນການໃຫ້ບໍລິການຂອງລັດ ແລະ ການຜະລິດທີ່ມີຄວາມຍືນຍົງໄດ້ຮັບການບັບປຸງໃຫ້ດີຂຶ້ນ ແລະ ສາມາດນຳໄປປະຕິບັດ
- ວຽກງານການເງິນ ແລະ ການຄຸ້ມຄອງການເງິນ ຂອງອຳນາດການປົກຄອງທ້ອງຖິ່ນໄດ້ຮັບການບັບປຸງໃຫ້ດີຂຶ້ນ
- ການຈັດຕັ້ງຂອງອຳນາດການປົກຄອງຂັ້ນແຂວງ ແລະ ເມືອງ, ໄດ້ຮັບການບັບປຸງໃຫ້ເໝາະສົມ / ໂດຍອີງໃສ່ການກຳນົດພາລະບົດບາດທີ່ຢ່າງຈະແຈ້ງ.
- ລະບົບ ແລະ ການຈັດຕັ້ງປະຕິບັດການຄຸ້ມຄອງຊັບພະຍາກອນມະນຸດ ໄດ້ຮັບການບັບປຸງໃຫ້ດີຂຶ້ນ
- ມະໂຍບາຍແຫ່ງຊາດກ່ຽວກັບການການກະຈາຍອຳນາດ, ການບັບປຸງບູລະນະການປົກຄອງ ແລະ ການຊືບຊົມຄວາມທຸກຍາກ ໄດ້ຮັບການລາຍງານສ່ອງແສງໂດຍອີງຕາມບົດຮຽນທີ່ຖອດຖອນໄດ້ຈາກແຂວງສາລະວັນ

ຄູ່ຮ່ວມຈັດຕັ້ງປະຕິບັດ: ຫ້ອງວ່າການແຂວງສາລະວັນ

ຄູ່ຮ່ວມງານອື່ນໆ: ຫປຄ/ຫສນຍ, ກົມມະໂຍບາຍການເງິນ/ກະຊວງການເງິນ ແລະ ກົມສັງລວມແຜນການ / ຄະນະກຳມະການແຜນການ ແລະ ການລົງທຶນ

ໄລຍະເວລາຂອງແຜນງານ: ໂຕນາດ 4 /2004 2009

ອົງປະກອບແຜນງານ:

- ສະໜັບສະໜູນມະໂຍບາຍສຳລັບການບໍລິຫານລັດທີ່ດີ.
- ການກະຈາຍຄວາມຮັບຜິດຊອບ, ການປົກຄອງທ້ອງຖິ່ນ ແລະ ການພັດທະນາຕົວເມືອງ / ຊຸມນະບົດ
- ການບັບປຸງບູລະນະການປົກຄອງ ແລະ ການຕໍ່ຕ້ານການສໍ້ ລາດ ບັງຫລວງ

ຊື່ໂຄງການ: ໂຄງການບັບປຸງບູລະນະການປົກຄອງ ແລະ ກະຈາຍການ ບໍລິຫານລະຫັດໂຄງການ: ບຸນຊຽງ

ບຸນຊຽງ: 00032148, Lao/03/C01

ໄລຍະໂຄງການ: 5 ປີ

ກະກຽມບໍລິຫານ: ຈັດຕັ້ງປະຕິບັດໂດຍຫ້ອງວ່າການແຂວງສາລະວັນໂດຍອີງ ຕາມລະບົບ UNEX (ບໍລິຫານໂຄງການໂດຍຝ່າຍລັດຖະບານ)

ງົບປະມານ: US\$ 3,178,040

ຄ່າທຳນຽມເພື່ອສະໜັບສະໜູນ

ການບໍລິຫານທົ່ວໄປ: US\$ 50,000

ລວມທຶນທັງໝົດ: US\$ 3,178,040

ແຫລ່ງງົບປະມານ:

- ລັດຖະບານ (ເປັນວັດຖຸ)
- Regular (TRAC): US\$ 150,000
- ພາກສ່ວນອື່ນ: ບຸນຊຽງ US\$ 1,999,410
- ຜູ້ໃຫ້ທຶນ (EM) ຢູໂລ Euro 650,000*

ອີງຕາມການຮັບຮອງທີ່ມີຊື່ແຂວງ Sakhalin ຖືກເປັນເຊັ່ນນັ້ນ, ບຸນຊຽງ ຈະປະກອບສ່ວນຈຳນວນທີ່ເຫລືອ.

ໃນນາມຕາງໜ້າ:



[Handwritten signature]

ວັນທີ

ຊື່/ຕຳແໜ່ງ

ຕົກລົງເຫັນດີໂດຍ(ລັດຖະບານ) *[Signature]* ດຣ. ພັນຄຳ ວິພາວັນ, ຫົວໜ້າ ຫ້ອງວ່າການ, ສນຍ

ຕົກລົງເຫັນດີໂດຍ(ບຸນຊຽງ-UNCDF) *[Signature]* 3-205 Mr. Finn Reske Nielsen, UNDP ປະຈຳລາວ



SECTION I

PART I: SITUATION ANALYSIS

Introduction

The Saravane Governance and Public Administration Reform and Decentralised Service Delivery Project (GPAR-SP for short) sets out to address a complex set of issues all linked, in one way or another, to improved governance and public administration, more coherent decentralisation and more effective delivery – at local level – of appropriate public goods and services¹.

The project therefore addresses several key issues that figure in UNDAF, notably the need to build institutional and administrative capacity in Lao PDR, where “.. institutional structures and administrative management capacity .. remain weak.” UNDAF also notes that “..there is a need to develop effective, transparent and accountable operational mechanisms and procedures at all levels .. of the Government.”

The project also fits in coherently with UNDP's existing Country Results Framework, in that it will contribute to the achievement of two governance outcomes:

- creating an “effective legal and policy framework for decentralised policy and management.”;
- working towards “improved efficiency, accountability and transparency in the civil service and in the delivery of public services.”

Policy context - outline

Building on policy development and capacity building efforts undertaken under the Governance and Public Administration Reform Programme (GPAR, launched with UNDP support in 1997), a more comprehensive approach to public sector reforms has emerged in Lao PDR, culminating in the recent adoption of a government policy paper on governance issues entitled “Public Service Reform, People's Participation, Rule of Law and Sound Financial Management”. This policy paper, presented to a Donor Round Table Meeting (RTM) in April 2003, indicates the government's broad commitment to prioritise governance reforms in the area of public administration and decentralisation, as well as in the public policy, economic and legal sectors.

The overall institutional framework for public administration reform and improved local governance now includes the following key elements:

- a new civil service statute, adopted in May 2003 (Decree No. 82/PM), which provides for a more performance-oriented and accountable civil service, and includes provisions for curbing nepotism and corrupt practices and for encouraging output-based performance evaluations.
- an updated Law on Government, passed in 2003, which defines the principles underlying the organisation and functioning of the government.
- a new Law on Local Administration, also adopted in 2003, which tries to clarify the roles and responsibilities of sub-national administrations. The new Law also provides for the

¹ this and subsequent sections of the Project Document are largely distilled from an earlier UNDP/UNCDF paper – “Governance, Public Administration Reform and Decentralised Service Delivery in Saravan Province – Proposed Project Strategy and Concept”, January 2004. Attached find the copy with this project document.

creation of municipalities, and offers the potential for a greater degree of citizen participation in local administration.

