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| **ºö¤¡¾­­²ñ©ê½­Ì¾¦¾¡íÌ¦½¸óÀ©Ì­**  **Swedish International Development Agency** | ¦¾ê¾ì½­­½ìñ© ¯½§¾êò¯½Äª ¯½§¾§íÌÖà×  **Lao People's Democratic Republic** | ºö¤¡¾­­¦½¹½¯½§¾§¾©À²ˆº¡¾­­²ñ©ê½Ì­¾  **United Nations Development Programme** |

**Government of Lao People’s Democratic Republic**

**DECENTRALIZED PARTICIPATORY governance**

**and service delivery reform project,**

**luang prabang” (phase ii)**

***UNDP Project ID:* *00045991***

**FINAL PROJECT REPORT**

**Reporting Period: 1st January 2006 – 31st December 2010**

**Brief description of the project**

Phase II of the GPAR Luang-Prabang Project was build on the achievements of the first phase and was aimed to move towards harnessing governance and public administration reforms to promote economic growth and poverty reduction in the province.

The project has been seeking to strengthen provincial ownership and management of the public administration reform agenda. The second phase has continued to facilitate flows of information about local GPAR activities, intended both to inform national policy and other provincial pilots.

The project has delivered a number of key outputs in its second phase: (i) significant reforms in decentralized planning and expenditure management; (ii) improved delivery of key social services; (iii) a more enabling environment for business development; (iv) strengthened oversight of public services by the Office of the Governor; (v) a GPAR resource centre, as a clearing house for policy-relevant information; and (vi) a functioning support facility, through which provincial authorities has received assistance to directly promote local GPAR initiatives.

This second phase of GPAR Luang-Prabang Project has been implemented over a period of four years plus a one year no-cost extension – in total 5 years of implementation.

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**Abbreviations**

APSC Assistant Project Support Coordinator

BFC Business Facilitation Centre

DCOP District Committee for Organisation and Personnel

DDF District Development Fund

DPI Department of Planning and Investment

GPAR Governance and Public Administration Reform

GPAR LP GPAR Luang Prabang

HACT Harmonised Approach to Cash transfer

HRD Human Resources Development

MDG Millennium Development Goals

NGPES National Growth and Poverty Eradication Strategy

NSEDP National Socio-economic Development Plan

OoG Office of the Governor

PACSA Public Administration & Civil Service Authority

PCOP Provincial Committee for Organisation and Personnel

PIMS Personnel Information Management System

PM Project Manager

PSC Project Support Coordinator

SDF Service Delivery Fund

SDIS Service Delivery Information System

Sida Swedish International Development Agency

UNCDF United Nations Capital Development Fund

UNDAF United Nations Development Assistance Framework

UNDP United Nations Development Programme

# 1. Executive Summary

The GPAR LP II, “Decentralized Participatory Governance and Service Delivery Reform Project” has been one of four regional GPAR Projects and one National GPAR Project. The implementation period was 5 years, January 2006 – December 2010, including one year’s no-cost extension.

There have been two levels of objectives, (a) the strategic objectives as specified in the Government’s NPGES and NSEDP documents as well as the UNDP UNDAF framework; and (b) the Project goals and expected outcomes. The project goal is identical to the overall strategic goal, namely “Equitable economic growth and poverty eradication”. The expected project outcome was stated as “Sustainable improvements in provincial policies, administrative practices and capacities which will: (a) improve availability, reliability and responsiveness of pro-poor services, (b) enable greater transparency and citizens’ participation in governance, and (c) strengthen clarity and accountability in delivering services to citizens.

The outcome is envisaged to be achieved by generating 6 project outputs under the heading: “Strengthen capacities of selected government institutions at the provincial and district levels to contribute to the improvement in delivery of selected basic services for rural households and urban businesses”.

1. Strengthened decentralized administration and expenditure management of pro-poor services
2. Public service delivery reforms in Health and Education sectors
3. Business Facilitation Centre (BFC) providing enabling environment for business activities in Luang Prabang district
4. Provincial oversight & public information mechanism for the Office of the Governor
5. GPAR support facility which facilitates a wide range of small GPAR initiatives in the Province
6. GPAR Resource Centre through which GPAR learning mechanisms are established and strengthened

All the outputs have to a large extent provided results as planned.

Output 1 has contributed significantly to improved financial management, personnel management and in general enhanced to administrative capacity of provincial departments and selected districts. Establishment of Luang Prabang Municipality was however not fully achieved; this is due to hesitation at the national Government level.

Output 2 has contributed significantly to making Health and Education departments more effective as service delivers, for instance through preparation of job descriptions for personnel at all levels as well as making organizational reviews.

Output 3 has focused on business facilitation in Luang Prabang; one major achievement has been a reduction of time required for business registration from on average 217 days to on average 45 days.

Under output 4 efforts have been made to establish a provincial service delivery oversight mechanism – Service Delivery Information System (SDIS). SDIS has been instrumental for identifying small scale projects to be funded under output 5; these projects have targeted a number of poverty related issues such as clean water supply and sanitation and other activities. Output 5 is the most directly poverty alleviation intervention under the Projects. The SDIS under output 4 could also be a useful tool for general oversight by the OoG, however, this mechanism has not yet been fully adopted by the provincial administration and its sustainability seems to be at risk.

Under output 6 a Resource Centre has been established in OoG, partly as a documentation centre and partly as an information centre. Several activities under the GPAR LP II project have benefitted from the resource centre, such as production of a DVD on SDIS and a number of stakeholder workshops.

