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#### Lao People's Democratic Republic

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**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**

**FInal PROJECT Review REPORT**

Award ID: 00050493

Project ID: **00062428**

Project Title:

**“*cAPACITY dEVELOPMENT FOR***

***NATIONAL Implementation*”**

**(NIM PROJECT)**

## Reporting period: June 2009 - December 2011

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| **I. PROJECT INFORMATION AND RESOURCES** |

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| **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):** | N/A |
| **Donors:** | United Nations Development Programme (UNDP) |

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| **Project Starting date** | | **Project completion date** | |
| Originally planned | Actual | Originally planned | Current estimate |
| May 2009 | June 2009 | January 2012 | December 2011 |

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| **Period covered by this report:** | June 2009 - Febuary 2012 |
| **Date of final project review:** | 19 Jan 2012 |

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| **Total Budget** | **Original Budget Needs**  **(US$)** | **Latest Signed Revision**  **(US$)** |
|  | 1,998,000 | 1,156,671 |

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| **Resources** | **Donor** |  | **Amount** |  |
|  | UNDP |  | USD 1,156,671 |  |

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| **II. PURPOSE OF THE PROJECT** |

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| Building and developing national capacities for implementation of ODA-funded and other development programmes and project, is critical to successfully deliver results. Improving the operational efficiency of development programmes could save 15-20% of aid resources, and these "saved" resources could be used for actual development activities. Building upon the achievements of its predecessor, the NEX Support Project (Phase II), this Capacity Development for National Implementation Project (NIM Project), June 2009 – December 2011, was intended to increase development effectiveness of UNDP-supported projects and other development programmes/projects in Lao PDR. This project was of particular importance as the only ‘umbrella project’ that provides assistance and advisory services to all of the UNDP-supported projects that are nationally implemented in Lao PDR.  The overarching objective of the project was 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 and report on the results more effectively and efficiently, so as to help achieve national development goals including the MDGs. More concretely, the Project focused upon 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 was 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 The project was aimed also at contributing to harmonization of donor practice, especially among some UN ExCom Agencies (UNDP, UNICEF and UNFPA), and increasing development partners’ reliance on and alignment to the national systems, in light of the 2006 Vientiane Declaration for Aid Effectivenes.  **Project Outputs and Deliverables for 2009-2011:**   * “DIC ODA Service Centre” established in DIC/MPI 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 * Capacities of the managers and staff (men and women) of key implementing partners enhanced to international standards in the areas of MfDR, financial management and audit (through potential certification programme) * Capacities 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 and to compliment the UNDP global NIM Manual. * Targeted youth demonstrate enhanced capacity for results-based project management. |

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| **III. PROJECT PERFORMANCE AND RESULTS** |

1. **Contribution to the Strategic Goals**

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| **UNDAF 2007 – 2011 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 2007 – 2011 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 ]*  Throughout the implementation from June 2009 to December 2011, the *National Implementation Capacity Development Project* (NIM 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). The NIM Project’s support to spot checks and audit exercise contributed to better project management, as demonstrated in the continuing decrease in the number of "high" and "medium" risk observations from the annual NIM audit of all UNDP supported projects compared to the previous years. |
| **Achievements at the Output level:**  The contributions to the achievement of the correspondent Outcome 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***   * TOR for a 'DIC ODA Service Centre' was drafted and submitted to the MPI Minister for approval * 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 to be included in the Annual Work Plans * Organized and led regular capacity development trainings for all Implementing Partners of UNDP-supported projects on, in addition to MfDR, financial management, procurement, human resource management, asset management, etc, * In addition to the above-mentioned areas, the project organized a Leadership and Management Skills Workshop targeting the managers of government agencies. * Helped introduce the UN-wide HACT Spot Checks to all UNDP-supported projects in Lao PDR for better project assurance, refined the Spot Check guidelines and check-list, and successfully facilitated and led 6 rounds of spot checks for all project, which also helped the national partners to follow up on the audit recommendations * Contributed to donor harmonization and aid effectiveness, by leading the first ever UN ExCom Agencies’ Joint Spot Check of the implementing partner (i.e. Department of Statistics, Ministry of Planning and Investment) in January 2011 * Knowledge of DIC/MPI managers about good practices and lessons learnt on ODA management and aid effectiveness and coordination were enhanced, through the South-South cooperation with the government counterparts in Bhutan and Indonesia through international study tours. * DIC senior and middle management sharpened their understanding about the mandates of the department, and enhanced leadership as to how to better discharge the roles and responsibilities entrusted to the department by the PM Decree 75 on ODA as well as the MPI Decree on DIC, through the DIC management retreat supported by this Project. * Successfully conducted the Country Programme Action Plan (CPAP) Mid-Term Review, with the report prepared   ***Output 2 - Financial Management and Audit***   * Facilitated the finalized the UN-wide HACT Micro Assessment of 19 Implementing Partners of UNDP, UNICEF and UNFPA, which contributed to making Lao PDR "HACT Compliant" in 2010. Also, helped organized a HACT Micro Assessment follow-up workshop for all IPs in 2011. * Assisted the NIM annual audit exercises for each year, which resulted in continuing decrease in the observations by the NIM auditors compared to the previous year, demonstrating 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 * Assisted the DIC/MPI to conduct an inter-ministerial consultation with the Procurement Monitoring Office of Ministry of Finance to discuss the national procurement policies and procedure. This consultation resulted in planning of consultancy work to produce a discussion paper on alignment of procurement for the UNDP supported projects with the national policy and system.   ***Output 4 - NIM Policies and New Guideline***   * The NIM Project is rolling out the new UNDP global NIM Manual and the complementing NIM Standard Operating Procedures (SOP) for Lao PDR. * DIC/NIM Team served as the hub for the NIM project management related policy formulation, guidance and sensitization   ***Output 5 - Youth Capacity***   * Supported youth internship at DIC/MPI as part of the national youth capacity development |

