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Lao People's Democratic Republic



ອົງການສະຫະປະຊາຊາດເພື່ອການພັດທະນາ
United Nations Development Programme

Government of Lao People's Democratic Republic
Investment Promotion Department (IPD),
Ministry of Planning and Investment (MPI)

United Nations Development Programme

PROJECT ID: 00064088 (PEF) / 00071859 (TRAC)
PROJECT TITLE: "POVERTY-ENVIRONMENT INITIATIVE,
OUTPUT 2"

**ANNUAL PROJECT REPORT
(APR)**

January – December 2010

I. PROJECT INFORMATION AND RESOURCES

Project number and title:	00064088 / 00071859 Poverty Environment Initiative Output 2
Executing Agency:	Investment Promotion Department, Ministry of Planning and Investment
Implementing Partner:	United Nations Development Programme (UNDP)
Donors:	UNDP, PEF

Project Starting date		Project completion date	
Originally planned	Actual	Originally planned	Current estimate
2009	2009	2011	2011

Period covered by this report:	1 January – 31 December 2010
Date of quarterly review: <i>[Indicate if planned or actual]</i>	

Total Budget	Original Budget (US\$)	Latest Signed Revision (US\$)
2009-2011	1,120,000	1,093,100
2010		460,000

Resources	Donor	Amount
	PEF	463,100
	TRAC	600,000

II. PURPOSE

[To be completed in cooperation with UNDP Programme Analyst; Summarizes Main objectives of the project and link to MDG/NSEDP/UNDAF as per the approved UNDP Country Programme Document and Country Programme Action Plan and/or project document]

The United Nations Environment Program (UNEP) and the United Nations Development Programme (UNDP) Poverty Environment Initiative (PEI) in Lao PDR aims to contribute to poverty reduction and improved well-being of poor and vulnerable groups through mainstreaming the environment into national development and investment processes. PEI in Lao PDR aims to strengthen capacity of targeted central and provincial authorities to integrate poverty-environment concerns and opportunities in key development planning processes. The Initiative is not one stand-alone project but has been designed primarily to provide targeted support to ongoing programmes.

The specific objective of PEI Output 2 is to enhance capacities of national and provincial authorities to plan and manage investments for poverty reduction and sound environmental managements.

UNDAF Outcomes/Indicators: UNDAF Outcome 1: By 2011, the livelihoods of poor, vulnerable and food insecure populations are enhanced through sustainable development (within DMG framework)

Expected Outcomes/Indicators: Outcome 1.1: Improved and equitable access to land, markets and social and economic services, environmentally utilization of natural resources, with balance population growth.

Expected Outputs/Indicators: Output 1.1: Improved and diversified incomes of rural households, with a focus on increased market accessibility, through implementation of human development and infrastructure initiatives. Outcome 1.1.3: Enhance knowledge and management capacity of ecosystems, biodiversity, natural resources and environment, and population dynamics.

III. PROJECT PERFORMANCE AND RESULTS

1. Contribution to the strategic goals [To be completed in cooperation with UNDP Programme Analyst]

Outcome 2:

Capacities of national and provincial authorities to plan and manage investments for poverty reduction and sound environmental management increased

Progress towards achieving outcome

The project got off to a slower start than expected with the PEI Senior Technical Advisor only getting on board in February 1 and the new National Consultant on March 22. The late start with having a full permanent team on board has led to some inevitable delays with implementation of planned activities.

While not part of the official PEI workplan, a communications strategy has been developed with the objectives to generate awareness of PEI and create knowledge products that can inform decision-making towards sustainable investment management. This work is motivated by the direction/discussions during the PEI Regional Lessons Learning workshop held in Vientiane, June 2010. To date, PEI factsheets have been developed in Lao and English, and seven policy briefs have been completed to highlight various investment issues in specific sectors, and on poverty-environment issues in the pursuit of economic growth.

Output 1: National level capacities strengthened to manage investment processes in a manner that minimized negative environmental impacts and maximizes social benefits

Capacity building activities at the national level were put on hold awaiting completion of an IPD capacity assessment that was to be carried out through the IUCN/NERI consultancy, which was substantially delayed by contract negotiations and procurement process. The assessment was just completed in Q4 and capacity building activities will be designed for 2011 based on these results.