The project outputs have generally contributed positively to achieving the planned project outcome. They have provided improvements in provincial policies, administrative practices and capacities, and most of the improvements are also considered as sustainable. The improvements are most visible in the sectors of Health, Education and Agriculture that have been in focus by the project. Through the capacity building of Health and Education Departments at all levels, i.e. from provincial to grass roots level, there has no doubt been enhanced clarity and accountability in delivering services. However, even with enhanced capacity in these areas to deliver services effectively and accountably, the sectoral allocations for actual service delivery have remained at an unchanged level, and the village level impact is therefore limited. This should be the future challenge.

The GPARLP II has been managed by senior staff from OoG, i.e. the Vice Governor as head of the Leading Committee on GPAR, National Project Director, and the Project Manager (PM) who has been in day-to-day charge of implementation by heading the Project Support Unit (PSU). The PSU has not been integrated in OoG normal functions but has operated from a separate building within the OoG compound. The PM has been assisted by core project employed staff, including an International Advisor (Project Support Coordinator), a National Assistant Project Support Coordinators, and other national and international support staff for long or short term duration. The total number of PSU staff in 2006 was 24 persons which were reduced to 11 by the end of 2010.

# 2. Project Information and Resources

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| **Project number and title:** | Decentralized Participatory Governance and Service Delivery Reform Project. (2005-2010). ID code: 00040599 |
| **Implementing Partner:** | Leading Committee for Public Administration Reform, Luang Prabang Province. |
| **Responsible Parties (if applicable):** | Government of Lao PDR, Ministry of Foreign Affairs, GPAR programme, PACSA, UNDP, Department of Planning and Investment, Department of Information and Culture, Provincial Committee of Organization and Personnel, Provincial Agriculture and Forestry Department, Department of Education, Department of Public Health, Districts of Ngoi, Pak Ou, Pakxeng, Phonxay and Luang Prabang. |
| **Donors:** | SIDA and UNDP |

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| **Project Starting date** | | **Project completion date** | |
| **Originally planned** | **Actual** | **Originally planned** | **With no-cost extension** |
| 1st October 2005 | 1st January 2006 | 31 December 2009 | 31 December 2010 |

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| **Period covered by this report:** | 1st January 2006 – 31st December 2010 |

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| **Total Budget** | **Original Budget**  **(US$)** | **Latest Signed Revision**  **(US$)** |
|  | 3,089,000 | 3,089,000 US$ |

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| **Resources** | **Donor** |  | **Amount** |  |
|  | Donor (Sida): |  | 2,500,000 US$ |  |
|  | UNDP (Trac): |  | 589,000 US$ |  |

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| **Expenditure 2006 – 2010** | 3,070,134 US$ |

# 3. Purpose of the Project

## 3.1 National Development Objectives

The project is directly related to realizing the goal of the NGPES, of equitable economic growth and poverty eradication, with governance and public administration reform, as a means to achieve this policy goal. Its mission is “to support the design and implementation of governance and public administration reforms related to functioning of provincial departments so as to improve delivery of selected basic services for rural households and urban businesses”.

The Project addresses the NSEDP priority sectors of agriculture, economic investment, Health and Education. The key outcomes are in support of the MDGs - specifically Outputs 2, 4 and 5 on universal primary education; gender equality in primary education; reduced child mortality; improved maternal health. The Project contributes to these strategic objectives through targeted institutional supports for financial system improvements, decentralized administration and service delivery strengthening - including One-Door-Service, core pro poor and pro mother-and-child Health and Education services improvement, support to business facilitation, agriculture extension service and enhanced Provincial government oversight capability.

## 3.2 UN Development Assistance Framework (2007-2011)

In the Lao PDR the UNDAF is organized around three core pillars of governance, poverty and food security, and the social sector. These were identified by the UN system in 2004 as being criticial sectors for the Lao PDR to reach the MDGs and as such formed a realignment of UNDAF 1 (2002-2006) during its mid-term review.

The three outcome areas are:

1. By 2011, the livelihoods of poor, vulnerable and food insecure populations are enhanced through sustainable development;

2. By 2011, increased and more equitable access to and utilization of quality and prioritized social services; and

3. By 2011, strengthened capacities of public and private institutions to fulfill their duties and greater people’s participation in governance and advocacy for the promotion of human rights in conformity with the Millennium Declaration.

The Project has been in general compliance with all three UNDAF outcomes and specifically the UNDAF Outcome 3: “ By 2011, strengthened capacities ……… Millennium Declaration”.

**The Country Programme (CP)** has 9 outcomes in support of the UNDAF outcome targets. In particular outcome 8 is relevant for GPARLP II: “Increased efficiency, effectiveness, transparency and accountability of the public administration at both central and local levels” (also CP outcome 3.3). The three outputs to achieve this outcome were identified as:

**Output 8.1**: Capacities at central and local administrations for decentralized planning, management and service delivery further strengthened. (also called CP output 3.3.1)

**Output 8.2**: Enhanced capacities and incentive structures to facilitate more effective fiscal management in terms of stimulating greater domestic revenue collection and strengthened public expenditure management. (also called CP output 3.3.2)

**Output 8.3**: Strengthened implementation of anti-corruption legislation and practices through reforms in administrative systems, public information dissemination and law enforcement. (Also called CP output 3.3.3)

The UNDAF Monitoring and Evaluation framework suggests the following indicators for output 8.1 – 8.3:

* Functional analysis of government departments, including job descriptions completed, resulting in enhanced pairing of staff skills with job requirements
* National civil service training curriculum developed and implemented nationwide (ensuring CEDAW principles included)
* Increased number of Annual Audits conducted by State Audit Organization
* Increased number of Anti-Corruption cases brought before the State Inspection Authority number of investigations carried out and cases resolved
* Establishment of a national tax and customs administration reporting to the central Ministry of Finance
* Establishment of citizen information centres containing information on laws and policies, but also on budgetary allocation, public expenditure, audit results, and procurement contracts
* Increased salary of civil servants on the basis of a merit and performance based system of evaluation

All three outputs have been addressed by GPARLP II, in particular 8.1 and 8.2, output 8.3 only to a lesser extent.