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| **Outputs and indicators**  *(as per the signed Annual Work Plans for 2009, 2010 and 2011)* | **Key activities planned during the reporting period**  *(as per the signed Annual Work Plans for 2009, 2010 and 2011)* | **Expenditures**  *(NB; The figures are* ***provisional*** *as of December 2011. The 2011final expenditure figures will be made available through the CDR after March 2012)* | **Progress towards achieving outputs and targets achieved against indicators** | **Reasons if progress below target** |
| ***Output 1: Results-Based Programme & Project Management***  *- Institutional capacities of DIC/MPI and Implementing Partners strengthened for programme/project management and capacity development, by establishing and operationalizing “RBM One Stop Service Centre” by end 2011* | | | | |
| ***Indicators:***  *Availability of a finalized draft TOR for “ODA RBM One Stop Service Center” within DIC/MPI as well as a capacity development plan, submitted to DIC for approval*  ***Target:***  *Final draft TOR for the ODA RBM One Stop Service Center and capacity development plan approved and “ODA RBM One Stop Service Center” piloted within DIC/MPI*  ***Baseline****:*  *No RBM & CD One Stop Service Centre at DIC as of December 2008* | **Activity Result 1. “ODA RBM & Capacity Development One Stop Service Centre” set up in DIC** | | | |
| 1.1: Recruit a RBM/M&E officer | Activity Result 1  sub-total: 678,079.67 US$**US$** | **Completed**. In the 2nd half of 2010, an international RBM Advisor (consultant) was hired, who successfully carried out the capacity assessment of the IP (DIC/MPI), drafted a short- to mid-term capacity redevelopment plan for DIC which included a roadmap for a ‘DIC Service Centre’. |  |
| 1.2: Undertake a capacity assessment of DIC | **Completed**. See also 1.1. 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. |  |
| 1.3: Develop the TOR of ‘DIC Service Centre’ and its staff | **Completed.** Following the consultancy (see 1.1 & 1.2) in 2010 and the DIC management retreat in June 2011, DIC drafted a TOR and submitted to the MPI Minister for approval. |  |
| 1.4: Training for trainer for DIC core staff | **Completed.** A draft training schedule for the capacity development has been proposed by the RBM consultant. |  |
| 1.5: Prepare a well-functioning office in DIC fully equipped with electronic document management system | **Completed.** All planned procurements of necessary equipments including vehicles, IT equipments, furniture, and office supplies were completed. |  |
| 1.6: Recruitment of staff | **Completed.** The project staff were fully on board including Accountant, Admin. Assistant. The Assistant to Project Manager was hired for the first half of the project implementation period. The latter half of the project was implemented without him, as part of the exit strategy. |  |
| 1.7: Conduct RBM training for Implementing Partners | **Completed.** The annual RBM training was provided every year for the preparation for the annual work plan formulation. In addition, in each orientation workshop, a session on RBM was provided. |  |
| 1.8: Conduct financial management trainings for UNDP supported projects | **Completed**. The annual financial management training was provided every year for the preparation for the annual work planning and budgeting. In addition, in each orientation workshop, sessions on financial management, cash management, advance request, and advance settlement were provided. |  |
| 1.9: Conduct Orientation Workshop for new staff | **Completed**. The orientation was organized annually and at ad hoc requests, dedicated orientation workshops were provided to new IPs (e.g: environment projects, MPI, BOL, etc). |  |
| 1.10: Conduct Implementing Partners joint meeting (NIM Project Management Teams Workshop) | **Completed**. The joint meetings for all IPs were organized on a regular basis, in conjunction with e.g. Audit debriefing, Leadership and Management Skill training. |  |
