



ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ
Lao People's Democratic Republic



ອົງການສະໜັບສະໜູນພັດທະນາ
United Nations Development Programme

Government of Lao People's Democratic Republic

**Ministry of Planning and Investment
Department of International Cooperation**

And

United Nations Development Programme

PROJECT ID: 00062428

PROJECT TITLE:

***“CAPACITY DEVELOPMENT FOR
NATIONAL IMPLEMENTATION”
(NIM PROJECT)***

**ANNUAL PROJECT REPORT (APR)
FOR
2010**

Reporting period: 01 January - 31 December 2010

I. PROJECT INFORMATION AND RESOURCES

Project Number:	00062428
Project Title:	Capacity Development for National Implementation
Implementing Partner:	Ministry of Planning and Investment (MPI) Department of International Cooperation (DIC)
Responsible Parties (if applicable):	
Donors:	United Nations Development Programme (UNDP)

Project Starting date		Project completion date	
Originally planned	Actual	Originally planned	Current estimate
May 2009	June 2009	January 2012	January 2012

Period covered by this report:	01 January - 31 December 2010
Date of annual review:	24 January 2011

Total Budget	Original Budget (US\$)	Latest Signed Revision (US\$)
	430,000	430,000

Resources	Donor	Amount
	UNDP Regular Resource	USD 430,000

II. PURPOSE OF THE PROJECT

Building and developing national capacities for implementation of ODA-funded and other development programmes and project, is critical to successfully deliver results. This NIM Project (June 2009 – January 2012) intends to increase development effectiveness of UNDP-supported projects and other development programmes/projects in Lao PDR, until the end of the current UNDAF cycle (-2011). This project is of particular importance as an umbrella project that provides assistance and advisory services to all of the UNDP-supported projects that are nationally implemented. The overarching objective is to develop, consolidate, and sustain management capacities of National Implementing Partners including the Department of International Cooperation (DIC) of Ministry of Planning and Investment (MPI), to plan, coordinate and implement ODA projects and monitor the results more effectively and efficiently, so as to help achieve national development goals including the MDGs. It will focus on developing the key management and functional capacities ranging from Managing for Development Results (MfDR) (with a gender perspective) including monitoring and evaluation, to financial management, human resources management, procurement and asset management. The project is aimed also at contributing to harmonization of donor practice, especially among UN ExCom Agencies but beyond, in light of the Vientiane Declaration for Aid Effectiveness. The he project is thus expected to help increase development partners' reliance on the Government's own systems and procedures that are up to international standard. Furthermore, the project is expected to help enhance the capacity of the Government to exercise accountability and transparency in managing formulation, implementation, monitoring and evaluation of development programmes and projects

Project Outputs and Deliverables for 2009-2011:

- “Results-Based Management (RBM) Capacity Development One Stop Service Centre” soft launched in DIC/MPI and piloted by end 2011, so that all Government agencies and national institutions will in future be able to obtain support in all aspects of the programme/project cycle
- Managers and staff (men and women) of key implementing partners certified to international standards in MfDR, financial management and audit.
- Capacity of key IPs for grant aid procurement increased to international standards
- A new gender responsive user guide for UNDP-supported projects in Lao PDR developed and rolled out by revising the 1997 NEX Manual and incorporating the new UNDP corporate Programme and Operations Policies and Procedures.
- Targeted youth demonstrate enhanced capacity for results-based project management.

III. PROJECT PERFORMANCE AND RESULTS

1. Contribution to the Strategic Goals

UNDAF Outcome

UNDAF Outcome3 - *By 2011, strengthened capacities of public and private institutions to*

fulfil their duties and greater people's participation in governance and advocacy for the promotion of human rights in conformity with the Millennium Declaration

UNDP Country Programme Outcome

CP/CPAP Outcome 8 - *Increased efficiency, effectiveness, transparency, and accountability of the public administration at both central and local levels*

CP/CPAP Output 8.3 - *Strengthened capacities of UNDP Implementing Partners to effectively plan, manage, implement and monitor ODA, including strengthened capacities of Financial Departments to manage ODA*

Progress towards achieving the Outcome [A brief analysis of the status of the situation and any observed change(s) made possible by the project contribution, at a higher development result level. Make reference to the applicable MDGs and NSEDP goals/targets]