- an older set of Decrees, Instructions and Recommendations (192/PM, 01/PM, 128/SPC and 475/MF – dating back to 1999-2000) which, in tandem with the State Budget Law, define the overall framework for administrative and fiscal decentralisation.
- the National Growth and Poverty Eradication Strategy (NGPES), adopted by the National Assembly in October 2003², which clearly recognises that poverty reduction in Lao PDR will require local level, community-based, planning, as well as an alignment of public expenditure patterns towards pro-poor service delivery.

Policy context – opportunities and challenges

Lao PDR's commitment to public administration reform, in general, and to decentralisation, in particular, offers several important opportunities. Overall, there is a clear recognition of the need for greater participation, improved accountability and increased transparency in the way that the public sector is managed. Decentralisation is a vital part of this. In addition, the government has emphasised the need to improve the efficiency and effectiveness of the public sector, and in particular the need to ensure that public services are sufficiently focused on pro-poor sectors.

Notwithstanding these opportunities, the overall policy framework for PAR and decentralisation in Lao PDR remains somewhat incomplete (as well as only partially implemented) and, on occasions, relatively problematic. A number of key challenges can be identified – and these will be addressed, directly or indirectly, by the project:

- whilst the government has clearly signalled its commitment to governance reforms, it has yet to formulate a detailed strategy for policy implementation. The government's 2003 RTM paper does not fully outline where priorities lie or how and when further reforms will take place.
- downward accountability mechanisms remain weakly defined and poorly operationalised. The Law on Local Administration does allow for some kind of consultative process at local levels, but is vague as to how this is to be institutionalised. The Law also provides for the emergence of "municipalities" in urban areas, with the tacit promise of greater opportunities for local accountability – but this too remains timid and vague.
- implementation of the new civil service statute will not only require substantial training of personnel officers at all levels, but also nation-wide sensitisation and information campaigns on the content and purpose of the new statute. Overhauling and rationalising the civil service will require much effort and a consistent message.
- in trying to implement the government's decentralisation policies, it has become apparent to most stakeholders that Instruction 01/PM and its related regulations were not sufficiently clear, that their implications were not well considered, and that insufficient guidance was provided in their application. Hasty implementation without prior testing, weak local capacities and an over-emphasis on revenue collection, as well as continued top-down direction of local planning, have resulted in an incoherent implementation and widespread misunderstanding of decentralisation. The government now seems determined to redefine and clarify its policy on decentralisation, by modifying and upgrading Instruction 01/PM. This has gained added importance given the policy orientations on local level planning and service delivery provided by NGPES.
- fiscal decentralisation has been especially problematic, based as it has been on the implicit and unrealistic precept of fiscal "self-reliance" at sub-national levels. Current fiscal

² in its earlier form, the National Poverty Eradication Programme (NPEP).

arrangements are inefficient, inequitable and lack transparency – and modifying these arrangements (as well as overhauling the “principles” that underlie them) will be a major challenge, but one that must be faced if sub-national administrations are to improve the delivery of public goods and services at local levels.

- planning guidelines for sub-national government remain inadequate and provide local planners with little in the way of user-friendly tools and procedures through which to ensure inclusive planning. This problem is compounded by the uncertainties surrounding resource availability and thus the absence of any real hard budget ceiling.

PART II: STRATEGY

Introduction – policy piloting rationale

Part I above identified a range of policy challenges and opportunities which provide a rationale for “policy piloting” in Lao PDR. The government is itself committed to pilot experimentation with decentralisation and public administration reforms, on the basis of the policy instruments and legal/regulatory frameworks currently in place. Under the umbrella of the GPAR Programme, the Public Administration and Civil Service Authority (PACSA) in the Prime Minister’s Office (PMO) has been given the mandate to coordinate activities undertaken in pilot provinces. The primary purpose of such pilots is to diminish the risks associated with and absorb the costs of innovations, to trial the feasibility and effectiveness of proposed measures in selected organisations, to test the impact of the changes, to evaluate the financial and social costs and to make necessary adjustments before scaling up innovative practices and processes on a more widespread basis.

Project overview

Carefully designed and monitored pilot activities in Saravane Province will allow scope for policy clarification, development and implementation in two broad areas:

1. Strengthening the organisational basis of decentralised government: this will focus on piloting improvements in the local public administration within Saravane Province. Such improvements will ensure greater effectiveness, efficiency and transparency, and will include: organisational streamlining within departments and greater coordination across departments; personnel re-deployment & clarification of roles and functions; development of simpler administrative and regulatory procedures (such as the one-stop shop); adoption of nationally approved financial management procedures; and clarification of the roles of grassroots organisations (villages and kum pattana). Lessons will be fed into national policy-making for local public administration reform, the organisational structure & horizontal inter-relations of sub-national government, the organic relations between levels, etc.
2. Decentralising the financing & management of public service delivery: this will focus on piloting improvements in the financing, planning and delivery of basic infrastructure and services at District level, and will include: establishment of a District Development Fund (DDF) and the development of simple, bottom-up, District planning & budgeting procedures for basic infrastructure and service delivery, and for implementing and monitoring this delivery. Lessons will be fed into national policy-making for the financing, planning and management of local pro-poor service delivery and, in a related way, on fiscal issues such as inter-governmental fiscal transfers & sub-national expenditure assignments

The project will have as its more immediate objective the strengthening of the capacities of Saravane Provincial and District authorities to implement decentralisation and public administration reforms in support of good local governance and poverty reduction. Evidence of these enhanced capacities will be key to providing a basis for further policy development and implementation on a wider basis in Lao PDR as a whole.

Project outcome and outputs

GPAR-SP will be a unified project, the overall outcome of which will be **the improved delivery of public goods and services in Saravane Province**. To achieve this outcome, GPAR-SP will deliver the following six key, inter-related outputs³:

1. Procedures for inclusive and pro-poor planning and budgeting of local public service delivery are established and applied – this largely refers to establishing mechanisms by which District level planning becomes more participatory and thus more likely to result in pro-poor budgetary outcomes. However, activities will also include fostering greater transparency and two-way communications between citizens and local government, seen as a powerful way of increasing downward accountability, as well as exploring meaningful ways of mainstreaming gender issues into all aspects of service delivery. Public service planning and budgeting, then, will become more appropriate to local needs.
2. Transparent and effective procedures for sustainable production/delivery of public services are established and applied – this output will focus in on making the production/delivery of public infrastructure and services more efficient and more sustainable. This will be done by introducing innovative one-stop-service facilities and by fostering sound procurement procedures, adequate oversight mechanisms for ISD??, and robust operations and maintenance processes at local levels. All of this will lead to higher quality, cost effective and enduring public services.
3. Financing and financial management of local public service provision are improved – under this output, the project will pilot an innovative District Development Fund (DDF) facility, aimed at financing local infrastructure and service delivery. The DDF will act as an incentive for sound planning and budgeting, as well as for general improvements in local administration and service management. In addition, the project will pilot implementation of the new National Accounting Standards (developed by the Ministry of Finance with support from ADB) to Saravan and will pilot ways of improving audit functions at local levels.
4. Provincial and district administrative organisations are rationalised/rightsized on the basis of clearly defined mandates – in line with general PACSA/GPAR orientations, the project will support functional reviews of local administrations and organisations (at provincial, district and sub-district levels), with the aim of rationally structuring them so as to deliver public services more efficiently. In addition, the project will sensitise local government officials to GoL policies and will also examine the feasibility of creating one or two municipalities in Saravane Province.
5. HRM procedures and practices (and selected individual capacities) are improved – activities under this output will include supporting implementation of the new civil service statute, putting human resource management and capacity development firmly on the local government agenda, streamlining payroll arrangements, and developing efficient "model office" environments within selected provincial and district organisations. Such activities will contribute towards improved service delivery by making it more efficient and more client-oriented.
6. National policies on decentralisation, public administration reform and poverty reduction are informed by Saravan experience – this is a vital project output, which will ensure that the lessons learned and experience gained in Saravane are fed into national policy-making circles through a variety of activities.

"Upstreaming" policy lessons

The project, as provided for in output 6, will consciously seek to inform and to influence national policy on public administration reform, decentralisation and pro-poor planning and service delivery. It will do so by:

³ more detailed guidelines on some of these project outputs are included in the annexes to this document.

- establishing regular, two-way, linkages with the PACSA/GPAR "portfolio" of projects (at central level, in Luang-Prabang, etc.) as well as with other like-minded pilots (e.g. the SIDA-funded tax project, the ADB-supported National Accounting project). The links to PACSA/GPAR are of particular importance given the key role that they play in public administration reform and decentralisation;
- informing a wide audience (central government, donor agencies, etc.) in the Lao PDR of project activities and progress, through newsletters and the like;
- liaising with CPI/UNDP's NGPES implementation project, as a way of ensuring that local progress on pro-poor planning, budgeting and service delivery is mainstreamed into national thinking on such issues. By acting as an official provincial pilot for monitoring NGPES implementation, GPAR-SP will be able to inform and to influence the national system – this will require close linkages to the proposed CPI/UNDP project;
- suggesting, on the basis of experience in Saravane, policy reform agendas, especially in the areas of administrative and fiscal decentralisation. This will involve establishing close linkages with not only PACSA/GPAR, but also with MoF and CPI at national level, as well as with any donor-funded projects specifically focused on decentralisation issues.

PART III: MANAGEMENT ARRANGEMENTS

The project will be executed by the Office of the Governor of Saravan Province. At provincial level, overall project orientations and policy focus will be endorsed by a Provincial Leading Committee (GPAR-SP-PLC). The terms of reference for this Leading Committee are to be found in annex 2 of this document.

The National Project Director (NPD) shall be the Chief or Deputy Chief of Cabinet of the Office of the Governor, and shall be nominated by the Governor, which proposed by GPAR-SP-PLC. The NPD will assume overall responsibility for the implementation of the project and will be accountable to the Leading Committee and to UNDP/UNCDF for the proper and effective use of project resources. The NPD will also function as the focal point for coordination with national and local stakeholders. Terms of reference for the NPD are included in annex 2 of this document.

The National Project Manager (NPM) shall be nominated by the Governor, which proposed by GPAR-SP-PLC and will be responsible for the day-to-day management of project activities. The NPM will report directly to the NPD. Terms of reference for the NPM are included in annex 2 of this document. The NPD will, as and when necessary, delegate the responsibility for payment authorisation to the NPM.

A small Project Advisory Team (PAT), composed of local officials, will provide the NPM with special advisory services as and when needed and will facilitate project implementation and coordination in the Province and Districts. Terms of reference for the PAT are included in annex 2 of this document.

A Project Support Team (PST), made up of specially recruited, full time, staff, will also support the NPM. The PST shall be composed of the following members:

- an international or national advisor/coordinator (for at least the first two years of the project);
- a national planning and rural development specialist;
- a national capacity building and communications facilitator/specialist;
- a national monitoring and evaluation specialist;

- an international UNV specialist, with responsibility for ensuring adequate English language communications and reporting;
- short term technical advisers and consultants (provided as and when necessary by UNDP and UNCDF, which the collaboration with PACSA/GPAR).

The PST will, in turn, be supported by ancillary staff:

- an accountant;
- translator(s);
- a secretary;
- driver(s).

Terms of reference for all the positions in the PST are included in annex 2 of this document.

UNDP and UNCDF will provide resources to GPAR-SP in accordance with the agreed project budget, including communication charges in the project office (e.g. telephone, facsimile, e-mail/internet). For its part, GoL (through the Saravane Provincial Administration) will:

- provide office space for the PST in the Office of the Governor;
- partly utility charges for the PST office (e.g. electricity, water supply...);
- ensure that the salaries of government employees directly involved in project implementation are paid;
- make available government staff on a full-time basis as and when necessary for the implementation of the project;
- consider allocating capital budget support funds to the DDF.

PART IV: MONITORING & EVALUATION

Baseline survey

As a prelude to establishing not only M&E arrangements for the project, but also for informing the design of some key features of the project during its inception phase, a baseline institutional survey will be undertaken in Saravane Province. The terms of reference for this survey are included in annex 1 of this document. The results of this will be made available prior to full start-up, and will inform the initial external technical inputs scheduled for the inception phase – which will begin as soon as (but *not* before) the core national staff members of the PST are in Saravane.

Monitoring and evaluation of project activities

During the start-up phase of the project, external technical assistance will be provided to the national M&E specialist in designing a robust monitoring and evaluation system. This M&E system will:

- provide stakeholders (GoL, local authorities, UNDP, UNCDF, etc.) with information on project progress against assigned outputs and activities. This aspect of the M&E system will be largely "orthodox" and will provide quantitative or "yes/no" indicators enabling stakeholders to assess whether the project is generally on target;
- ensure that there are adequate "process" indicators, which will track the *quality* of the processes and procedures being piloted by the project, and their likely impact on service delivery. This aspect of the M&E system will require the identification of more qualitative indicators, many of which are likely to require periodic surveys and the use of participatory methodologies;

- ensure that corporate reporting requirements (e.g. UNDP's and UNCDF's Strategic Results Frameworks) are adequately met.

Mid term and final evaluations/reviews

The first TPR for the project will, among other things, include a thorough assessment of the management arrangements for the project and the adequacy of the project's linkages with national agencies responsible for policy formulation with regard to Public Administration Reform and local governance.

A mid term evaluation/review (MTE/R) of the project will be undertaken *not later* than 18 months after project start-up, thus coinciding with completion of the first planning and budgeting cycle (in pilot Districts) and partial completion of the second planning and budgeting cycle. The MTE/R will, among other things:

- assess overall project progress to date;
- evaluate and (if necessary) fine tune arrangements for planning, budgeting, financing and implementation of local ISD;
- examine project management arrangements to ensure that they are adequate for and consistent with the attainment of assigned project outcomes and the implementation of agreed project activities.