# 4. Project Performance and Results

## 4.1 Contribution to the strategic goals

The **overall goal** of the project is the same as the goal of NPGES, namely

***Equitable economic growth and poverty eradication***

Governance and public administration reform is seen as a means to achieve this policy goal.

The intended **project outcome** of GPARLP II is (ProDoc p. 14):

***Sustainable improvements in provincial policies, administrative practices and capacities which will:***

* ***improve availability, reliability and responsiveness of pro-poor services***
* ***enable greater transparency and citizens’ participation in governance***
* ***strengthen clarity and accountability in delivering services to citizens***

The outcome is envisaged to be achieved by generating 6 project outputs under the heading:

“Strengthen capacities of selected government institutions at the provincial and district levels to contribute to the improvement in delivery of selected basic services for rural households and urban businesses”.

1. Strengthened decentralized administration and expenditure management of pro-poor services
2. Public service delivery reforms in Health and Education sectors
3. Business Facilitation Centre (BFC) providing enabling environment for business activities in Luang Prabang district
4. Provincial oversight & public information mechanism for the Office of the Governor
5. GPAR support facility which facilitates a wide range of small GPAR initiatives in the Province
6. GPAR Resource Centre through which GPAR learning mechanisms are established and strengthened

The ProDoc makes further description of the **Expected end of project situation:**

By the end of the project, the province is expected to have well-established systems to ensure priority and timeliness in financial support for departments providing basic services, supported by restructured district administrations and district plans in pilot districts. These systems will also have active involvement and oversight by the Office of the Governor, as well as greater dissemination of relevant information to enable citizens to better access services and play the role of active citizens. Indicative improvements in availability and reliability of education and health services should be evident by the end of the project, in several areas. Urban business would have greater convenience in complying with regulations. A range of small reform related initiatives involving several departments and districts would be complete, indicating greater involvement and ownership of the GPAR process in the province. Learning from this project would have influenced and benefited other GPAR pilots and emerging central GPAR initiatives.

These outputs originate from the Project Document and are in principle not changed. However, during inception it was realized that it was necessary to focus project activities and be less ambitious if the intended outputs were to be reached. The focusing was mainly a narrowing of the number of sectors involved to Health and Education, which are also considered as focus sectors in the NSEDP and Government strategy.

A number of output indicators was provided in the Project Document (p. 14: Results and Resources Framework). These have been applied below as they are still by and large relevant for measuring output, even though the project scope was narrowed and focused during the project Inception Phase.

The Project Management and UNDP have in addition during the first years of implementation developed new **annual** output indicators; these have been useful for short term monitoring of progress.