2010 was the second and the mid-year of the *National Implementation Capacity Development Project* (NIM Project, 2009-2011). In 2010, the project continued to serve as the main UNDP project in support of **national capacity development**. It continued to enhance the national systems and capacities in Lao PDR to '**operationalize**' the **2006 Vientiane Declaration of Aid Effectiveness** that highlights, among other principles, "**Managing for Results**" (MfDR) and "**Mutual Accountability**." Building and further developing national capacities for results-oriented implementation of ODA-funded development programmes and project, is critical to successfully deliver results including the Millennium Development Goals (MDGs).

Through UNDP assistance for national capacity development for results-based project management and assurance, the **operational and administrative efficiency and effectiveness** as well as the **ownership** and accountability of the national implementing partners of UNDP-supported projects have been further enhanced, as evident for instance in the increased engagement and ownership of the Government in the **project assurance** activities (e.g. Spot Checks), as well as in the decrease in the number of "high" and "medium" risk observations from the annual audit compared to the previous year.

In addition to providing continuous capacity development initiatives to all the UNDP-supported projects for better project management, in 2010, the project successfully helped UNDP's Government Coordinating Agency (i.e. Department of International Cooperation, Ministry of Planning and Investment) to draft the Terms of Reference for a 'ODA RBM One Stop Service Centre' to be piloted in DIC to serve all the ODA projects under the **National Socio-Economic Development Plan (NSEDP)** including UN/UNDP projects.

The contributions to the achievement of the correspondent Outcome in 2010 by the NIM Project were made possible through for instance the following results accomplished at each Output level.

Output 1 - Results-Based Programme & Project Management

- Provided consultancy to DIC/MPI for drafting a TOR for a 'ODA RBM One-Stop Service Centre'

- Conducted the first-ever capacity assessment for DIC/MPI to help develop a short- to longer-term capacity development plan
- Conducted the first-ever gender mainstreaming training for all Implementing Partners of UNDP-supported projects combined with the 'Managing for Development Results' (MfDR) training, for better and more gender-responsive indicators in 2011 AWP
- Organized and led regular trainings for all Implementing Partners of UNDP-supported projects on, in addition to MfDR, financial management, procurement, human resource management, asset management, etc, which resulted in less observations in NIM audit
- Successfully conducted the Country Programme Action Plan (CPAP) Mid-Term Review, with the report prepared
- Undertook two rounds of UN-wide HACT Spot Checks and other field monitoring visits to support the UNDP-supported projects for better project assurance, and for following up with audit recommendations

Output 2 - Financial Management and Audit

- Finalized the HACT Micro Assessment of 19 IPs, which contributed to making Lao PDR "HACT Compliant" in 2010
- Assisted the NIM audit exercises, which ended with less number of observations that indicated better project management capacities developed among the national implementing partners

Output 3 - Procurement, Asset Management and Human Resource Management

- Assisted the DIC/MPI to consolidate, review and certify all the projects' annual procurement plans, for the first time, which contributed to further enhancing DIC's capacity for ODA coordination in accordance with the ODA Decree

Output 4 - NIM Policies and New Guideline

- Continuously updated and revised the NIM policies. The first-ever NIM Standard Operating Procedures (SOP) was drafted by end 2010

Output 5 - Youth Capacity

- Supported youth internship at DIC/MPI as part of the national youth capacity development

Table 1: Results and Contributions at Output level - 2010 (Project 00062428 NIM Project)