| 1.11: Conduct capacity development training on gender mainstreaming in the project management; Hire a gender expert | **Completed**. In December 2010, for the first time, the Implementing Partners were provided with a training on gender mainstreaming combined with MfDR training so that the projects could e.g. formulate more gender-responsive indicators. In Dec 2011, another Gender mainstreaming training was provided to NIM project staff and government staff. |  |
| 1.12: Undertake international study tour for lessons learnt and experience sharing on further improving the effectiveness and efficiency of ODA management and coordination, and operationalizing RBM One Stop Service Centre | **Completed**. International study tour was undertaken in May 2011 for lesson learnt and experience sharing on future improving the effectiveness and efficiency of ODA management. The mission was led by the Director-General of DIC/MPI, participated by Deputy DGs and representatives from Divisions within DIC. |  |
| 1.13: Prepare and circulate 2011 training calendar to be organized to all UNDP supported projects |  | **Completed.** Every beginning of the year, DIC sent out its annual training calendar to all IPs |  |
| 1.15: Develop and disseminate advocacy tools for NIM & operationalization of Vienaitne Declaration for Aid Effectiveness in Lao  PDR |  | **Completed.** ODA Decree 75 and DIC’s mandate, procedures for expert clearance, Visa request etc were printed and disseminated |  |
| **Activity Result 2.** Government M&E requirements established for nationally implemented projects and rolled out | | | |
| 2.1: Conduct government field monitoring missions | Activity Result 2  sub-total: 14,500.00 US $ | **Completed.** At least once every quarter, DIC conducted a field monitoring visit to ODA project sites |  |
| 2.2: Organize UNDP Country Programme Action Plan (CPAP) Mid Term Review | **Completed.** The CPAP MTR Meeting was successfully organized on 18 June 2010 with participation from the government counterparts and Development Partners |  |
| 2.3: UNDP programme board meeting organized under MPI leadership for all UNDP programme & projects | **Completed.** See 2.2 |  |
| 2.4: Organize annual review meeting of NIM | **Completed.** The project annual review meetings were organized every year jointly with other projects/programmes based in MPI |  |
| 2.5: Organize the project terminal meeting |  |  |
|  | 2.6: Formulation of a project document of new phrase of NIM Project |  |  |  |
| ***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* | | | | |
| ***Indicators:***  *(1) Availability of capacity development strategies for Implementing Partners in response to HACT Micro Assessments; Availability of HACT Macro Assessment Report*  *(2) Availability of all annual NIM audit reports submitted to HQ OAI; Degree of capacity enhancement of National Implementing Partners to follow up on the audit recommendations*  ***Targets:***  *(1) Financial management capacity development strategy developed for Implementing Partners; HACT Macro Assessment Report drafted, finalized and disseminated*  *(2) Decrease in the number of average observations made per Award, as well as of non-satisfactory overall rating, in the NIM audit.*  ***Baselines****:*  *(1) 19 HACT Micro-Assessment reports drafted in 2009 and finalized and translated into Lao in 2010; Last HACT Macro-Assessment conducted in 2006*  *(2) 4.9 observations made per Award (with 7 general observations for DIC & UNDP), and 1 out of 15 Awards was "marginally satisfactory" while the others were all "satisfactory" in FY2009 NIM Audit* | ***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* | | | |
| 1.1: UN HACT Micro Assessment outsourced to audit firm | Activity Result 1  sub-total: 89,038.83 US $ | **Completed.** The private audit firm (KPMG) completed the micro assessment of 19 IPs of UNDP, UNICEF and UNFPA, and the translation of the reports into Lao language was completed in 2010 |  |
| 1.2: Review Micro Assessment and develop follow-up financial management capacity development strategy and action plan |  | **Ongoing.** See 1.3 below. Following the workshop in August 2011 that reviewed the Micro Assessment, the HACT participating UN Agencies and their implementing partners have been discussing how to follow up from 2012 onwards. |  |