A draft of the National Investment Strategy has been produced. The Strategy is designed as a road map for IPD in developing institutional systems and guidelines to strengthen the investment management process. The strategy highlights potential actions that could be undertaken by IPD to help direct private investments towards achieving the sustainable development and poverty-environment goals of the 7th NSEDP. These potential actions also have to fit within the investment management modalities outlined in the 2009 Law on Investment Promotion. Consultation meetings to review and obtain inputs into the draft to be held in Q1 of 2011.

Output 2: Provincial level institutional capacities strengthened for sound investment management

Significant effort has been put into capacity building and institutional strengthening of the investment management process and in development of the Provincial Investment Strategies this year. Drafts of Saravan and Savannakhet's Provincial Investment Strategies are due in Feb 2011, with Oudomxay and Phongsali scheduled to start developing theirs in Q1 of 2011. The PEI program of work is further advanced in the Southern provinces due to a programmatic decision to focus initially in the South and build on the lessons for the North. PEI activities started in the South in Q1 and in the North in Q3.

In each of the four PEI case study provinces, there is a designated PEI coordinator

(representative of DPI) and a working committee chaired by the Governor's office and/or DPI. Members of the committee include representatives from DPI, PAFO, MEMO, WREO, Provincial Administration Office, NLMO, Lao Women's Union, Dept of Labour and Social Welfare, and Dept of Industry and Commerce.

Through this work, there has also been increased collaboration between the other PEI components, particularly with WREA-ESIA (Component 2) and Dept of Planning-NSEDP (Component 1) in the participation of, and technical presentations by ESIA and NSEDP project staff.

Output 3: Comprehensive understanding of the investment process at the provincial-level, encompassing stakeholders involved, institutional arrangements and capacity needs

In the assessment of institutional capacities and investment management processes at the provincial-level, the near absence of investment monitoring was highlighted as the most urgent gap. To that end, PEI provided technical support to development of an integrated monitoring framework that includes a questionnaire of financial, social and environmental indicators, preparatory checklist, and a database to house the monitoring information. PEI-IPD is also providing financial resources for a first round of monitoring in the four PEI provinces.

Initial pilot testing of the monitoring framework in Saravan and Savannakhet highlighted challenges with obtaining information required and as such, training sessions on the monitoring indicators, database use and interview techniques have been conducted both in province and Vientiane. The monitoring activities will continue to be a key focus in 2011, with inclusion of the IPD monitoring unit at the central-level. This will allow for further linkages between the central and provincial monitoring teams. Continuous review of the monitoring framework and additional hands-on training on the database will be required.

Output 4: Community consultation in investment management

There were no activities under Output 4 this year. Given the current lack of mechanisms or outlets for community input into national decision-making in the country that the project can readily build upon, PEI-IPD has avoided trying to develop a brand new system/mechanism given its limited resources and focused efforts instead on better understanding the investment management procedures at both central and provincial level. It was expected that these program activities will lead to identification of potential opportunities and partners to catalyze meaningful community-level participation and input on investment decisions. Further effort will be directed to fostering partnerships with the World Bank LENS project and WREA-ESIA in 2011 to capitalize/leverage on the initial community participatory efforts that are currently being developed by the two organizations.