## 4.2 Review of Outputs

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| **Output 1:** Strengthened decentralized administration and expenditure management of pro-poor services | | |
| **Main areas of project activities** | **Implementation and Achievements** | |
| Support GFMIS/NAS at Province & District levels | The Project implemented the National Accounting System (NAS) with training in all 16 departments and in 11 districts. This has improved the transparency and accountability of provincial expenditure management.  The Project helped computerise the Government Financial Information System for national accounting. This has made it possible to perform daily operations in all provincial departments and some districts and has helped Luang Prabang Province to improve budgeting and expenditure management in relation to service provision. Revenue collection, transparency and accountability have all been strengthened by this change.  Provincial revenues are increasing. Since 2006, tax collections exceeded Ministry of Finance targets and this enabled the Province to have discretion over surplus spending. Budget details of transfers, cash and income of districts and departments are now available on demand to the management of the Department of Finance.  DoF was fitted with fiber optic cables for rapid transfer of financial information. The plan to connect all the provincial departments and the districts with fiber cables still remains to be implemented. | |
| Strengthen Internal audit / anti-corruption capabilities | The KPMG audit reports from 2006 – 2008 show satisfactory results and a provincial three- year internal audit plan with Ministry of Finance is being implemented. | |
| Support to establishment of Luang Prabang Municipality | The initiative to establish Luang Prabang as a municipality has slowed down after considerable preparatory work was done at both the provincial and national level. This is due to a multiplicity of factors that are beyond control of the project including the form which these municipalities should take. Currently, the Government of Lao PDR is reviewing the Law on Government and Law on Local Administration in the context of the plans to establish provincial assemblies. The sub-output of establishing Luang Prabang Municipality may therefore not be achieved before termination of the Project. | |
| Provincial Committee on Organisation & Personnel management strengthening | PCOP and DCOP were also supported by the project mainly in their personnel management dimension. A study tour to Sam Neua and XK to examine PIMS was conducted by PCOP in 2008. PIMS training was also given to PCOP and DCOP, but since PIMS software at national level was not ready and seemed likely to be entirely changed, this initiative under GPAR LP was subsequently stalled.  HR personnel management training was given by PCOP to all offices at provincial and district level as a part of the government routine training. This training focuses on functional analysis, job descriptions and HR and civil servant management matters such as the recruitment of new staff, the promotion of grade and steps - salary increase, re-position and rotation of staff, and the implementation of social benefits. This training is showing promising results where previously PCOP had to do this work for all offices on their own, now the HR staff at each office will do it and PCOP will monitor and approve the work. This makes the system more acceptable and transparent.  Job descriptions have been written and updated as new positions were created and staff recruited. This is an ongoing process as a part of routine activity of PCOP and all departments. Functional reorganization was done mainly in the OoG, and some other offices under the purview of OoG, on pilot basis. Together with the job descriptions, this helped clarify the roles and responsibilities among staff and lead to increases in their effectiveness and efficiency both in their office work and in service delivery.  The PIMS initiative had stalled because the software was not ready and there was uncertainty at national level as to how to proceed. It is not likely that this initiative will materialize before the end of the project.  Functional analysis and job description writing done by PCOP and other offices appears to be based on an approach that is not clearly informed by the development of national guidelines, especially the job description guideline which is being finalized by PACSA at the moment. | |
| National Assembly strengthening | The programme also supported the office of the National Assembly at Provincial level to create awareness in the districts on the role of the Assembly and new laws and regulations. This has helped provincial officials, villagers and district heads to gain a deeper understanding of the role of the National Assembly, the Constitution, and key Lao laws.  While work with the National Assembly is important it has mainly concentrated on building the capacity on the demand side, namely the provincial and district officers as well as villagers, but has not focused on the supply side, namely strengthening the capacity of the parliamentarians themselves so that they can promote legislation and behaviour geared towards responsive and equitable public service delivery in the Province. | |
| Citizens One-Door-Service | Luang Prabang District Citizens’ One-Door-Service began operation in July 2008 with various services provided by visiting only one office at the District Administration. Related staff training were carried out, however, due to staff transfers retraining was carried out again in 2010 as new staff took over the function. This illustrates the need for careful institutional anchoring of such functions in order to maintain sustainability. | |
| Support decentralization local administration | To enhance local administration capacity, the project developed and implemented a training package including socio-economic development, village planning and administration, office management and reporting to four districts with weak service delivery and this has tangibly strengthened capacities.  The Final Evaluation Team reported that it observed a high level of consensus amongst village communities on what needs to be done to improve lives, and a good understanding and growing commitment to shift towards new production systems and agricultural techniques. This is a positive and significant result of the trainings provided by the Project. | |
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| **Conclusion on achievement of Output measured against indicators of ProDoc.:** | | |
| * Two district offices restructured and decentralization functional | | Fully achieved |
| * Participatory district plans guide development activities in three districts | | Fully achieved |
| * Kumbans created in three districts in participatory manner | | Fully achieved |
| * Departments and districts follow clear responsibilities in managing recurring expenditure | | Partly achieved (more training needed) |
| * Communities play role in prioritizing district expenditure | | Fully achieved for five villages in each of nine districts |
| * Budgeted funds provided on time to pro-poor health and education departments | | Fully achieved |
| * Provincial finance is regularly audited | | Fully achieved (annual inspection) |
| * New NAS procedures used in all provincial departments | | Partly achieved, more staff training needed |
| * Small scale infrastructure planned and completed with community participation | | Fully achieved (for SDF supported projects) |
| * Several steps to set up Luang Prabang Municipaoity completed | | Fully achieved |

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| **Output 2: Public service delivery reforms in Health and Education sectors** | | |
| **Main areas of project activities** | **Implementation and achievements** | |
| Functional analysis, job descriptions, and capacity building in the Education Sector | Functional analysis and job descriptions have been done for the education sector and this has created greater clarity on roles and responsibilities. This has contributed to increased effectiveness in service delivery in the sector.  In the education sector, the job descriptions have been prepared for each staff position from provincial level down to the principal and teachers at schools. This has helped clarify the roles and responsibilities of staff, thus increasing effectiveness and efficiency in their work and in delivery of education services.  In addition to these organizational improvements, the capacity of both managers and technical staff in the two sectors has been substantially increased. In education, the project provided training on monitoring, reporting and education management for managers, educational administrators and principals. At the technical level, the training has also been delivered to teaching staff. The training covers such topics as how to produce and manage teaching materials, volunteer teachers training, low qualified teachers training and training on child centred teaching methods. | |
| Functional analysis, job descriptions, and capacity building in the Health Sector | Functional analysis and job descriptions have been carried out for the health sector; this has created greater clarity on roles and responsibilities. This has contributed to enhanced effectiveness in service delivery in the sector.  In the health sector, the health administrators have been trained on monitoring and reporting based on the new Ministry of Health Reporting Book to provide quarterly health service delivery reports. At the technical level, 332 hospital and dispensary staff, including 212 women, received technical skills training. These people are the front line health staff that directly provides service to the people in hospitals, clinics and dispensaries.  At village level, a number of health volunteers received training on Child and Mother Health. This training goes together with the mobile health team (Mother & Child Health) which visited targeted remote villages to provide on-site basic health care for mothers and children. | |
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| **Conclusion on achievement of Output measured against indicators of ProDoc.:** | | |
| * Job description and functional responsibilities specified at all levels of Education and Health Departments | | Achieved |
| * Procedures to improve availability and quality of health and education implemented | | Partly achieved |
| * Duties and standards in relation to health and education services widely known | | Partly achieved |
| * Improved availability and quality of health and education services | | Partly achieved |