Annual outputs and indicators	Key activities planned during the reporting period (2010)	Expenditures (NB; The figures are provisional as of December 2010. The 2010 final expenditure figures will be made available through the CDR after March 2011)	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies
Output 1: Results-Based Programme & Project Management <i>Institutional capacities of DIC/MPI and Implementing Partners strengthened for programme/project management and capacity development, by establishing and operationalizing "RBM & Capacity Development One Stop Service Centre" by end 2011</i>				
<p>Indicator: Availability of a draft TOR for a RBM One Stop Service Centre within DIC/MPI with its scope and staff roles clearly defined</p> <p>Target: Draft TOR for the RBM One Stop Service Centre submitted by end 2010 and progress made in equipping DIC with necessary equipments for a functional office</p> <p>Baseline: No draft TOR available at the end of 2009. Procurement of necessary equipments for RBM One Stop Service Centre started by December 2009</p>	<p>Activity Result 1. "RBM & CD One Stop Service Centre" set up in DIC</p> <p>1.1: Recruit a RBM/M&E officer and national staff and necessary staff</p> <p>1.2: Undertake a capacity assessment of DIC</p>	<p>Activity Result 1 sub-total: US\$ 317,581</p>	<p>Completed. A functional project team was set up and the project was successful recruited the RBM consultant to help draft TOR of ODA One Stop Service Centre and suggested capacity development for DIC.</p> <p>Completed. The capacity assessment was conducted by the RBM consultant by December 2010, and a draft capacity development plan was proposed and presented to the DIC management</p>	

Table 1: Results and Contributions at Output level - 2010 (Project 00062428 NIM Project)

<p>1.3: TOR of RBM & CD One Stop Service Centre including centre and developed</p>		<p>Completed. The TOR was drafted and proposed to the DIC management by the recruited consultant</p>	
<p>1.4: Training for trainer for DIC core group</p>		<p>Ongoing. A draft training schedule for the capacity development has been proposed by the RBM consultant awaiting review and clearance</p>	
<p>1.5: Undertake international study tour for lessons learnt and experience sharing on operationalizing RBM One Stop Service Centre</p>		<p>Completed. The study tour was undertaken from 8-11 December 2010 (inclusive of travel dates) to the UNDP Asia-Pacific Regional Centre in Bangkok. The mission was led by the Director-General of DIC/MPI, participated by Deputy DG and representatives from each of the 6 Division Directors of DIC.</p>	
<p>1.6: Prepare a well-functioning office in DIC fully equipped with electronic document management system</p>		<p>On track. Critical IT equipments have been procured.</p>	
<p>1.7: Conduct two RBM trainings for IPs (including gender</p>		<p>Completed. An orientation workshop for the new projects including MfDR was organized</p>	

Table 1: Results and Contributions at Output level - 2010 (Project 00062428 NIM Project)

	<p>sensitive indicator setting) and orientation workshop for new staff</p>	<p>on 4 July 2010. An annual regular MfDR training was held from 6-8 December for all UNDP supported projects' management teams and staff to assist them for preparation of 2011 annual work plan. For the first time this MfDR training was combined with the training on gender mainstreaming so that the projects could e.g. formulate more gender-responsive indicators.</p>	
<p>1.8: Conduct two financial management trainings for UNDP supported projects</p>		<p>Completed. e.g. 16 June in Vientiane, 24 - 25 November in Luang Prabang</p>	
<p>1.9: Spot Check of all implementing Partners</p>		<p>Completed. The two Spot Checks of IPs were carried out and reports produced and sent each IPs</p>	
<p>1.10: Quarterly NIM project management team workshop</p>		<p>Completed.</p>	
<p>Activity Result 2. Government M&E requirements established for nationally implemented projects and rolled out</p>			
<p>2.1: Conduct government field monitoring missions</p>		<p>Completed.</p>	<p>Activity Result 2 sub-total:</p>

Table 1: Results and Contributions at Output level - 2010 (Project 00062428 NIM Project)