A final evaluation will take place approximately three months prior to the expected completion of the project.

PART V: LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Lao PDR and the United Nations Development Programme, signed between the two parties on 10 October 1988. The host country implementing agency shall, for the purposes of the Standard Basic Agreement, refer to the Government co-operating agency described in the Agreement.

The following types of revisions may be made to this project document under the signature of the UNDP Resident Representative only, provided assurance is given that the other signatories of the project document have no objection to the proposed changes:

- revisions in, or addition of, any of the annexes of the project document;
- revisions which do not involve significant changes in the outcomes, outputs or activities of the project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation; and
- mandatory annual revisions that rephrase the delivery of agreed project inputs or increased expert or other costs due to inflation or taken into account agency expenditure flexibility.

SECTION II – RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome as stated in the Country Cooperation Framework (CCF):</p> <ol style="list-style-type: none"> 1. Strengthening PAR, aiming at improved efficiency, accountability, and transparency in the civil service and in the delivery of public services 2. Public administration reforms strengthened in selected provinces
<p>Outcome indicator (core result) as stated in the CCF:</p> <ul style="list-style-type: none"> • Public administration reform for efficient, effective, responsive and pro-poor public services promoted • Capacities and partnerships developed of local governance actors in urban/rural areas for policy formulation, service delivery and resource management
<p>MYFF Service Line:</p> <ol style="list-style-type: none"> 2.6. Decentralisation, local governance and urban/rural development
<p>Partnership strategy</p> <p>The Project will be implemented by Saravan Provincial Authorities in collaboration with PACSA, MoF, and CPI. UNDP in close collaboration with the EU, and UNCDF will jointly fund the Project in accordance with pre-determined modalities.</p>
<p>Project title and ID: Saravan Governance, Public Administration Reform and Decentralised Service Delivery Project</p>
<p>Project outcome: Improved local level provision of public goods and services in Saravane Province</p>
<p>Indicators:</p> <ul style="list-style-type: none"> - <i>increased access to public infrastructure</i> - <i>improvements in quality of public service delivery (faster services, better services, etc.)</i> - <i>greater provincial and district discretion in planning and budgeting</i> - <i>greater efficiency in public service delivery systems</i>

Intended Outputs	Output Targets (yrs)	Indicative Activities	Inputs
<p>1. Procedures for inclusive and pro-poor planning and budgeting of local public service delivery are established and applied</p> <p><i>Indicators:</i></p> <ul style="list-style-type: none"> - <i>pro-poor budgets (priority NGPES sectors)</i> - <i>gender equitable budgets</i> - <i>district plans and budgets approved as presented</i> - <i>degree of participation in planning process</i> - <i>public availability of information</i> 	<ul style="list-style-type: none"> • Improved planning/budgeting guidelines available (2005) • District annual plans and budgets are available (2005 – 3 districts; 2008 – 8 districts) • Planning/budgeting procedures introduced (2005+) • Local (provincial/district) communications and public information strategies in place (2005+) • Gender mainstreaming strategy established (2005+) 	<ol style="list-style-type: none"> 1.1. Draft and disseminate district planning and budgeting guidelines (pro-poor focus, gender sensitive, screening, prioritisation, maintenance planning etc.) 1.2. Introduce local stakeholders to planning/budgeting guidelines 1.3. Establish public information mechanisms (e.g. budget availability, statutory framework for local government, etc.) 1.4. Establish public feedback & reporting mechanisms on local administration and service assessments 1.5. Introduce local stakeholders to a gender mainstreaming strategy 	<ul style="list-style-type: none"> • Project support team • Short term TA • Workshops • Training sessions • Study tours • Publication/communications
<p>2. Transparent and effective procedures for sustainable production/delivery of public services are established and applied</p> <p><i>Indicators:</i></p> <ul style="list-style-type: none"> - <i>timely implementation of budget as approved and projects/services as designed/planned</i> - <i>recurrent budgets for O&M</i> - <i>procurement regulations complied with</i> 	<ul style="list-style-type: none"> • OSS-type model developed and tested (2006) • Adapted procurement regulations established (2005) • Procurement procedures introduced (2005 – 3 districts; 2006+ - 8 districts) • O&M provided for (recurrent budget allocations and supervision arrangements) (2005+) • District ISD management guidelines available 	<ol style="list-style-type: none"> 2.1. Trial options for cost-effective methods of delivering services and providing information to the public (e.g. one-stop-shops) 2.2. Adapt/improve procurement regulations (pre-qualification procedures, beneficiary oversight etc.) 2.3. Introduce local stakeholders to procurement procedures 2.4. Establish technical supervision arrangements for ISD 2.5. Trial O&M arrangements 2.6. Disseminate district ISD management guidelines 	<ul style="list-style-type: none"> • Project support team • Short term TA • Study tours • Publication/communications

Intended Outputs	Output Targets (yrs)	Indicative Activities	Inputs
<p>3. Financing and financial management of local public service provision are improved</p> <p><i>Indicators:</i></p> <ul style="list-style-type: none"> - DDF fund flow - provincial allocations (matching funds) to DDF increase over time - internal auditing process institutionalised - reduced audit irregularities - audit recommendations followed up - timely financial reporting - good cash flow management 	<ul style="list-style-type: none"> • DDF guidelines and procedures established (2005) • DDF procedures introduced (2005+) • DDF disbursements made (2005+) • NAS introduced (2005+) • Financial monitoring and auditing system tested (2006+) • Organisational improvements in PEM developed and tested (2005) • Equipment provided (2005+) 	<p>3.1. Draft and disseminate DDF guidelines & procedures (fund allocation system, conditions of access, performance measures and incentives, menus & proscriptions, community contributions, disbursement, etc.)</p> <p>3.2. Introduce DDF modalities and procedures</p> <p>3.3. Disburse DDF annual allocations</p> <p>3.4. Introduce NAS to local officials</p> <p>3.5. Trial arrangements for improved monitoring and auditing of local public expenditure</p> <p>3.6. Trial organisational improvements in public expenditure management at local level</p> <p>3.7. Provide appropriate office equipment for financial management</p>	<ul style="list-style-type: none"> • Project support team • DDF capital budget support facility • Short term TA • Publication • Study tours • Workshops • Training sessions • Equipment