Annual outputs and indicators	Key activities completed during reporting period	Expenditures	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies
<p>Output 1: National level capacities strengthened to manage investment processes in a manner that minimized negative environmental impacts and maximizes social benefits</p> <p><u>Targets</u></p> <ol style="list-style-type: none"> 1. Comprehensive understanding of the investment process at the national level, encompassing stakeholders involved, institutional arrangements and capacity needs 2. Investment process significantly strengthened through key policy documents, that include an outline of a national investment strategy and one model contract for agriculture related investments 3. Key Implementing Partners investment 	<p>A draft of the <i>National Investment Strategy (NIS)</i> has been submitted to IPD and UNDP-PEI for review.</p> <p>An initial consultation meeting on the NIS was held in Q2 to introduce the objectives and goals of the NIS to all line ministries involved in investment management, with 45 participants.</p> <p>An international consultant has been recruited to carry out a study on incentive systems (fiscal and non-fiscal) for quality investments, a key component of the NIS.</p> <p>The <i>baseline assessment of impacts from investments in two Southern provinces</i> is a contracted study led by IUCN and NERI to examine financial, social and environmental impacts. Case study</p>		<p>Supporting research were also carried out to generate input into the NIS:</p> <ul style="list-style-type: none"> • <i>Review of regional experiences in managing FDI (Thailand, Vietnam, Malaysia)</i> by Nick Beresnev, UNDP Bangkok • <i>Fiscal policies in natural resources sectors in Lao PDR</i> by Tomoko Kubo, PEI intern. 	<p>PEI-IPD is in process of defining a working schedule for completing the NIS. Consultations with IPD divisions, line ministries and development partners to solicit input will be held in Q1 of 2011.</p> <p>There was delay in recruitment to identify candidates with suitable expertise and regional experience. The consultant's mission to Lao PDR will take place in Q1 of 2011.</p> <p>The IUCN/NERI consultancy was delayed by well over 3 months due to negotiations and a protracted procurement process at UNDP due to procedural errors with the contract.</p>

<p>management capacity strengthened.</p> <p>Indicators</p> <ol style="list-style-type: none"> 1. Technical report outlining national level investment processes and associated capacity needs 2. Model investment contract for concessions and national investment strategy developed 3. At least 10 government staff with enhanced knowledge of investment management to minimize negative environmental impacts and maximize positive social impacts. 	<p>assessments were carried out jointly with provincial government staff in Saravan and Savannakhet and examined sugar cane and rubber plantations, a wood processing facility and a casino investment. The joint assessment was also designed as a capacity building exercise in the methodologies. Thirty government officials participated in these assessments. Workshops were also held in Savannakhet and Saravan to present the study results and to solicit comments.</p> <p>PEI organized an awareness event for all IPD in Vientiane to introduce poverty-environment concepts and solicit greater departmental interest and participation in PEI activities.</p>		<ul style="list-style-type: none"> • a capacity assessment of IPD • six policy briefs of investments in various sectors (hydropower, mining, plantations, biofuels, forestry, impact on gender) • draft checklist of legal requirements for use in the review of investments in the natural resource sectors. 	<p>This has hampered timing of other project activities which were to have been informed by the study outputs. Also, there have not been substantive capacity-building activities at the central level to date, awaiting on results from the IPD capacity assessment (now completed). This will be a focus for 2011.</p> <p>Work did not begin on the model investment contract for concessions as GTZ is already doing something similar for rubber plantations, and the World Bank for hydropower dams. PEI-IPD will follow-up with the organizations to explore potential collaboration on their outputs, and lessons learnt in 2011.</p>	<p>The PEI program of work is much further developed in the South (Savannakhet/ Saravan), relative to the North. This is due to the decision made by NPM to focus initially in the</p>
<p>Output 2: Provincial level institutional capacities strengthened for sound investment management</p> <p>Targets</p>	<p>Led by the NPM, initial consultation meetings and workshop were held in Savannakhet/ Saravan (Q1) and Oudomxay (Q3) to introduce the PEI program of activities,</p>		<p>In each of the four case study provinces, there is a working institutional arrangement for PEI, with a designated PEI coordinator (representative of DPI) and a working</p>		