| 1.3: Debriefing workshop on Micro Assessment findings | **Completed** The workshop was organized with the NIM Project support in August 2011 participated by Implementing Partners of UNDP, UNICEF and UNFPA. |  |
| 1.4: HACT joint assurance pilot activities | **Completed.**  The UN HACT Joint Spot Check plan was discussed and agreed in the UN HACT Task Force. The first-ever joint HACT Spot Check by UNDP, UNICEF and UNFPA was conducted in January 2011 for the then Department of Statistics (currently National Statistics Bureau) of MPI. |  |
| ***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: 6,217.09US $**US$** | **Pending.** The consultation was at initial stage. | Further consultation and discussion needs to be carried out between UNDP and DIC in light of the HACT Micro Assessment. Also, it was not too clear as to whether DIC has mandate or authority to lead the ‘certification’ of the government officials in the area of financial management |
| 2.2: Identify target officials | **Pending.** The consultation was at initial stage. | See above 2.1 |
| 2.3: Learning & training for officials to support certification |  | **Pending.** The consultation was at initial stage. | See above 2.1 |
| ***Activity Result 3*:** *UN Atlas External Access granted to DIC and key IPs* | | | |
| 3.1: Provision of Atlas External Access to government staff | Activity Result 3  sub-total:92,721.24US $ | **Completed.** Project Manager (Director of the UN System Division of DIC/MPI) has been granted ATLAS External Access, as well as the project’s Finance Officer. |  |
| 3.2: Necessary IT environment for Atlas External Access | **Completed.** Computers and the server were procured for DIC/NIM Team. |  |
| 3.2: Training on ATLAS External Access by UNDP | **Completed.** The training was provided by UNDP/PMSU to Project Manager (Director of the UN System Division of DIC/MPI) as well as to the project’s Finance Officer |  |
| ***Activity Result 4*.** *Support to NIM Audit* | | | |
| 4.1: Audit outsourced to audit firm | Activity Result 4  sub-total: 66,518.59 US $ | **Completed.**  The Project financed the procurement of audit service from KPMG for FY 2009 audit, and from Ernst Young for FY 2010 audit. |  |
| 4.2: Support the closed projects to be prepared for audit | **Completed.** For instance, GPAR Luang Prabang and NSEDP Project were closed by the end of 2010 before the audit was done, and therefore the NIM Project supported these closed projects to be prepared for the audit e.g. by making necessary payments on their behalf, etc. |  |
| 4.3: Audit kick off meeting / Audit debriefing | **Completed.**  The Project organized the kick-off meetings for all Implementing Partners for FY 2009 and 2010 audits, as well as the debriefing workshops for FY 2008, 2009 and 2010 audits. |  |
| 4.2: Training for implementation of audit recommendation | **Completed.**  The Project organized the audit debriefing workshops for FY 2008, 2009 and 2010 audits (see above 4.3), as well as assisted all the Implementing Partners to best follow up with the audit recommendations through the Spot Checks. |  |
| ***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:***  *Percentage of projects able to submit quality procurement plans in time to UNDP & DIC*  ***Target:***  *50 %*  ***Baseline:***  *No IP submitted its annual procurement plan to UNDP & DIC up to 2009; Revised NIM/NEX manual section on procurement not available* | ***Activity Result 1:*** *Implementing Partners’ procurement capacity assessments conducted and CD support strategy for each IP development and launched* | | | |
| 1.1: Recruit a procurement specialist | Activity Result 1  sub-total:100,706.87 US $ **USS$** | **Completed.**  The Project financed USD 50,000 per annum of UNDP Procurement Specialist’s salary. |  |
| 1.2: Finalize Procurement section in the revised NIM Manual (refer to Output 4) | **Completed.** See below Output 4. |  |
| 1.3: Conduct procurement capacity assessment of key IPs in collaboration with MoF, IFIs and UNDP Procurement Capacity Development Centre | **Pending.** | The Project initiated in 2011 a consultancy work to produce a discussion paper on alignment of procurement for the UNDP supported projects with the national procurement policies and systems. This consultancy work will guide the scope of the planned capacity assessment of key IPs in future. |