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| **Output 3:** Business Facilitation Centre providing an enabling environment for business activities in Luang Prabang District | | |
| **Main areas of project activities** | **Implementation and Achievements** | |
| **Develop Capacity for BFC** | The Business Facilitation Centre (One Stop Shop) set up in the offices of the provincial Department of Planning and Investment (DPI) is staffed, equipped and functioning. It has reduced business registration time from 217 days to 45 days for key registration requirements, which is obviously a very major achievement. It has also helped to substantially increase the investment license tax revenues now being collected in Luang Prabang.  Staff related to the BFC have received training on various relevant issues and they are thus well prepared for advising new potential business people. As it is the case for all training provided to government personnel the principle of rotation of staff to other areas of work will at times hamper the effectiveness of the training provided.  A survey undertaken following the establishment of the BFC reveals that there is improved client satisfaction with registration procedures amongst those sampled, and a greater number of firms are now registering.  A further achievement is that the DPI has established its own website for business promotion. It promotes Luang Prabang amongst potential investors as well as small scale businesses in terms of business potentialities, business environment and regulatory requirements for starting up. | |
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| **Conclusion on achievement of Output measured against indicators of ProDoc.:** | | |
| * Information on business start up procedures freely available | | Achieved (if web site is completed) |
| * Improved speed in registering businesses | | Fully achieved (but still room for improvement) |
| * Improved regularity in tax payment by businesses | | Achieved with significant increase in revenue |
| * Special services available for women entrepreneurs | | Achieved |

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| **Output 4:** Provincial oversight & public information mechanism for the Office of the Governor | | |
| **Main areas of project activities** | **Implementation and Achievements** | |
| Service Delivery Information System (SDIS) | The main objective of the SDIS is to improve the management of service delivery at provincial and district level by assisting the Office of Governor and District Administration to oversee and monitor service delivery in 4 priority sectors in line with MDGs and NSEDP goals of growth and poverty reduction. In order to meet the requirement of clarity and simplicity, the mechanism has initially been focused only on those aspects of a service that are likely to have the greatest impact and helps to achieve MDGs in the province, namely: Primary Health, Safe Water Supply, Primary Education, and Agriculture extension services.  Personnel from all districts in LP Province have been trained in data collection, data collation, and data reporting to provincial authorities.  All districts have received a computer for data handling.  Training on interpretation & use of SDIS data by leadership has also been implemented.  The SDIS has been designed and reviewed by an international consultant and continuously supported by an international UN Volunteer in 2008 and 2009. Despite the simplicity of the system mentioned above the SDIS is quite complex in the sense that it comprises many stakeholders who all have to provide their input to make the system functional.  The main user of information generated by SDIS is the OoG. However, OoG has tended to continue the old routine of requesting specific report directly from the concerned departments. The main use of SDIS generated information has therefore been for identification of small scale projects to be funded under SDF.  Experience has shown that as long as the external input is significant the system can run effectively and even be further developed, however without such input sustainability becomes fragile. Intensive inputs and further clarification of roles and responsibilities towards the end of the project period may have ensured sustainability of the basic functions of SDIS. | |
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| **Conclusion on achievement of Output measured against indicators of ProDoc.:** | | |
| * Departmental and district activities monitored against plans and budget | | Partly achieved for selected sectors |
| * Internal financial audit reports reviewed by Governor | | Fully achieved (Not related to SDIS) |
| * Information about budgets, projects and activities made available to people in districts | | Fully achieved, but not due to the POM / SDIS |
| * Duties of offices displayed at important offices | |  |
| * Performance of poverty alleviation activities reviewed periodically | | achieved for selected sectors |
| The focus of activities under output 4 was narrowed to establishing SDIS that should generate information for OoG and other decision makers to make strategic decision based on identified needs | | |

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| **Output 5: GPAR Support Facility / Service Delivery Fund** | | |
| **Main areas of project activities** | **Implementation and Achievements** | |
| **SDF preparation and capacity building** | Since 2007, GPAR LP has developed a Service Delivery Fund (SDF) to support basic services in the key areas of primary education, maternal and child health, access to clean water and sanitation and agricultural extension activities. The SDF is a provincial fund and not a district discretionary fund like the DDF. It is managed by the Provincial Leading Committee on Public Administration Reform with assistance from GPARLP. In practice decisions are taken at the Provincial level by a team comprising the NPD, PM, PSC, APSC and the SDF team. However this is not done unilaterally because proposals are authorised by relevant village, district, and provincial officials.  All organizations that are part of the provinces official administrative organogramme have the right to apply for SDF funds.  The SDF was subject to a careful design process during 2007 and designed in tandem with the SDIS. This included external / international consultancies for design and fine-tuning after testing. A number of meetings and workshops were held with all stakeholders in order to make sure all parties were fully aware of procedures and purpose.  In addition, a manual for selection process was prepared, called SDF Guidelines. | |
| **SDF Funds disbursement** | Disbursement of SDF funds have taken place during 2008, 2009, and 2010. More than half of all projects have been in the area of safe water supply and sanitation with 41 projects. Other areas that have received support is agriculture development activities, education, and women’s health related activities.  Selection of projects has been facilitated by SDIS generated information, in combination with information available at departments. It was due to the SDIS generated information that safe water supply and sanitation was given such a high priority in the SDF programme. | |
| **Conclusion on achievement of Output measured against indicators of ProDoc.:** | | |
| * Wide range of small scale GPAR activities completed. | | Fully achieved |
| * Wide participation of departments and districts in SDF | | Fully achieved |
| * SDF projects benefit communities | | Fully achieved |