Intended Outputs	Output Targets (yrs)	Indicative Activities	Inputs
<p>4. Provincial and district administrative organisations are rationalised/rightsized on the basis of clearly defined mandates.</p> <p><i>Indicators:</i></p> <ul style="list-style-type: none"> - mission statements of provincial and district offices reflect clear delineation of functions - improved support/front office staffing ratios - district offices appropriately restructured 	<ul style="list-style-type: none"> • Methodology for functional reviews available and applied (2005) • Pilot Kum Pattana activities undertaken • Tools for HR planning/staffing are available (2005) • Training provided in priority areas of organisational development (2005+) • Mission statements of provincial and district offices reviewed (2005+) • Job descriptions developed (2005+) 	<p>4.1. Provide local officials with information about GoL policies on decentralisation and PAR</p> <p>4.2. Conduct pilot action-research into Kum Pattana Socio-Economic Development Communities</p> <p>4.3. Propose rationalisation of the distribution of functions between the provincial and district levels</p> <p>4.4. Review the organisational structure and staffing plans of pilot organisations at provincial level</p> <p>4.5. Review the organisational structure and staffing plans of pilot district administrations</p> <p>4.6. Strengthen coordination and oversight functions of the Office of the Governor (e.g. through provision of training and ICT)</p> <p>4.7. Assess feasibility (legal, social, economic etc.) of establishing municipalities in Saravane and Kongxedone districts</p>	<ul style="list-style-type: none"> • Project support team • Short term TA • Publication • Workshops • Training sessions • Study tours • Equipment

Intended Outputs	Output Targets (yrs)	Indicative Activities	Inputs
<p>5. HRM procedures and practices (and selected individual capacities) are improved</p> <p><i>Indicators:</i></p> <ul style="list-style-type: none"> - PACSA and MoF well-informed of staff and staff movements in Saravane Province - payroll management streamlined - staff capacity needs - staff training in accordance with needs and national standards 	<ul style="list-style-type: none"> • Core group of HRM officers trained (2007+) • Rules for implementation of Civil Service Statute implemented (2006) • Capacity development plans for local administrations available (2006+) • PIMS (Personnel Information Management System) in place at provincial level (2005) • Management training provided at provincial and district levels (2005+) • "Model office" practices established • Office of the Governor operating as a model efficient organisation (2008) 	<p>5.1. Undertake streamlining of processes/procedures (PIMS, payroll, etc.) for HRM at provincial/district levels</p> <p>5.2. Prepare capacity development plans for selected provincial, district and village level administrations</p> <p>5.3. Train local officials in public management</p> <p>5.4. Provide village authorities with capacity development and information</p> <p>5.5. Identify and implement "model office" systems and processes in pilot departments and provincial offices</p>	<p>Inputs</p> <ul style="list-style-type: none"> • Project support team • Short term TA • Travel • Workshops • Study tours • Training • Equipment

Intended Outputs	Output Targets (yrs)	Indicative Activities	Inputs
<p>6. National policies on decentralisation, public administration reform and poverty reduction are informed by Saravane experience</p> <p>Indicators:</p> <ul style="list-style-type: none"> - significant elements of Saravane pilot are incorporated into national policy (decentralised service delivery, fiscal decentralisation, local administration, etc.) - selected Saravane pilot experiences are scaled up and replicated on nation-wide basis 	<ul style="list-style-type: none"> • Baseline survey carried out (2004) • Pilot NGPES monitoring system established (2005+) • Saravane publications available (2006+) • Priority reforms identified (2006+) • Evaluations conducted (2006+) • Appropriate arrangements for central-local information exchange and policy dialogue established 	<p>6.1. Conduct baseline survey/assessment of local government institutions and arrangements</p> <p>6.2. Pilot NGPES implementation monitoring system at local levels in accordance with national guidelines</p> <p>6.3. Monitor, document and analyse Saravane innovations and experiences</p> <p>6.4. Disseminate information about Saravane experience and lessons learned</p> <p>6.5. Propose priority areas for wider institutional reforms</p> <p>6.6. Establish linkages/networks with national level institutions and other pilot projects</p> <p>6.7. Organise Mid Term and Final Evaluations</p>	<ul style="list-style-type: none"> • Project support team • Short term TA • Travel • Workshops/joint reviews/retreats • Publication/communications
<p>7. Project support</p>	<ul style="list-style-type: none"> • Project support team recruited • Equipment/vehicle(s) procured • Operations & maintenance costs covered 	<p>7.1. Establish project support team</p> <p>7.2. Procure equipment/vehicle(s)</p> <p>7.3. Operations and maintenance</p>	<ul style="list-style-type: none"> • Salaries • Travel • Equipment • Office costs • Recurrent expenditure

**SARAVANE GOVERNANCE, PUBLIC ADMINISTRATION REFORM
AND DECENTRALISED SERVICE DELIVERY PROJECT**

ANNEXES

Annex 1: Initial external assistance missions for SP

1.1. Baseline institutional survey – terms of reference

1.1.1. Introduction

Prior to the operational start-up of SP, a baseline assessment and survey will be carried out. This assessment will:

- provide baseline data on the current institutional set-up in Saravane province that will be of use to later evaluations and reviews;
- inform decision-making during the inception phase (at project start-up) – concerning issues such as pilot districts, eligibility conditions for DDF funding, community contributions, planning and budgeting arrangements etc.

The baseline assessment will focus in on institutional issues, and is not intended to provide a comprehensive socio-economic overview of Saravane province.

1.1.2. Thematic areas

The survey/assessment will provide information on the following (items in **bold** letters are of highest priority):

(1) Organisational and HRM issues:

- **current staffing (number, qualifications, gender, etc.) and functional (job descriptions, departmental functions and responsibilities, organigrammes, etc.) arrangements at provincial and district levels;**
- existing training and HRM arrangements in the province;
- ICT availability at provincial and district levels;
- existing “cross-cutting” committees and/or working groups (functions, composition, functionality, etc.).

(2) Planning

- current planning practice at provincial and district levels (methods used, community participation, sector involvement, etc.);
- **existing screening and prioritisation methods for provincial and district investments;**
- current design and costing methods for infrastructure investment preparation.

(3) Budgeting and financial management

- current budgeting arrangements (levels of budget preparation, use of norms, approval systems, linkages between recurrent and capital budgets, etc.);
- **current accounting and financial reporting arrangements** (periodicity, timeliness, content, etc.), especially at district level, with regard to both expenditure authorisation units (*ordonateurs*) and treasury departments (*comptables*);

- **current internal auditing mechanisms** (periodicity, responsibility, reporting, etc.);
- **current treasury arrangements** (cash operations, bank accounts, transfer mechanisms), especially at district level.

(4) Procurement and service production

- **current procurement arrangements at provincial and district levels** (procurement committees, adhesion to regulations, ceilings, etc.);
- existing private sector capacity to provide/produce services (e.g. infrastructure, engineering services, etc.);
- existing operations and maintenance procedures and practices;

(5) Sub-district arrangements

- interactions between districts and sub-district units (ban and kum patana);
- kum patana structuring and functioning in each district;
- **community contributions to infrastructure and service delivery** (informal/extra-budgetary contributions for education, health, road construction/maintenance, etc.)

1.1.3. Organisational and other issues

The baseline survey/assessment will be conducted over a period of one month in Saravane province, *prior* to SP start-up (scheduled for the beginning of the last quarter of 2004). It will be undertaken by:

- a short term international consultant (team leader), with expertise in institutional assessments of this kind and experience in the fields of HRM and organisational analysis;
- a short term international consultant, with a sound knowledge of financial management issues and decentralisation;
- a short term national consultant, with a sound knowledge of local planning and procurement issues in Lao PDR.