<p>1. Comprehensive understanding of the investment process at the level of two provinces (Saravanne and Savannakhet), encompassing stakeholders involved, institutional arrangements and capacity needs</p> <p>2. Institutional strengthening plan for sound investment management</p>	<p>solicit input on provincial priorities for capacity building, and identify working mechanisms with the provinces. These meetings paved the way for the PEI-IPD team and STA to work with the provincial authorities.</p>		<p>committee chaired by the Governor's office and/or DPI. The committee includes representatives from DPI, PAFO, MEMO, WREO, Provincial Administration Office, NLMO, Lao Women's Union, Dept of Labour and Social Welfare, and Dept of Industry and Commerce.</p>	<p>South and build on the lessons for the North. Activities started in the South in Q1 and in the North in Q3.</p>
<p>Indicators</p> <p>1. One detailed technical report outlining provincial level investment processes and associated capacity needs</p> <p>2. Enhanced knowledge of at least 10 provincial government staff about investment management to minimize negative environmental impacts and maximize positive social impacts</p>	<p>Over the year, a total of 3 training workshops were held in the four PEI case study provinces on outlining the investment management process and <i>development of the Provincial Investment Strategies (PIS)</i>:</p> <ul style="list-style-type: none"> • 2 workshops in the South to cover Savannakhet and Saravan during Q2 and 3, with average of 50 participants at each workshop. • 1 workshop in the North to cover Oudomxay and Phongsali during Q3, with 40 participants at each workshop. 		<p>A brief document "<i>Outline and Guide to developing a Provincial Investment Strategy</i>" and associated training presentations has been produced (in Lao and English).</p> <p>Drafts of the Savannakhet and Saravan provincial investment strategies are expected in Jan 2011. Savannakhet however has already produced an initial draft for comment.</p>	<p>Saravan and Savannakhet teams have had some difficulty with developing their strategies and it is important to work closely in a step-by-step process. The process of analytical thinking and prioritization that is required for the provincial investment strategy is a challenge as this has not typically been part of the working culture at the provincial-level. They do appear, however, to be taking on the challenge in a motivated and supportive manner.</p> <p>A detailed training session will be held in North with Oudomxay and Phongsali to kick-start development of their PIS in early 2011.</p>

<p>Output 3: Comprehensive understanding of the investment process at the provincial-level, encompassing stakeholders involved, institutional arrangements and capacity needs</p> <p><u>Targets</u></p> <p>1. Comprehensive understanding of the investment process at the level of two provinces (Saravanne and Savannakhet), encompassing stakeholders involved, institutional arrangements and capacity needs</p> <p>2. Key Implementing Partners investment management capacity strengthened in Saravanne and Savannakhet provinces</p> <p><u>Indicators</u></p> <p>1. One detailed report outlining provincial and district level technical capacities and associated capacity needs for sound</p>	<p>PEI-IPD has catalyzed monitoring of investments in the four PEI provinces by providing technical support to development of an integrated monitoring framework and financial support to the monitoring activity.</p> <p>PEI-IPD worked closely with the provincial teams to identify appropriate financial, social and environmental indicators for the monitoring based on existing efforts, regulations, and local contexts. The monitoring is carried out by interdepartmental teams with members from DPI, Industry and Commerce, WREO, PAFO, NMLO and Labour and Welfare.</p> <p>Over the year, a total of 4 workshops have been held to introduce various approaches to enhancing investment management. The workshops also provided a forum to inform on legislative changes affecting provincial-level investment decisions (e.g. new Law on</p>		<p>Savannakhet and Saravanne tested the monitoring framework in one district of their provinces in Q3 for practicality and usefulness. This exercise highlighted numerous challenges with data collection.</p> <p><i>A manual that provides definitions and further explanations to the indicators in the investment monitoring questionnaire and checklist for monitoring preparations have been developed.</i></p> <p><i>The draft investment database and accompanying manual have been developed.</i></p> <p>PEI-IPD has had discussions with IPD monitoring unit on how the provincial-level monitoring activity links with the central-level, in terms of data sharing and enforcement, and on how to tailor the database to meet IPD needs. There is increasing interest</p>	<p>Savannakhet and Saravanne's pilot test highlighted numerous challenges that were somewhat expected given that this is the first time the provinces are engaged in monitoring. There is also some confusion over the monitoring indicators and interview methods.</p> <p>Based on this feedback, the monitoring activity was temporarily suspended to first enable a more substantive training, carried out in Q4.</p> <p>All four provinces will continue with the monitoring activity in Q1 of 2011.</p> <p>An issue that will need to be resolved is how the monitoring activity can feed into compliance regulation and enforcement. Early discussions on this issue have been held with the provincial monitoring teams.</p>
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<p>investment management</p> <p>2. Enhanced technical knowledge of at least 20 provincial authorities about investment management to minimize negative environmental impacts and maximize positive social impact</p>	<p>Investment Promotion, ESIA Decree):</p> <ul style="list-style-type: none"> • 1 workshop in the South in Q2 to introduce various approaches to enhancing investment management (e.g., spatial planning, use of economic cost-benefit to assess trade-offs), with 50 participants. • 3 workshops on investment monitoring, 2 in South and 1 in North. These were held concurrent to the workshops on the PIS as mentioned in Output 2 above, with average of 40 participants at each workshop. • A 4-day intensive training on investment monitoring on the indicators/questionnaire, database use and interview techniques in Vientiane (Q4). Over 60 officers participated from all four PEI provinces and IPD central monitoring unit. Although Oudomxay and Phongsali have yet to start their monitoring activity, participants were able to 		<p>within IPD to adopt the database system and to carry out investment monitoring activities at the national-level.</p> <p>Further hands-on training on the database will be required at both provincial and central-levels.</p>	<p>Given the expressed ambitions and momentum generated by this activity, PEI-IPD will have to carefully manage expectations given its limited resources, and help identify other financing sources to ensure sustainability of this important activity.</p>
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<p>Output 4: Community consultation in investment management</p> <p>Indicators:</p> <p>1. At least one province pilot community consultation mechanisms to inform investment decisions</p>	<p>learn from the experiences of Savannakhet and Saravan.</p> <p>A database consultant was recruited to develop an integrated database system and provide hands-on training.</p>			
	<p>No activities were carried out under this output this year.</p>			<p>Given the lack of outlets for community input into national decision-making currently in practice, PEI-IPD focused efforts in 2010 on better understanding the investment management process at both central and provincial level. It was hoped that the program activities will help identify potential partners and collaboration opportunities in community-level participation. Further effort will be directed to fostering partnerships with the World Bank LENS project and WREA-ESIA in 2011 to capitalize/leverage on the initial community participatory efforts on development that are being developed.</p>