	2.2: Country Programme Action Plan (CPAP) Mid Term Review	N/A	<p>Completed. The CPAP MTR Meeting was successfully organized on 18 June with participation from the government counterparts and Development Partners</p>													
<p>Output 2: Finance Management and Audit Managers and staff of DIC and key Implementing Partners capacity enhanced and certified to international standards in financial management and audit by end 2011</p>																
<p>Indicator: Availability of capacity development strategies for implementing partners in response to HACT Micro Assessment; Capacity development activities initiated or not</p> <p>Target: Financial management capacity development strategy developed for implementing partners and activities initiated in 2010</p> <p>Baseline: 19 HACT Micro-assessments of CPI in 2006 and other IPs indicate risk; No</p>	<p>Activity Result 1. HACT IP Micro Assessments completed for all applicable IPs; follow-up CD action plan agreed and implemented; ExCom joint assurance entry points identified and piloted</p> <table border="1" data-bbox="823 282 1318 1603"> <tr> <td data-bbox="823 1261 1070 1603">1.1: Review Micro Assessment and develop follow-up financial management capacity and development strategy and action plan</td> <td data-bbox="823 981 1070 1261">Activity Result 1 sub-total: US\$ 15,379</td> <td data-bbox="823 562 1070 981"> <p>Completed. The private audit firm (KPMG) completed the micro assessment, and the translation of the reports into Lao language was completed in 2010</p> </td> <td data-bbox="823 282 1070 562"></td> </tr> <tr> <td data-bbox="1070 1261 1209 1603">1.2: Conduct Micro assessment of new UNDP supported projects</td> <td colspan="3" data-bbox="1070 562 1318 1261">On track.</td> </tr> <tr> <td data-bbox="1209 1261 1318 1603">1.3: Debriefing workshop on Micro Assessment findings</td> <td colspan="3" data-bbox="1209 562 1318 1261"> <p>Underway. The UN HACT Task Force discussed and agreed that the workshop would</p> </td> </tr> </table>				1.1: Review Micro Assessment and develop follow-up financial management capacity and development strategy and action plan	Activity Result 1 sub-total: US\$ 15,379	<p>Completed. The private audit firm (KPMG) completed the micro assessment, and the translation of the reports into Lao language was completed in 2010</p>		1.2: Conduct Micro assessment of new UNDP supported projects	On track.			1.3: Debriefing workshop on Micro Assessment findings	<p>Underway. The UN HACT Task Force discussed and agreed that the workshop would</p>		
1.1: Review Micro Assessment and develop follow-up financial management capacity and development strategy and action plan	Activity Result 1 sub-total: US\$ 15,379	<p>Completed. The private audit firm (KPMG) completed the micro assessment, and the translation of the reports into Lao language was completed in 2010</p>														
1.2: Conduct Micro assessment of new UNDP supported projects	On track.															
1.3: Debriefing workshop on Micro Assessment findings	<p>Underway. The UN HACT Task Force discussed and agreed that the workshop would</p>															

Table 1: Results and Contributions at Output level - 2010 (Project 00062428 NIM Project)

<i>international certification programme introduced in public financial management</i>			be organized by 28 February 2011. The reports have been sent to the IPs	
	1.4: HACT joint assurance pilot activities		On track. The UN HACT Joint Spot Check plan was discussed and agreed in the UN HACT Task Force. The HACT participating UN ExCom Agencies (UNDP, UNFPA and UNICEF) and DIC/MPI will be agreed and scheduled to be on 21 January 2011	
Activity Result 2: Options identified for certification of targeted officials on financial management up to international standard				
2.1: Identify most suitable certification programme for financial management (including UNDP certificate) (under micro assessment recommendation)	Activity Result 2 sub-total: US\$ 343		Ongoing. The consultation was at initial stage	Further consultation and discussion need to be carried out between UNDP and DIC after the MA reports are available
2.2: Identify target officials			Discussion underway	Consultation and discussion will be carried out after the final MA reports are available

Table 1: Results and Contributions at Output level - 2010 (Project 00062428 NIM Project)

2.3: Learning & training for officials to support certification	Discussion underway	
Activity Result 3: UN Atlas External Access granted to DIC and key IPs		
3.1: Provision of Atlas External Access to DIC core staff	Activity Result 3 sub-total: N/A	Completed. The Director of the UN Division of DIC/MPI has been granted ATLAS External Access
3.2: Training on ATLAS External Access by UNDP		Consultations are underway to identify who else in DIC to be granted External Access.
Activity Result 4: Support to NIM Audit		
4.1: Audit outsourced to audit firm	Activity Result 4 sub-total: US\$ 28,604	Completed.
4.2: 2009 Audit kick off meeting		Completed
4.2: Training for implementation of 2009 audit recommendation (audit debriefing 2008		Completed

Table 1: Results and Contributions at Output level - 2010 (Project 00062428 NIM Project)