This core team will be supported – as deemed necessary – by PACSA and GPAR central staff, particularly (but not exclusively) with regards to organisational and HRM issues. In addition, central staff from other relevant agencies (e.g. CPI, MoF) should also provide support and back-stopping for the baseline study.

The team will provide SP with a full report (in English and Lao), to be made available at least one month prior to the inception phase of the project.

Finalisation of these draft terms of reference will take place in consultation with national and local SP stakeholders.

1.2. Inception phase missions

The inception phase for SP, scheduled to begin in the final quarter of 2004, will include a series of external assistance inputs. In general, the aim of these initial inception missions will be to define, clarify and codify (through guidelines/manuals) key aspects of local planning, budgeting, financing and implementation of

infrastructure and service delivery. In all, three such missions are scheduled – although conceptually distinct, the missions will ideally take place concurrently. The relatively high intensity of external input at such an early stage in the project is justified because of the novelty (in the context of Lao PDR) of the approach to local infrastructure and service delivery (an approach that has been supported by UNCDF in some 20 countries).

The three missions will be oriented as follows:

1. Planning and budgeting – this mission will concentrate on establishing a cost effective, participatory, local planning process (LPP) for Districts (supported, as and when necessary, by provincial authorities). The basic framework for the LPP is described in annex 3 of this document. As far as possible, the LPP will draw upon existing planning and budgeting models (e.g. PRF, CPI guidelines, etc.). The output from this mission will be a set of simple, user-friendly, guidelines for local level planning.
2. Implementation – this mission will establish the procedures that will be used by Districts (supported, as and when necessary, by provincial authorities) to procure goods and services, oversee their delivery and ensure adequate operations and maintenance arrangements. The basic framework for implementation arrangements is described in annex 3 of this document. The output from this mission will be a set of simple, user-friendly, guidelines.
3. Financing – this mission will define District Development Fund modalities (allocation formula, conditions of access, performance-based measures and incentives, eligible investments, etc.). Again, the basic framework for these modalities is described in annex 3 of this document. The output from this mission will be a type of “financial code”.

These missions should take place as soon as (but *not* before) the PST (or at least the majority of its members) has been recruited and stationed in Saravane.

Annex 2: Terms of reference

2.1. Provincial leading committee

The Provincial Leading Committee (PLC) of the Saravane Governance, Public Administration Reform and Decentralised Service Delivery Project (SP) will be established by appointment of the Governor of the Province. The primary responsibilities of the PLC are to:

- endorse the overall orientations of the project.
- oversee the implementation of the project.
- guide and supervise the departments, agencies and local administrations at various levels (provincial, district, sub-district) concerned with regard to the activities and implementation of the project.
- receive and analyse the various reports of the project.
- analyse and resolve any issues that may arise during the course of project implementation.
- ensure solid linkages between central and local level counterparts and propose to the Governor potential solutions to any issues arising from central-local interactions.

The PLC will be composed of representatives from a range of provincial level departments and agencies, including:

- the Vice Governor (as Chairperson).
- the chief of the Cabinet of the Office of the Governor.
- the Provincial Finance Department.
- the Provincial Planning Department.
- the Provincial Organisation Department.

Other departments and agencies will be represented in accordance with decisions made by the Governor. However, for the purpose of avoiding any conflict of interest arising out of the use of project capital budget allocations to districts, no district chiefs will be members of the PLC. They may, however, be invited to participate in PLC discussions as and when necessary – but on an ex-officio basis, without decision-making responsibilities.

2.2. National Project Director

The National Project Director (NPD) is the focal point for responsibility and accountability in a nationally executed project. The NPD will be a senior official of the Office of the Governor of Saravane Province, as well as a member of the SP Leading Committee. The primary function of the NPD is to supervise and to guide the full-time National Project Manager (NPM).

In accordance with this primary responsibility, the NPD will:

- act as the focal point and responsible party for the project on behalf of the SP Provincial Leading Committee.
- ensure that all government inputs committed to the project are made available as and when needed.
- propose the appointment of the National Project Manager (NPM) to the PLC and Governor and ensure that s/he exercises sufficient authority for the purposes of project management.
- supervise the activities and performance of the NPM.
- assist the NPM in the implementation of the project, in accordance with the Project Document and annual and multi-annual work plans.
- chair meetings of the project management team.
- endorse and approve project-related appointments (Project Support Team members, counterparts and consultants).
- ensure close coordination between the project and other local authorities and central levels of government.
- approve disbursement of project funds in accordance with the procedures stipulated in the official NEX Manual and as specified in Part V of the project document. As and when necessary, this function will be delegated to the NPM.
- call for and organise annual TPR meetings;
- give guidance by attending the project's monthly meetings;
- represent the project at meetings of the parties to the project document.
- provide assistance to the project in the implementation of activities that involve other agencies of the government.
- call for and organise annual TPR meetings.
- participate in quarterly meetings with UNDP/UNCDF.

2.3. National Project Manager

The National Project Manager (NPM) has responsibility for and authority over the day-to-day operational management of the project. In accordance with this overall mandate, the NPM will:

- operationally manage the project so as to achieve the project outcome and outputs as specified in the project document and in accordance with the procedures described in the NEX Manual.
- participate in NEX training sessions.
- call for and organise meetings of the project management team and ensure that minutes of these meetings are prepared and made available.
- prepare and update project annual workplans.
- submit project annual workplans to the project's PLC;
- assign and allocate resources in accordance with annual workplans; oversee financial management on a day-to-day basis.
- report on project progress against annual workplans on a regular basis.
- select, recruit and supervise project administrative support staff.
- ensure, in collaboration with the UNDP country office, that all government letters of agreement are prepared and negotiated with appropriate parties as needed.
- mobilise/procure all project inputs not covered by government letters of agreement in accordance with NEX Manual procedures and authorisation of such expenditures (with, depending on circumstances, joint UNDP approval).
- organise and manage project activities in accordance with agreed annual workplans and with a view towards attaining project outputs and outcomes.
- ensure coordination of project implementation with other local authorities and government agencies.
- prepare timely and regular project progress reports (as required by GoL, UNDP and UNCDF) and/or oversee the preparation of such reports by members of the Project Support Team.
- report to the NPD on a regular, weekly, basis.

2.4. Project Advisory Team (PAT)

The Project Advisory Team supports the NPM in dealing with strategic project issues. Its specific responsibilities include:

- meeting on a regular basis with the NPM and PST;
- providing advice on resolving issues arising from project implementation;
- facilitating project implementation;
- ensuring that the units of PAT members are kept up-to-date on project progress;

The PAT will be composed of members of the following departments, units and organisations:

- the Provincial Finance Department;
- the Provincial Planning Department;
- the Provincial Organisation Department;
- two or three District Chiefs on a rotating annual basis;

Other members of the PAT will be nominated by the Provincial authorities.