2. Update on implementation of the Vientiane Declaration and its Action Plan
[Brief update on any achievement and/or problem related to the implementation of the Vientiane Declaration. It should also include issues related to the introduction of HACT and actions planned for the following period.]

n/a

3. Update on partnerships *[Brief update on any achievement and/or problem in developing partnerships and inter-agency collaboration. It should also include strategies for south-south cooperation]*

PEI-IPD has established collaborative ties with the PEI-ESIA component, with staff from the ESIA Department participating and presenting in various provincial and national workshops. ESIA Department delivered presentations on role of IEE and EIA in investment approval and screening process as well as on environment monitoring of development projects. PEI-IPD aims to build on this collaboration in 2011 to facilitate joint IPD and ESIAD discussion sessions on how to best coordinate and integrate the ESIA and investment review and approval processes mandated under the new ESIA Decree 2010 and Law on Investment Promotion 2009.

Collaboration between the PEI team (national consultants from Components 1, 2, 3 and 5) have been enhanced with quarterly meetings to discuss challenges, share lessons and identify synergies between the projects.

Other collaborations include:

- Global Environment Institute, a Chinese NGO focused on environmental management practices within Chinese investments, on joint outreach activities to the private sector
- ADB-Environment Operations Center in Bangkok has participated in PEI-IPD workshops to present their spatial planning tools and interest to coordinate their planned training on spatial planning with PEI's work on strengthening investment management at the provincial level. There is also discussion on potential co-financing of PEI activities in the new phase of ADB-EOC funding in the environment sector to Lao PDR (2012 onwards)
- Finland Futures Research Center on integrating select poverty-environment indicators into their household survey of rural energy use under the Finnish-funded Energy and Environment Partnership Program for the Mekong region, and on sustainable planning of the energy sector in Lao PDR

4. Update on gender mainstreaming *[Brief update on any achievement and/or problem in terms of mainstreaming gender within the project activities. Strategy for the following period]*

The Lao Women's Union is a key partner in all consultations and workshops facilitated or led by the PEI project. In addition, a policy brief has been produced to assess the impacts of investments on gender (positive and negative impacts), and to outline policy options to ensure more equitable sharing of investment benefits.