Output 3: Procurement, Asset Management and Human Resource Management - National capacity for grant aid procurement, contracting, asset management and HR management increased to international standards by end 2011			
Indicator: <i>The number of project procurement plans submitted to UNDP and quality of the procurement plans; number of observations and recommendations made in audit and Spot Check on procurement</i>	Activity Result 1: Implementing Partners' procurement capacity assessments conducted and CD support strategy for each IP development and launched		Completed
	1.1: Recruit a procurement specialist	Activity Result 1 sub-total: US\$ 50,000	
Target: <i>Increase in the number and quality of project procurement plans submitted to UNDP in time; further increase in quality of project procurement practice</i>	1.2: Train IPs for new UNDP procurement manual, and adapt to new government procurement procedures once adopted		Completed
Baseline: <i>Revised NIM manual section on procurement not available as the end of 2009 (awaiting UNDP HQ issuance of the new corporate NIM guidelines) UNDP project procurement threshold increased to USD 5,000 except for certain items/services, government procurement standard operating procedure being developed with WB support</i>			
Output 4: NIM Policies and New Guideline			

Table 1: Results and Contributions at Output level - 2010 (Project 00062428 NIM Project)

<i>- Improved guidelines, processes and procedures for programme and project management updated and implemented in 2010</i>		
<p>Indicator: Availability of an approved revised gender responsive NIM Guidelines</p> <p>Target: 1997 NEX manual revised by incorporating the new UNDP corporate NIM Manual, POPP and government SOP</p> <p>Baseline: 1997 NEX manual still in use</p>	<p>Activity Result 1: A new NIM manual for UNDP supported projects in Lao PDR rolled out</p> <p>1.1: Revised NIM Manual by incorporating UNDP corporate NIM manual and the government SOP</p> <p>1.2: Organize UNDP government task force to appraise the draft manual</p> <p>1.3: Approve the English version and then translated into Lao</p> <p>1.4: Translate the approved English version into Lao</p> <p>1.5: Print 100 copies of the new NIM manual in both English and Lao</p> <p>1.6: Upload both English and Lao manual onto UNDP Lao PDR public website, and government website</p> <p>1.7: Workshop for projects on new manual</p>	<p>Activity Result 1 sub-total: US\$ 1,438</p> <p>On track. The first draft UNDP NIM standard operating procedure was prepared by end 2010. The revised draft to be made available for further review in Q1/2011</p> <p>On track</p> <p>Under discussion</p> <p>Under discussion</p> <p>Under discussion</p> <p>Under discussion</p> <p>Under discussion</p>
		<p>Upon the completion of draft UNDP NIM standard operating procedure</p> <p>See above</p> <p>See above</p> <p>See above</p> <p>See above</p>

Table 1: Results and Contributions at Output level - 2010 (Project 00062428 NIM Project)

Output 5: Youth Capacity <i>-Strengthened capacity of the national youths/newly graduates in development programme/projects management and operations</i>				
<p>Indicator: Availability of approved gender responsive TOR of internship scheme; No. of interns recruited; No. of training for interns</p> <p>Target: TOR of National Youth Internship scheme approved for IPs and project teams, Interns start <i>internship; training for newcomers at DIC</i></p> <p>Baseline: Draft TOR for internship scheme is completed and waiting for approval, DIC successfully recruited youth in 2010 as part of this output</p>	<p>Activity Result 1: TOR developed for “National Youth Internship”, scheme for UN/UNDP implementing partners and project teams</p>			
	1.1: Approve draft TOR	<p>Activity Result 1 sub-total: USD 1,204</p>	<p>Completed</p>	
	1.2 Recruit 2 youths (1 female) as a full time members of the project team			<p>On track</p>
	1.3: Training for trainers provided to youths			<p>On track</p>
<p>2010 grand total (provisional)</p>		<p>USD 414,549 (96.41% delivery of budget)</p>		

2. Contribution to aid effectiveness, i.e. update on implementation of the Vientiane Declaration and its Action Plan, HACT, etc

The project can be regarded as UNDP's main contribution to national capacity development and ownership enhancement to "operationalize" the Vientiane Declaration as following:

- **Ownership:** The project is nationally implemented by Department of International Cooperation of Ministry of Planning and Investment, which has a mandate of coordinating all the ODA projects in Lao PDR. The project is also assisting other Implementing Partners (IPs) throughout the country. The project management and staff demonstrate effective leadership and ownership over planning, monitoring and implementation of the activities. The project takes lead in coordinating with other projects and IPs, undertaking project assurance activities (e.g. Spot Check) as well as providing advisory services on the results-based management and policy guidance. The National Project Director of the project (Director General of DIC/MPI) always stresses the importance of national ownership to the other project management teams. All the orientations and trainings for the Implementing Partners supported by this project start with DIC's session to underscore the importance of these five principles of the Vientiane Declaration.
- **Alignment:** The project seeks to align the policies related to the UNDP-supported nationally implemented projects with the emerging government new policies on the ODA project management, including the SOP, FMM, Audit Decree, Procurement Manual, etc. The project also has followed the guideline of the government's and of the UNDP's in the implementation process such as format of reporting, procurement policy and plan, recruitment and procedure and financial management, etc.
- **Harmonization and Simplification:** The project supports the implementation of the UN ExCom Agencies' Harmonized Approach to Cash Transfer to the Implementing Partners (HACT) by (a) its Deputy Project Director participating in the UN HACT Task Force meetings, (b) financing the HACT Micro Assessments, etc. The NIM Project therefore played a key role in the major achievement of HACT in Lao PDR that the country became "HACT Compliant." The project is taking the lead in deepening HACT among the UNDP-supported projects e.g. by ensuring the proper use of the UN common FACE forms for expenditure reporting and advance payment request. The project continued its efforts at harmonizing with other UNDP projects, especially the ones based in the same Ministry of Planning and Investment like the Round Table Process (RTP), National Socio-Economic Development Plan (NSED), National Human Development Report (NHDR), Poverty-Environment Initiative (PEI) as well as other projects like Governance and Public Administration Reform (GPAR) programme. The NIM Project also sought to strengthen partnership and synergies with Development Partners like World Bank and Asian Development Bank which provide support in the similar areas.
- **Managing for the Results:** This continues to be the core of this project's rationale. The NIM Project is leading the capacity development of all the Implementing Partners in the area of Managing for Development Results (MfDR). To lead by example, the Project always takes into consideration the RBM when planning, and the linkage between its project outputs with the higher development results at the

outcome and national development impact levels.

- In this light, through UNDP assistance, national implementing partners were trained for the first time on the linkage between gender equality and Managing for Development Results (MfDR), especially in terms of the use of gender-responsive indicators. Thus, the national implementing partners' institutional and operational capacities have been developed in applying the gender-sensitive RBM (results-based management) in their annual planning, implementation and monitoring cycle. This capacity enhancement will be crucial in planning and monitoring the national development programmes and projects under the new National Socio-Economic Development Plan (2011-2015) and in monitoring progress towards achieving the Millennium Development Goals, including the gender-related goals and targets.
- **Mutual Accountability:** The implementation of the project activities is monitored closely for ensuring accountability against the government and UNDP rules and regulations. The NIM Project supports the IPs to ensure accountability, i.e. the obligation to deliver on the commitments in accordance with the agreed rules and standards (proper use of resources), and to report fairly and accurately on performance results (report on achievement of results).

3. Update on partnerships

Collaboration between UNDP and Department of International Cooperation (DIC) of Ministry of Planning and Investment (MPI) has long been based on mutual understanding, trust and cooperation. The Project is nationally implemented by DIC/MPI, which has a mandate of coordinating all the ODA projects in Lao PDR. The Project is also assisting other Implementing Partners throughout the country. Collaborations and synergies are sought with other UN Agencies (especially UNFPA and UNICEF), existing relevant UN projects (both global and national projects), IFIs (e.g. the World Bank, ADB).

4. Update on gender mainstreaming

To demonstrate whether changes are made that are conducive to gender equality in a given society or sector, any development intervention will need gender-responsive indicators, either at the outcome or output level. In this light, the NIM Project organized a capacity development workshop for all the national implementing partners in December 2010 for the IPs to be trained for the first time on the linkage between gender equality and Managing for Development Results (MfDR), especially in terms of the use of gender-responsive indicators.

Thus, the national implementing partners' institutional and operational capacities have been developed in applying the gender-sensitive RBM (results-based management) in their annual planning, implementation and monitoring cycle. This capacity enhancement will be crucial in planning and monitoring the national development programmes and projects under the new National Socio-Economic Development Plan (2011-2015) and in monitoring progress towards achieving the Millennium Development Goals, including the gender-related goals

and targets.