| 1.4: Support to all NIM projects' procurement activities, as well as capacity development of DIC staff on procurement facilitation | **Completed.**  The Project initiated the much needed practice of “procurement planning” by all the implementing partners by requiring all IPs to submit their annual procurement plans to DIC and UNDP at the beginning of a year.  In addition, all orientation training for the IPs organized by the NIM Project included session on procurement, asset management and general administration.  The enhancement of procurement capacities of the national implementing partners could be proven by the decrease in audit observations in the procurement related areas over the years. |  |
| 1.5: Train IPs for new UNDP procurement manual, and adapt to new government procurement procedures once adopted | **Pending.** | The training is awaiting the roll out of the new UNDP NIM Manual and SOP in 2012. |
| ***Output 4: NIM Policies and New Guideline***  *- Improved guidelines, processes and procedures for programme and project management put in place* | | | | |
| ***Indicator****:*  *Availability of an approved revised gender- responsive NIM Guidelines*  ***Target****:*  *1997 NEX manual revised by incorporating the new UNDP corporate NIM Manual, POPP and government SOP*  ***Baseline****:*  *1997 NEX manual still in use at end 2008* | ***Activity Result 1:*** *A new NIM manual for UNDP supported projects in Lao PDR rolled out* | | | |
| 1.1: Hire a consultant | Activity Result 1 sub-total: 28,205.01 US $ | **Completed.** A senior international UNDP staff was seconded from the Myanmar Country Office in 2009 to develop a local NIM Manual (however, his work needed to be suspended because the UNDP HQ instructed all the COs in the world to stop their work to develop local NIM guidelines in anticipation of the issuance of a single global NIM Manual that would replace all locally developed guidelines, including the 1997 NEX Manual in Lao PDR) |  |
| 1.2: Revised NIM Manual by incorporating UNDP corporate NIM manual and the government SOP | **Completed.** UNDP HQ issued a new global NIM Manual in July 2011, following which the UNDP CO drafted the ‘NIM SOP’ in October 2011 to complement the global manual in the Lao context. |  |
| 1.3: Organize UNDP government task force to appraise the draft manual | **Pending.** |  |
| 1.4: Approve the English version and then translated into Lao | **Pending.** |  |
| 1.5: Translate the approved English version into Lao | **Pending.** |  |
| 1.6: Print 100 copies of the new NIM manual in both English and Lao | **Pending.** |  |
| 1.7: Upload both English and Lao manual onto UNDP Lao PDR public website, and government website | **Pending.** |  |
| 1.8: Workshop for Projects on the rolled out NIM Guidelines | **Pending.** |  |
| ***Output 5: Youth Capacity***  *- Strengthened capacity of the national youths/newly graduates in development programme/projects management and operations* | | | | |
| ***Indicator****:*  *Availability of internship reports; No. of interns recruited who are able to discharge and complete assigned tasks*  ***Target****:*  *Intern produced the internship reports; new interns start internship; 2 interns (1 female, 1 male) recruited and trained by DIC and able to discharge and complete assigned tasks*    ***Baseline****:*  *No internship scheme as at end 2008* | ***Activity Result 1:*** *TOR developed for “National Youth Internship” scheme for UN/UNDP implementing partners and project teams* | | | |
| 1.1: Develop TOR for approval | Activity Result 1  sub-total:  **USD** | **Completed** |  |
| 1.2: Advertise and recruit 2 youths (1 female) as a full time members of DIC/NIM  Team |  | **Completed.** |  |
| ***Activity Result 2:*** *All new DIC/MPI staff provided with a series of detailed training on RBM* | | | |
| 1.1: Training plan (curriculum) developed | Activity Result 2  sub-total: 2,554.99  **USD** | **Completed.** |  |
| 1.2: Training for new comers, and Training for trainers | **Completed.** |  |
| **2009-2011 grand total (*provisional*)** | | **USD1,078,544.30 (94% delivery of budget)** | |  |