5. Update on audit recommendations [*Brief update on progress achieved and problems encountered. Actions planned for the following period*]

To address the issue of establishment of a PEI Project Board, the PEI-UNDP team will coordinate with the UNDP Poverty Unit on having a joint annual review meeting under an interim Project Board for 2010, currently scheduled for January 24th, 2011. The current proposal is to be incorporated under a Program Board that covers all UNDP-supported projects with MPI for 2011 onwards.

6. List main challenges and issues (if any) faced during reporting period [*as well as response strategies adopted*]

1) Expectations to expand provincial monitoring activity

The provincial investment monitoring activity has made good progress this year and generated useful momentum for this work. The cooperation of IPD Monitoring Unit is particularly heartening and interest to adopt the investment framework and database for broad implementation is a good opportunity. However, this interest has also generated additional substantive demands that will require resources and significant coordination/ management.

In 2011, PEI-IPD team will have to manage/ coordinate the increasingly limited resources carefully to ensure that expectations at provincial and central are met, and for activities to be adequately carried out. IPD should also explore possible sustainable financing options for continuation of this activity beyond PEI's lifespan.

2) Development of provincial investment strategies

The Saravan and Savannakhet teams have had some difficulty with developing their strategies as the process of analytical thinking and prioritization that is required for the provincial investment strategy is a challenge as this has not typically been part of the working culture at the provincial-level. It is important to work closely in a gradual step-by-step process to build this ability.

It will be critical for the PEI STA and NPD/NPM to engage the Director-Generals of the line departments more fully in this process (in addition to the PEI provincial working committees) in 2011 to ensure that the strategies are representative of the line department's priorities and well ingrained in the workplans.

3) Oversight and coordination of PEI finances between project and UNDP

The departure of the UNDP-Environment Unit financial manager in early 2010 presented a few challenges in the oversight of the PEI-IPD finances, leading to various delays in payment and overall PEI finance management. This has hampered the smooth functioning of project activities. The appointment of a PEI financial advisor has helped to correct this problem, and it will be important to continue with this arrangement in 2011.

4) Project staff issue

The PEI-IPD project driver has been released at the end of his extended probation period (6 months) due to poor performance and car management. A new driver will start in February 2011.

5) Proper engagement with IPD

PEI has organized a general awareness event for all IPD staff to introduce poverty-environment issues

and to solicit greater interest and participation in PEI activities. While this workshop was successful in engaging and informing the department, only 12 officers were able to participate. It will continue to be a challenge to get proper participation of the overall Department in project activities given the hectic schedule and workload of the Department. PEI will continue to work to increase engagement and capacity building efforts with all divisions of IPD in 2011

7. Rating on progress towards results

Output: [From table 1. Contribution to Strategic Goals]		
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 type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input checked="" type="checkbox"/>	Unchanged

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

Provide information about any activities undertaken by the project that were NOT envisaged in the work plan but which contributed to the outcome and/or outputs?
E.g. advocacy and policy dialogue.

- PEI Regional Lesson Learning Workshop on Changing Public and Private Investment for Pro-Poor Environment Outcomes held in Vientiane, June 23-25. Meetings with PEI UNDP and UNEP regional advisors helped with strategic thinking on delivery of outputs, and a bilateral meeting with PEI Thailand provided motivation for generating lessons learnt in a systematic manner.
- Development of communication materials such as the PEI Lao factsheet and upcoming policy brief series.
- Participation in the GTZ-UNDP-UNEP organized Environmental Fiscal Reform workshop in Bangkok, Nov 3, and Global Conference on Environmental Taxation Conference, Nov 4-5. Discussions between the PEI STA, IPD Deputy Director and WREA Cabinet Director with PEI regional advisors were extremely useful for strategic planning and exchange of ideas.
- PEI STA participation in various UNDP meetings (for e.g., development of the MDG framework, the Assessment of Development Results process, and Pre-Project Appraisal Committee meetings on new programmes) has provided opportunity to ensure that PEI objectives and activities are well linked to other broader programmes of work.