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| **Output 6:** GPAR Resource Centre through which GPAR learning mechanisms are established and strengthened | | |
| **Main areas of project activities** | **Implementation and Achievements** | |
| **Establishment of GPAR Resource Centre in OoG** | Establishment of the Resource Centre has been the key activity under output 6. A large number of activities has been carried out through the Resource Centre, such as baseline surveys, training and information workshops for departmental and districts staff, and exchange visits.  Through the Resource Centre an excellent video was produced; it demonstrated and publicized the SDIS at its early stage of implementation and helped to inform stakeholders of the use of SDIS.  The Resource Centre has produced a newsletter and collected and stored national policy documents, decrees and orders. It has a collection of reports on development projects in the province and is establishing a provincial archive, which will also included the GPAR LP Project documentation.  A OoG website has been developed and uploaded; it contains information about the provincial administration and is a useful tool for disseminating information. The future challenge is to keep the website continuously updated in order to serve as a source of latest news and information on policies, regulatory statements and administrative issues in Luang Prabang Province. | |
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| **Conclusion on achievement of Output 1 (include baseline assessment):** | | |
| * Greater awareness of GPAR in departments and district of LP | | Fully achieved |
| * Learning applied in other provinces and central ministries | | Achieved to a limited extent |
| * Provincial personnel share learning with external institutions | | Achieved to a limited extent |

## 4.3 Review of Intended Outcome

The ProDoc does not provide indicators for project outcome. Instead, a brief review of intended outcome vis-à-vis achievement is provided. The intended project outcome was stated in the ProDoc (p.14) as:

Sustainable improvements in provincial policies, administrative practices and capacities which will:

* improve availability, reliability and responsiveness of pro-poor services
* enable greater transparency and citizens’ participation in governance
* strengthen clarity and accountability in delivering services to citizens

The project outputs have provided improvements in provincial policies, administrative practices and capacities, and most of the improvements are also considered as sustainable. The improvements are most visible in the sectors of Health, Education and Agriculture that have been in focus by the project. Through the capacity building of Health and Education Departments at all levels from provincial to grass roots there has no doubt been enhanced clarity and accountability in delivering services. However, even with enhanced capacity in these areas to deliver services effectively and accountably the sectoral allocations for actual service delivery have remained at an unchanged level, and the village level impact is therefore limited. This should be the future challenge.

Through a comprehensive programme for enhanced service delivery behaviour, generally enhanced administrative and planning capacity at district level, and empowerment of village population in terms of planning and prioritization, it may be concluded that greater transparency has been enabled and that citizens have improved participation in governance. This goes for the five districts that have been in focus and the few villages – among many in the entire province – that have benefitted from socio-economic planning awareness raising.

Although not explicitely mentioned in the intended outcomes the most clearly visible impact at village level may be subscribed to the small funds disbursed through the Social Development Fund for clean water supply and sanitation at schools, small projects related to agriculture, tools for primary education, and women’s health related projects. The provincial oversight mechanism – Service Delivery Information System (SDIS) – was useful in identifying the most needy areas for the small scale SDF projects, however, the SDIS has not yet been mainstreamed into the strategic planning functions of the OoG.

## 4.4 Update on implementation of the Vientiane Declaration and its Action Plan

The Vientiane Declaration on Aid Effectiveness was signed on 29PthP November 2006. UNDP is a focal point for 32 of the 73 actions that give effect to the five principles: Ownership, Alignment, Harmonization, Managing for Results and Mutual Accountability. The GPAR LP II was not designed to address the principles of the Vientiane Declaration, however, the following comments can be made:

* Project Implementation Units (Alignment) – UNDP’s aim is to support the government NEX to identify practical ways to integrate projects implementation into Government of Lao sectors. GPARLP Project’s PIU implements the Project activities and Outputs under the managerial direction of the Office of the Governor through a Project Manager and National Project Director, both of whom are Office of the Governor officials. The number of PIU staff has steadily reduced from at the start of Phase 2 in January 2006 to end December 2010.

|  |  |  |  |
| --- | --- | --- | --- |
| **PIU (paid staff)** | **Lao** | **Foreign** | **Total** |
| Phase 2 start 2006 | 21 (incl 4 support) | 3 (Adviser 1; IUNV 2) | 24 |
| Year end 2010 | 6 (incl 3 support)  2 drivers, 1 cleaner, 1 night watchman | 1 | 11 |

* Use of country Public Finance Management systems (Alignment) – The Project has successfully collaborated with Department of Finance and the implementing partners to pay POA supports via Department of Finance where possible. This brings the funds on to the Department of Finance books, uses the existing national systems to transfer support funds to the implementing partners and imposes national controls, checks and balances.
* Results orientated frameworks (Managing for Results) – the Project operates the Results Based Management system. The Project Outputs contribute to the cross-project/sector level Outcomes and ultimately at the programme level support the UNDAF. Formal appointment of a Project Management Board, in replacement of the current Leading Committee on Public Administration Reform (LCPAR) took place in 2010.
* Procurement rules and regulations: The Project has continued to operate under the rather rigid procurement regime of UNDP for all project purchases of 5,000 USD and above. This has at times delayed project implementation and with continuously increasing financial capacity of the provincial administration, it may be relevant to reconsider this in future.

## 4.5 HACT implementation

Harmonized Approach Cash Transfer system was introduced to the Project in 2007. The purpose is to more closely align different UN agencies accounting procedures and to give more readily comparable Budget and Expenditure information. The HACT system has been successfully introduced by the Project since 2007.

## 4.6 Partnership Strategy

The project implementation strategy has been based on a Project Support Unit facilitating, supporting and ‘pushing’ the key stakeholders as the primary implementers of activities. This strategy has been quite effective, not least due to strong partnerships between the PSU placed within the OoG and the key stakeholders that include:

* Department of Health (DOH)
* Department of Education (DOE)
* Provincial Agriculture and Forestry Office (PAFO)
* Department of Planning and Investment (DPI)
* Provincial Committee on Organisation and Personnel (PCOP)
* Lao Women’s Union (LWU)
* Provincial Committee on Advancement of Women (PCAW)

The above list is not exhaustive, only indicating the key partners at district level. At lower level obviously all the districts have been partners, in particular the five core district in relation to GPAR LP II. Also the UNV can be considered a partner that has played an essential role in implementing GPAR LP II effectively.