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

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| 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 and monitoring all the ODA grant projects in Lao PDR. The project is also assisting all the other UNDP 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 and leading project assurance activities (e.g. Spot Check) as well as providing advisory services on the results-based management and policy guidance. * Based on the NIM polices which have been updated and disseminated with the NIM Project’s support, all UNDP supported projects in Lao PDR are being nationally implemented by the national institutions, where the Executives/National Project Directors and the Project Managers are normally high ranking officials and middle management of the Government of Lao PDR. The National Project Director of the project (Director General of DIC/MPI) always stressed the importance of national ownership to the other project management teams. All the orientations and trainings for the Implementing Partners supported by this project started with DIC's session to underscore the importance of these five principles of the Vientiane Declaration. * ***Alignment***: The project sought 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 Project Management SOP, FMM, Audit Decree, Procurement Manual, etc. The NIM Project undertook consultancy to explore the possible further alignment of UNDP’s procurement policies and practices to those of the Government. * ***Harmonization and Simplification*:** The project supported the implementation of the UN ExCom Agencies’ Harmonized Approach to Cash Transfer to the Implementing Partners (HACT) by (a) its Deputy National Project Director (Deputy Director General of DIC/MPI) and Project Manager (Director, UN System Division, DIC/MPI) participating in the UN HACT Task Force meetings, (b) financially contributing to the HACT Micro Assessments and follow-up workshop, etc. The NIM Project therefore played a key role in the major achievement of HACT in Lao PDR that the country became "HACT Compliant" during the project cycle. The project took the lead in deepening Harmonization and Simplification especially through 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, and reducing the number of formal supporting documents to only one document, i.e. the ICE form. The project made efforts at harmonizing with other UNDP initiatives, especially the ones based in the same Ministry of Planning and Investment like the Round Table Process (RTP), National Socio-Economic Development Plan (NSEDP), National Human Development Report (NHDR), etc. * ***Managing for the Results*:** This was the core of the NIM Project’s rationale. The Project led the capacity development of all of UNDP’s national Implementing Partners in the area of Managing for Development Results (MfDR)/Results-based Management (RBM), through training and workshop. The Project underscored the importance of taking into consideration MfRD/ RBM when planning, and of the linkage between the project’s Outputs with the higher development results at the Outcome and national development Impact levels. * In this light, through the NIM Project’s initiative, all national Implementing Partners were trained for the first time on the linkage between gender equality/gender mainstreaming and Managing for Development Results (MfDR), especially in terms of the use of gender-responsive indicators in the work plans. 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 was monitored closely for ensuring accountability against the government and UNDP rules and regulations. The NIM Project supported all the Implementing Partners 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). The importance of accountability was underscored to the IPs during the training organized by the NIM Project, as well as through the Spot Check led by DIC/MPI with the NIM Project support, and the annual audit exercise and the follow up to it. |

1. **Update on partnerships**

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| 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 and monitoring all ODA grant projects in Lao PDR. The Project is also assisting other Implementing Partners throughout the country, and promoting partnership among them e.g. sharing good practices and lessons learnt. Collaborations and synergies are sought with other UN Agencies (especially UNFPA and UNICEF), and UNDP’s projects in other countries (e.g. Bhutan, Indonesia, etc). |

1. **Update on gender mainstreaming**

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| 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 capacity development workshops for all the national Implementing Partners in 2010 and 2011 for the IPs to be trained on the linkage between gender equality/gender mainstreaming and Managing for Development Results (MfDR)/Results-based Management (RBM), especially in terms of the use of gender-responsive indicators in the work plans.  Thus, the national Implementing Partners' institutional and operational capacities were enhanced in applying the gender-sensitive MfDR/RBM 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 7th National Socio-Economic Development Plan (2011-2015) and in monitoring progress towards achieving the Millennium Development Goals (MDGs) by 2015 and the graduation from the LDC status by 2020, including the gender-related goals and targets.  The project always ensured 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. Indeed, in many workshops organized by the NIM Project, more women were participated and trained, e.g. the Financial Management Workshops.  The Project itself also achieved gender parity in its staffing, and the project maintained gender parity in the team. |

1. **Update on the implementation of audit & spot check recommendations**

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| Through the NIM Project, the operational and administrative efficiency of all 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 continuing decrease in the number of "high" and "medium" risk observations from the annual audit compared to the previous years.  The NIM Project itself was subject to UNDP's annual NIM audit for FY 2009 and 2010, and the result was satisfactory with no major finding (from FY 2009 audit, there was only one medium risk observation made on IT back-up, which the project team had already followed up). The NIM Project itself received the visits of the Spot Check team, and followed up on the recommendations on a regular basis. |