2.5. Project Support Team (PST) members

2.5.1. Coordinator (international/national position)

The project coordinator has two principal responsibilities:

- to provide assistance to the NPM and to the NPD in general areas related to project management and oversight;
- to provide substantive inputs for the project, largely (but not entirely) related to organisational and institutional reform in public administration, and thus clearly linked to change management issues.

In order to meet these two key responsibilities, the Coordinator will have a number of specific tasks:

- to provide managerial assistance to the NPM in terms of annual work-planning, day-to-day coordination of SP activities, project financial issues, and liaising with UNDP/UNCDF.
- to assist in the management of the Project Support Team and its inputs into the project.
- to facilitate the establishment of linkages with central level institutions (PACSA, GPAR, CPI, etc.) and other pilot projects (e.g. GPAR-Luang Prabang and thus to assist in ensuring that the project achieves its policy impact objectives.
- to provide substantive technical input for the one-stop-service activities linked to output 1.
- to provide substantive technical input for the financial management support activities scheduled for output 3. This will include providing advice on the introduction of National Accounting Standards (NAS) and on the organisational framework within which public expenditure management takes place at provincial and district levels.
- to provide substantive technical input for all activities linked to output 4 ("Provincial and district administrative organisations are rationalised/rightsized on the basis of clearly defined mandates")
- to provide substantive technical input for all activities linked to output 5 ("HRM procedures and practices [and selected individual capacities] are improved").
- to contribute to regular reporting on project progress.
- to formally contribute to knowledge sharing and lesson learning (based on project experience) in the wider community of UNDP governance practitioners.

The project coordinator will therefore have the following qualifications:

- an academic background in public administration or related disciplines;

- a solid background in public administration reform issues at the sub-national level in developing countries;
- a fluent working knowledge of Lao (highly desirable) and a fluent command of English (obligatory)
- good (and proven) team coordination/leadership skills.

2.6.2. Planning/rural development specialist (national position)

The planning/rural development specialist will be primarily responsible for coordinating the technical inputs for outputs 1, 2 and 3 of the project. Specific responsibilities include:

- assisting and advising short term international consultants in the design of planning, budgeting, financing and implementation procedures.
- overseeing the implementation of planning, budgeting, implementation and finance guidelines at provincial and district levels.
- as and when necessary, adapting district planning and other procedures in order to take into account lessons learned through implementation.
- ensuring that capacity development activities (e.g. training) are consistent with project defined procedures and principles.
- backstopping provincial authorities' support to district planning, budgeting, and implementation activities.
- contributing to regular reporting on project progress.

The planning/rural development specialist will have the following qualifications:

- an academic background in the social sciences or related disciplines.
- practical experience of working on rural or community development issues in rural areas of Lao PDR.
- a working knowledge of English.
- a proven capacity to work with local authorities and local communities.

2.6.3. Capacity building and communications facilitator/specialist (national position)

The capacity building and communications facilitator/specialist will be responsible for the coordination of cross-cutting capacity-building and communications inputs for the entire project. This will specifically involve:

- ensuring that capacity-building processes (curricula, training, etc.) are consistent with project procedures and principles.
- assisting in the coordination of the project's capacity development activities.

- developing a sound, two-way, communications strategy for the project and for the provincial/district administrations and offices.
- contributing to the development of processes aimed at increasing public awareness of local government activities and at increasing public feedback on public service delivery.
- working closely with the project's UNV communications specialist to ensure that policy relevant lessons learned through project implementation are accurately communicated to national policy making bodies.
- contributing to regular reporting on project progress.

The capacity-building and communications facilitator/specialist will have the following qualifications:

- practical experience of working on capacity building and/or communications in rural Lao contexts.
- a sound knowledge of training and training methods.
- good inter-personal communication skills.
- a reasonable knowledge of written and spoken English.

2.6.4. Monitoring and evaluation specialist (national position)

The monitoring and evaluation specialist will be primarily responsible for cross-cutting M&E activities, as well as for providing practical assistance to provincial and district authorities in the field of M&E. Specifically, the project M&E specialist will:

- assist in the development of an overall M&E framework for the project (in collaboration with short term technical assistance).
- ensure that the information necessary for regular M&E of project activities is collected and analysed, and in accordance with donor needs.
- assist provincial and local authorities in tracking their performance and public service delivery activities.
- provide substantive input to the project's support for local monitoring of NGPES implementation.
- contribute to regular reporting on project progress.

The M&E specialist will have the following qualifications:

- a good working knowledge of ICT.
- considerable experience in the field of M&E in development contexts.
- a reasonable knowledge of written and spoken English.
- an ability to work well in a team.

2.6.5. UNV communications specialist

The UNV communications specialist will be primarily responsible for ensuring that the results of project activities and project reports are readily available to the wider donor community in Lao PDR and to the international community in general. S/he will also be responsible, along with the National Capacity Building and Communications Facilitator/Specialist for ensuring that lessons learned from Saravane inform national policy-makers in Vientiane. Specific responsibilities include:

- overseeing the translation of all significant project documentation from Lao into English.
- working closely with the project's Capacity Building and Communications Facilitator/Specialist to ensure that policy relevant lessons learned through project implementation are accurately communicated to national policy making bodies.
- assisting the national Capacity Building and Communications Facilitator/Specialist in all aspects of their work.
- contributing to all communications activities undertaken by PACSA/GPAR;
- contributing to the UNDP newsletter;
- contributing to the preparation of communications materials on governance in Lao PDR.
- ensuring that M&E outputs are tailored to the needs of informing national policy-making institutions;
- document all project processes from start-up to completion;
- contributing to regular reporting on project progress.

The UNV communications specialist will have the following qualifications:

- a complete command of written and spoken English (obligatory) and a working knowledge of Lao (highly desirable).
- a sound (and proven) knowledge of media methods (written, oral, multimedia, etc.).
- good inter-personal skills.

a working knowledge of Lao (highly desirable).

Annex 3: Outputs 1,2 and 3 – guidelines for planning/budgeting, implementation and financing modalities

Outputs 1, 2 and 3 of the project are largely – but not solely – concerned with the planning, financing and implementation of infrastructure and service delivery by districts (with provincial support, as and when necessary). Much of this will be linked to the District Development Fund facility, through which funds will be made available to eligible districts over a period of four to five years.

This annex, recognising that much of this is new in the context of Lao PDR, outlines some of the key planning, budgeting, financing and implementation issues for the project. It is also intended to provide some guidance to the external technical inputs that are scheduled to feed into the project's inception phase, which will define more clearly planning, budgeting, financing and implementation procedures at district level.

2.1. Planning and budgeting issues

The planning and budgeting procedures that will be used in Saravane will need to address a range of key issues. These are highlighted in the following sections of this annex.