At national level PACSA, UNDP and Sida have been key partners for implementation as the GPAR Project within PACSA, namely SBSD. The other regional GPAR projects have also been partners, however, not as close partners as it could have been. This is due to the GPAR design, each project designed individually and no strong mechanisms for coordination and exchange of information and experience. Cooperation with other GPAR Projects did, however, comprise normal on-going communication, study visits and retreats.

Local partnership was further established with the SIDA supported project with the radio station in Luang Prabang.

During 2007 the Project organized a donor coordination meeting for agencies active in Luang Prabang province. Attendance was reasonable and the value of closer liaison was recognized. However, as on previous occasions, the results were less than the intentions, with each agency pursuing its own goals and activities with only informal liaison.

## 4.7 MDGs

The outputs of GPARLP II have directly or indirectly addressed critical MDGs, such as MDG #1: eradicate extreme poverty and hunger; MDG #2: Achieve universal primary education; MDG #4: Reduce child mortality; and MDG #5: Improve maternal health. MDG #3, promote gender equality and empower women, has also be addressed, both as a crosscutting issue and directly through supporting gender focused institutions.

Output 2 has directly addressed MDG #2, #4, and #5 by improving systems and procedures in the two concerned departments. The direct impact on these MDGs is limited as the funding for the activities have been limited and not part of the GPAR LP II project, however, the capacity to channel more funds to the village level for effective service delivery has improved significantly.

MDG #1 has not been addressed directly, but particularly output 1, 2, 3, and 4 have contributed to this MDG by improving systems and procedures for many aspects of poverty alleviation. Output 5 have directly contributed to MDG #1 by small scale targeted investments in key poverty alleviation areas.

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## 4.8 Gender Mainstreaming

Gender has been treated as a crosscutting issue in GPARLP II projects, not as a specific outcome or output. In Luang Prabang Province, as in other provinces in Laos, there is documented evidence that women are more disadvantaged in many areas in relation to men. In the context of a project, gender issues may arise and may affect all stages and components of the project. Thus if a decision is taken to treat gender as a cross cutting issue, gender activities need to be taken into account in all stages and be reflected in all the components of the project.

In GPARLP II, the SDF has supported school sanitation for girls (water supply and sanitation) and a small number of rural livelihood training exercises by the Lao Women’s Union. The selection of Mother and Child mobile clinics further represents the Project’s proactive gender approach.

Since 2008, the provincial OoG established PCAW to advance gender issues in the civil service, and the project also set a target to increase the number of women with access to training workshops, with at least 30% for trainings coordinated by the OoG.

The project has made efforts to provide gender disaggregated data for all its training activities. Basically gender-disaggregated data makes it possible to portray, analyze, study and assess social phenomena from a gender perspective. This makes it possible to assess the status and effect on both men and women of a programme's activities. Such data makes clear through concrete figures whether or not a particular policy or activity is gender biased or not.

# 5. Project Management

The GPARLP II has been managed by senior staff from OoG, i.e. the Vice Governor as head of the Leading Committee on GPAR that provides policy guidance for implementation. In addition, a National Project Director was appointed, also a Senior Official from the OoG, and a Project Manager (PM), who has been in day-to-day charge of implementation. The PM has remained the same person since the launch of GPARLP I in 2002; the PM holds the rank of Deputy Chief at Office of the Governor.

During the last year of the project, a Project Board was established for the sake of conformity among all the GPAR projects. The Project Board assumed the policy guidance role previously carried out by the Leading Committee. The Chairmanship of the Project Board remained the same as of the Leading Committee.

The PM has been heading the Project Support Unit (PSU) which has been in charge of all day to day project implementation activities. The PSU has not been integrated in OoG normal functions but has operated from a separate building within the OoG compound. The PM has been assisted by core project employed staff, including an International Advisor (Project Support Coordinator), a National Assistant Project Support Coordinators, and other national and international support staff for long or short term duration. Other support staff of the PSU included an accountant, a secretary, a translator, as well as drivers and cleaning staff. The total number of PSU staff in 2006 was 24 persons which was reduced to 11 by the end of 2010.

The PSU and project management established sound working relationship with OoG and key partners in the provincial and district line departments, particularly in the health and education sectors.

These good relationships have resulted in a shared understanding of the project goals in the province. The project activities were adapted to meet the felt needs of the provincial authorities while respecting the intentions of the project design.

The Evaluation Team (2009) judged from its interaction with the project team, OoG, provincial departments, and districts, that there was strong “ownership” of the project by the OoG and line departments, based on the alignment of their goals with those of the Project.

The Project has benefited from both very effective management and technical assistance. Part of the reason for this is the substantial budget allocated to the PSU (according to the Evaluation Report, 2010, the PSU consumed about 25 % of total project cost). But an important factor is also the quality of staff and the sound working relationships established within the PSU and between it and the provincial partners.

As described above, the PSU has played an essential role for effective project implementation, and the presence of the PSU has probably fully justified despite the high cost involved. Without the guidance, facilitation, explanation, and generally ‘pushing’ by the PSU, many activities would most likely not have implemented. On example is the SDIS. It was facilitated and ‘pushed’ by the PSU, including international advisors, however, the pushing and facilitation came to a halt by end of 2009 when key technical advisors left the project and it can be observed that the progress and maintenance of SDIS dropped significantly from that time.