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

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| **The main challenges and issues the project faced during reporting period:**  By the end of 2011, most activities in the signed Annual Work Plans were successfully implemented. The budget was well spent. Financial management was carried out properly as per the rules and regulations, ensuring accountability and transparency (no audit observation from the last FY 2010 annual audit).  One of the major challenges faced by the Implementing Partner (DIC/MPI) was related to its capacity, both in terms of institutional and individual. Because of its diverse mandates despite the limited human resources, DIC/NIM Project Team was continuously in demand by the other Implementing Partners for capacity development support (due to initiation of new projects, arrival of new staff, some turnover, need for sensitization about updated policies of both the government and UNDP related NIM and ODA project management, etc).  The normal workshop-style training that was offered through the NIM Project was seen to have its own merits (e.g. able to sensitize many at the same time for cohesion and consistency) and at the same time downsides (e.g. unable to tailor to the specific capacity needs of a given IP, which could be more adequately addressed by hands-on training). Nonetheless, the increase in the number of Spot Check, combined with regular workshops and monitoring visits, led by DIC/MPI through the NIM Project, yielded positive results as mentioned above (the feedback from the IPs provided during the NIM Project Review Mission in September-October 2011 demonstrated such positive results felt by the IPs).  The pursued training for trainers (ToT) where DIC’s own middle management was expected to be able to carry out the capacity development initiatives for the Implementing Partners, has not been materialized. Therefore, at this moment, without UNDP’s continued support, it would not be feasible for DIC alone to take the lead in providing the IPs with the required capacity development training for better ODA project management. Hence DIC/MPI faces a challenge in terms of the ‘sustainability’ at this moment.  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 NIM Project successfully assisted DIC to draft a TOR of the new unit titled “DIC Service Centre” to consolidate and streamline all department work related to capacity development, training, document clearance, policy guidance, info sharing, liaison with other departments/divisions, etc, for more efficiency and effectiveness. Perhaps a more rigorous review of the department structure and individual capacities might be helpful in future.  Some of the originally targeted results were not yet materialized, including for instance the certification programme for the government officials in the areas related to procurement, financial management, etc. This may be related to an overly ambitious target setting, but more because of lack of clarity about the DIC mandate as to what it can/should do (DIC/MPI is not mandated to certify the other IPs’ officials for their competencies for procurement, financial management, etc). In this regard, the NIM Project assisted the DIC management team, through a series of meetings including a dedicated retreat in 2011, to sharpen and refine their understanding about their own mandate as per the Decrees as well as the baseline capacity of the department, to better plan for the future to discharge its responsibilities more effectively.  The DIC/MPI also seemed to face a challenge in terms of coordinating and advising on an emerging set of the government policies related to ODA management, as not all polices have originated out of DIC or MPI, but from the other line ministries e.g. Ministry of Finance (on financial management, procurement, etc), State Audit Organization, Ministry of Foreign Affairs, etc.  In addition, DIC/MPI may need to consider a potential better integration of the NIM project work within DIC’s core work and also with the other project(s) e.g. the Consolidated Programme Support to MPI, etc., because the scope of the project may go beyond the work of just one division within the department. This consideration may also inform the project management structure of the next phase if any.  Response Strategy: The above challenges and issues could be taken into account in the formulation of the next phase. |

1. **Rating on progress towards results**

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| **Outcome:** |  | Positive change  Negative change  Unchanged |
| Output 1 |  | Positive change  Negative change  Unchanged |
| Output 2 |  | Positive change  Negative change  Unchanged |
| Output 3 |  | Positive change  Negative change  Unchanged |
| Output 4 |  | Positive change  Negative change  Unchanged |
| Output 5 |  | Positive change  Negative change  Unchanged |

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| **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.**

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| N/A |

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| **V. FUTURE WORK PLAN** |

**1. What are the priority actions planned for the following year to overcome constraints, build on achievements and partnership, and use of the lessons learned during the project cycle?**

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**2. List major adjustments in the strategies, targets or key outcomes and outputs planned.**

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| **3. Estimated total budget required:** |  |

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| **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

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| **PREPARED BY** |

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Project Manager of the NIM Project

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| **CLEARED/APPROVED BY** |

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Executive (National Project Director) of the NIM Project