The annual planning and budgeting process will need to take into account the following **considerations**:

- Fitting into the timetable of the annual Budget preparation process by the District;
- Ensuring, as far as possible, that planning and budgeting are generic, and not limited to the use of DDF resources. At all costs, SP must try to avoid a fund-driven planning system, with entirely different procedures used for different resources;
- Allowing scope for Village communities to express their priorities, and have these priorities reviewed, screened, aggregated and further prioritised in a transparent and consistent manner at the Kum Ban level, and thence forwarded to the District;
- Establishing mechanisms for preliminary technical vetting and costing of these priority proposals;
- Allowing scope for consultative review and ranking of all vetted and costed proposals at District level – by Village and/or Kum Ban leaders and representatives alongside District officials - according to clear and transparent appraisal criteria;
- Allowing final technical appraisal and costings, and consultation with Province line departments (e.g. on recurrent budget or staffing issues);
- Ensuring that due consideration is paid to budgeting for recurrent costs. This is a special consideration, specific to Lao PDR;
- Ensuring that sufficient attention is paid to maintenance issues (with or without recurrent budget implications). It may prove helpful to integrate a

specific maintenance planning component into the annual planning and budgeting process at District level

- Generate an annual district investment plan and budget comprising these costed and prioritised expenditure proposals, within the limits of the budget resource availability of the District – i.e. comprising both its annual DDF block grant allocation and other discretionary resources that are available. This plan and budget will be reviewed and approved (for compliance, but without priorities being changed) by the Province.

To facilitate these procedures, simple **guidelines and planning tools** will be developed which:

- Aid the process of eliciting broad-based participatory involvement from rural community members, with due regard for issues related to ethnicity, gender, etc..
- Aid the process of screening, review and prioritising at each level, to ensure appropriate poverty-weighting, attention to operations, maintenance and sustainability arrangements, etc..
- Aid basic feasibility assessment and costing of simple standard schemes.
- Build on existing guidelines and tools already developed in Lao – e.g. under the UNCDF EDI project, or the Poverty Reduction Fund (the planning process for which is relatively sound but would require some adjustment for use by Saravane Province local authorities).

In order to implement these procedures, a number of innovative **institutional arrangements** will need to be developed, *inter alia*

- Village consultation arrangements through which the Village Chief is encouraged to consult with and elicit the needs and priorities from a wide range of community members and interests. The "Village meeting" provision of the new Law on Local Administration provides a formal basis for this.
- Kum Ban or Village Cluster arrangements, whereby Village Chiefs together with other Village representatives (e.g. Lao Women's Union leaders) assemble to aggregate, review and prioritise proposals from the constituent villages. Since Kum Ban arrangements appear to vary widely, various approaches will probably need to be explored.
- District consultation and review arrangements, through which Village Chiefs or other Kum Ban representatives, together with other District leaders and interests (e.g. District leadership from the Lao Womens' Union, the Lao Front, etc.) can assemble to review and prioritise the planning proposals from the various Kum Ban, and – at intervals – to review District Plan implementation. Again, the "District meeting" provision of the new Law on Local Administration provides a formal basis for this.

These sorts of institutional arrangement are especially important to ensure some degree of downward accountability of the District administration, given the lack of any representative assembly.

Given SP's **pro-poor focus**, the annual planning and budgeting process will also need to factor in ways of ensuring that District investments are – as far as possible – targeted at poverty reduction (in line with the orientations spelled out in NGPES). Saravane Province and its constituent Districts have already established poverty profiles (based on national norms), and can identify the poorest villages and (with probably rather less accuracy) the poorest households. This data should be used, as far as possible, to inform the District planning and budgeting process.

To further increase the extent to which the annual planning process is evidence-based, it may also prove helpful to encourage the use of simple “**resource-mapping**”. Although the information appears to be scattered at the moment, it should be possible for District Planning offices to collate data on existing service centres (primary schools, health centres, etc.) and to feed this information into the planning exercise so as to maximise benefit spread and minimise redundancy.

The proposed annual planning and budgeting system should be summarised as a set of clear, stepwise guidelines, with responsibilities for each step clearly defined. These planning and budgeting guidelines will be made available to Districts and will form the basis of parallel capacity-building activities by the project.

2.2. Implementation and production issues

Implementation of annual District development plans will be subject to a set of guidelines, to be drafted during the inception phase of the project. These implementation guidelines will deal with the following issues (among others):

- Procurement procedures – as far as possible, existing GoL procurement procedures will be used (as defined in Decision No. 1639/MoF, 1998). However, given inflation in recent years and other changes, it may prove necessary to adapt/update these regulations to current circumstances. In addition, a number of specific issues related to procurement will need to be reviewed and addressed:
 - it may be necessary to provide for specific types of procurement arrangements in the more remote Districts (such as Samoi), where contractors may be unwilling to undertake small scale works. This may involve, for example, single tenders for a number of works; or recourse to “community force accounts” (as practised by the Poverty Reduction Fund);
 - making the procurement process more transparent may require that representatives of the beneficiary communities (e.g. villages where schools are to be built) be present at bid appraisals;
 - some consideration should be given to establishing a list of pre-qualified contractors.
- Contracting arrangements and disbursement modalities will need to be reviewed and assessed. Standardised contract formats might be helpfully introduced. Given the problems of Treasury liquidity in Saravane Province, such contracts should be clear about the responsibilities of all parties;
- Arrangements for technical supervision of works, either by private sector consultants or by technical line departments. Provision should also be made for local level monitoring of works, by community representatives;

- Arrangements for operations and maintenance of infrastructure. For each type of infrastructure, broad guidelines should be provided, describing how and by whom O&M issues are to be dealt with.

2.3. Financing issues

Financing arrangements for the DDF will be finalised during the initial inception phase of the project. A number of issues will need to be addressed in designing DDF modalities:

- Identifying the initial two or three pilot Districts that will benefit from DDF allocations for FY 2005-2006. Whilst the pro-poor focus of the project might indicate that these initial pilot Districts would be the "poorest" in the Province, the fact that all Districts include substantial numbers of poor households/villages will need to be taken into account. The following table summarising poverty data for the 8 Districts, show all too clearly that poverty is not confined to two or three Districts:

District	No of villages	Poor villages	Poor villages as % of total no. of villages	Total no. of families	No. of poor families
Saravane	167	67	39	12,189	4,268
Lao Ngam	112	12	10	10,133	3,764
Konxedone	107	7	6	10,155	2,774
Wapi	65	17	26	5,952	900
Lakonepeng	92	13	14	6,653	1,567
Tum Lan	67	44	65.6	3,328	2,970
Ta Oi	56	41	73.2	3,663	3,042
Samoi	58	39	67	1,975	1,435

Source: DPC Saravane.

- The District Development Fund will need to be designed so as to simulate an "unconditional District block grant": as a form of centre-local fiscal transfer which (unlike current central transfers) embodies incentives for efficient, transparent and pro-poor ISD and public expenditure management by the Districts;
- Defining conditions of access to DDF by Districts, such that only those Districts able to demonstrate compliance with access conditions will be able to obtain annual block grants. The precise nature of these conditions should become better defined as a result of baseline institutional surveys/assessments to be undertaken prior to the inception phase of the project;
- Defining performance measures, by which Districts will either obtain larger block grants as a reward for improved performance or obtain reduced grants as a consequence of poor performance;
- Specifying how allocations will be made to Districts on the basis of a simple poverty-weighted, population-based formula (and not only be limited to the "poorest" Districts). The option of an equal shares allocation to Districts,