The project always ensures that gender equality is taken into account during the planning and implementation of the project activities. To a degree possible, the project ensured the gender equality among the trainees benefiting from various capacity development initiatives supported by the project. Some workshops saw more women participated and trained, e.g. the Financial Management Workshop in November 2010.

The Project itself also sought gender parity achieved in its staffing. The project team maintains gender parity in the team.

5. Update on the implementation of audit & spot check recommendations

Through the NIM Project, the operational and administrative efficiency of the national Implementing Partners of UNDP-supported projects have been further enhanced, as evident for instance in the increased engagement and ownership of the Government in the project Spot Checks, as well as in the decrease in the number of "high" and "medium" risk observations from the annual audit compared to the previous year.

The NIM Project itself was subject to UNDP's annual NIM audit for FY 2009, and the result was "Satisfactory" overall, with all the sub-categories (Programme, Human Resource, Finance, Procurement, Asset Management, Cash Management, General Administration, and Information Systems) receiving the "satisfactory" rating. There was only one observation made (medium risk) on IT back-up, which the project team has been following up. Also, the NIM Project itself received the visit of a spot check team, and has followed up on the recommendations on a regular basis.

6. List main challenges and issues (if any) faced during reporting period

The main challenges and issues the project faced during reporting period:

Overall implementation:

By the end 2010, most activities in the annual work plan were initiated and implemented. The planned budget was sufficient for carried out the project's activities. Financial management was carried out properly as per the rules and regulations.

The Project was continuously in demand by the other projects for capacity development support (due to initiation of new projects, arrival of new staff, some turnover, updated policies of both the government and UNDP related NIM and ODA project management, etc). The normal workshop-style training has its own merits (e.g. able to sensitize many at the same time for cohesion and consistency) and downsides (e.g. unable to tailor to the specific capacity needs which could be more adequately addressed by hands-on training). However, the increase in Spot Check, combined with regular workshops, led by DIC/MPI through the NIM Project, may be yielding positive results as mentioned above.

In addition, there has been a constant need for the NIM project to contribute to capacity

enhancement of DIC/MPI as a whole, given the wide range of DIC mandates. The RBM consultancy work made possible by the NIM Project was one way of responding to the need for the overall capacity development of DIC/MPI e.g. in terms of fast tracking of the processes. The consultancy work undertook the capacity assessment of DIC, which will be useful as baseline for future planning of DIC to help improve its efficiency and effectiveness.

The revised NIM Guidelines was not formally rolled out by the end of 2010 (albeit its draft was completed before the year-end), although expected to be done in early 2010 subject to the issuance of the new UNDP HQ corporate NIM guidelines. The Government's own Standard Operating Procedures for ODA project management and Financial Management Manual have not been formally finalized yet, either, which will influence the course of the application of UNDP rules and regulations regarding NIM.

Response Strategy: The project will plan prudently and realistically the activities for 2011, and monitor closely the progress towards the intended annual output results.

7. Rating on progress towards results

Outcome:	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 1	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 2	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 3	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 4	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 5	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged

IV. ADDITIONAL ACTIVITIES / RESULTS WHICH CONTRIBUTE TO THE OUTCOME AND/OR OUTPUTS

Provide information about any activities undertaken and results achieved by the project that were NOT envisaged originally in the work plan but contributed to the outcome and/or outputs, e.g. advocacy and policy dialogue.

N/A

VI. ANNEXES

1. Annex 1: Combined Delivery Report
2. Annex 2: Draft Annual Work Plan for 2011
3. Annex 3: Monitoring Schedule (including scheduled mandatory evaluations)
4. Annex 4: Project Risk Log
5. Annex 5: Project Issues Log
6. Annex 6: Lessons learned log
7. Annex 7: Updated Audit follow up action plan

PREPARED BY



19 JAN 2011

Mr. Morakot Vongxay
Director of UN Division, Department of International Cooperation (DIC)
Project Manager of the NIM Project



CLEARED/APPROVED BY



20 JAN 2011

Mr. Somchith Inthamith
Director-General, Department of International Cooperation
Executive (National Project Director) of the NIM Project