Having a PSU is not in line with the guidance of Aid Effectiveness declarations such as it is stated in for instance the Vientiane Declaration on Aid Effectiveness. It is therefore time to rethink the management structure of possible successor projects/programmes to GPAR LP II. Indications in that direction have been given by UNDP and The Lao Government in relation to the initial steps for preparing a new GPAR Programme for 2011 +.

# 6. Funds Utilisation

The project has been able to spend all the available funds with a utilization rate of over 99 %. There have been year by year adjustments through the annual budgets and some outputs have taken a bigger share than originally budgeted. It is noteworthy the output 2, support to Health and Education sectors – important for achieving key MDGs, has only been able to spend 62 % of original budget while output 6, support to OoG Resource Centre and a number of stakeholder workshops, has spent over 150 % of original budget. The details of budget and expenditure are shown in the table below.



Output 7 is actually not an output but a support facility, including the cost of the Project Support Unit. This ‘output’ has had a spending rate almost at intended with 97 %. It is noteworthy that it has consumed about 38 % of the total project budget.

Out of the small amount of unspent funds – the exact amount to be calculated upon project closure - the position of project accountant will be maintained for 5 months in 2011 to clear any outstanding financial management and accounting issues.

# 7. Transfer of Assets and Equipment

The inventory of project assets and equipment has been updated during the last quarter of 2010 with comprehensive physical verification, including visits to all districts and departments. The inventory includes items that were transferred to the Project from the now terminated UNV project.

The inventory has three categories of equipment, namely (1) purchase value over 500 US$, (2) purchase value less than 500 US$, and (3) disposable assets. No depreciation of value has been calculated, however, many items have been in use by the project and its stakeholders since 2002 or 2003, and consequently the real value is much less.

Equipment and assets under category 1 (purchase value more than 500 US$) mainly comprise motor vehicles (two items), IT equipment, and motor cycles.

Office of the Governor is currently requesting for formal transfer of all the equipment to OoG.

**8. GPAR after 2010**

All the current GPAR projects in Laos will be completed during 2010 and 2011. Government of Lao PDR and UNDP have initiated a process of formulating a continuation of the GPAR support under the title: ‘National Governance and Public Administration Programme’, however, with a slightly different approach and more aligned with the Vientiane Declaration on Aid Effectiveness.

This means the future GPAR will most likely have a programmatic approach with enhanced ownership, alignment and coordination. As outlined in the Concept Paper on ‘National Governance and Public Administration Programme’ all activities will be part of a well defined Programme, however with a number of separate projects or components. Such components will be managed individually, but a Programme Support Unit will ensure coordination and maximum inter component exchange of ideas, methods, approach and experiences. Although the programmatic framework is not yet defined the GPAR LP II has made a first attempt to analyse the current situation in Luang Prabang and based thereon prepared a strategic outline of the future activities in Luang Prabang under the framework of ‘National Governance and Public Administration Programme’.

The needs identification presented in the Provincial Administration Improvement Plan has provided important analysis and guidance for the proposal. In addition, also the comprehensive Lessons Learned report for GPAR LP II has provided useful information on what has been successful and therefore suitable for scaling up for implementation in the entire province as well as beyond. The 7th NSEDP 2011 - 15 and the Strategic Plan for Governance of Lao PDR 2011 – 2020 have been applied as guiding principles as far as national policies, strategies and priorities are concerned. Other principles for the proposed components include:

* Should be part of (components of) a new National GPAR Programme 2011 – 15 which will have well defined goals and outcomes at the higher programme level.
* A new GPAR LP 2011-15 should be more focused on strategic provincial objectives than GPARLP phase I and II have been. This will facilitate implementation and avoid diluting effects and impact by spreading the inputs too thinly over too many activities.
* Management of the components should be more integrated in the designated implementing institutions and not be managed by a Project Support Unit. The designated institutions shall then be fully responsible and accountable for implementing the concerned component; this is envisaged to enhance ownership, sustainability and accumulation of knowledge and experience at institutional level.
* The interventions shall directly or indirectly (by creating an effective and conducive governance environment) address critical MDGs, such as MDG #1: eradicate extreme poverty and hunger; MDG #2: Achieve universal primary education; MDG #4: Reduce child mortality; and MDG #5: Improve maternal health. MDG #3, promote gender equality and empower women, will also be addressed, both as a crosscutting issue and directly through supporting gender focused institutions. These are also believed to be priority areas for UNDP.

The potential components to be implemented in Luang Prabang as part of ‘National Governance and Public Administration Programme’ are:

1. Core GPAR LP Component, addressing further capacity building, particularly at district level and below, but also further consolidating and developing activities that was initiated during GPAR LP II.
2. Three sector components are proposed for addressing specific MDGs and responding to strategies of the draft 7th NSEDP, namely (a) health (b) education, and (c) agriculture and forestry. The sector components may be implemented in Luang Prabang only or as multi-provincial / national sector components.
3. A Civil Society Component is also proposed. This Component will respond to the objective of the draft 7th NSEDP as well as the draft Governance Strategy 2011 – 20 that both emphasize the role of civil society to enhance grass roots level monitoring of service provision and general empowerment of the population at village level.
4. Lastly, it would be very useful if the DDF be extended to cover all or selected districts of Luang Prabang Province. Experiences shows that funds channeled directly to the planning and implementing level is very useful and can have great impact at village level, however, also at the level of institutional strengthening where the funding shows the immediate usefulness of the capacity building efforts.