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 previous quarter?

Priority activities for 2011 includes:

- Hold a consultation meeting within MPI (IPD, Department of Planning, NERI) to review and solicit input into the National Investment Strategy (NIS), and a national workshop to solicit input from line ministries and development partners.
- Finalize the NIS that incorporates contributions from the investment consultant and other development partners.
- Continue to provide close technical, capacity building and budgetary support to the provincial and central investment monitoring activities.
- Provide training on development of provincial investment strategy for the Northern provinces, and assist to finalize strategies in the Southern provinces.
- Support implementation of a legal checklist in provincial review of investment proposals.
- Conduct a feasibility study of at least 1 priority investment in the IPD calling list as template for incorporating social and environmental criteria.
- Complete review of the English translation of Investment Promotion Law 2009.
- Participate in the annual review of UNDP supported projects to MPI (in collaboration with the UNDP Poverty Unit)

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

No major adjustments.

3. Estimated total budget required for the following year (2011):

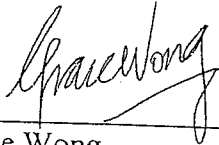
\$ 335,000

VI ANNEXES

1. 2011 Annual Workplan
2. 2010 risk, issue and communication logs

PREPARED BY

Prepared by:



Grace Wong
PEI Senior Technical Advisor

14/1/11
Date

Approved by:



Manothong Vongsay
PEI-IPD National Project Manager

19/01/2011
Date

Houmpheng Souralay
PEI-IPD National Project Director

Date



2010 Annual Work Plan

Project Title	INVESTMENT IN LAO PDR: MINIMISING THE SOCIAL AND ENVIRONMENTAL IMPACTS
Project Number	00064088 (PEF Fund) 00071859 (TRAC Fund)
UNDAF Outcomes:	UNDAF Outcome 1: By 2011, the livelihoods of poor, vulnerable and food insecure populations are enhanced through sustainable development (within DMG framework)
Expected UNDP Country Programme / CPAP Outcomes:	Outcome 1: Improved and equitable access to land, markets and social and economic services, environmentally sustainable utilization of natural resources, with balanced population growth.
Expected UNDP Country Programme / CPAP Outputs:	Output 1.2: The role of biodiversity, agro-biodiversity, land management and environment in general in livelihood improvements and poverty reduction strengthened through enhanced knowledge management and management capacity. Outcome 1.3: Enhanced management capacity of the Government in meeting its international environmental obligations through strengthened implementation of multilateral environmental agreements and related national policies and legislation.
Implementing Partner:	Investment Promotion Department (IPD) of the Ministry of Planning and Investment (MPI)
Responsible Parties:	IPD/MPI and UNDP

Brief Description

The Poverty-Environment Initiative (PEI) in Lao PDR aims to strengthen capacity of targeted central and provincial authorities to integrate poverty-environment concerns and opportunities in key development planning processes. The Initiative is not one stand-alone project but has been designed primarily to provide targeted support to ongoing programmes.

This project document – Investment in Lao PDR: minimizing the social and environmental impacts - corresponds to Output 2 of the overall PEI country programme, as set out in the 'PEI Framework for Lao PDR'. Output 2 aims to strengthen the capacity of national and provincial authorities to plan and manage investment in a manner that seeks to maximize pro-poor and pro-environmental outcomes. The project will work with the Investment Promotion Department in the Ministry of Planning and Investment and provincial authorities to strengthen skills to

design, negotiate, plan, monitor and enforce appropriate investment contracts. In particular the project will encourage central and provincial authorities to use integrated spatial planning resources, existing cost-benefit analysis material, community consultation mechanisms, close coordination with the Environment and Social Impact Assessment Department of WREA, and south-south learning events to produce integrated investment strategies that are beneficial at the provincial level and assist Lao PDR to graduate from Least Developed Country (LDC) status by 2020. These activities will support the government to implement the revised Investment Law for Lao PDR (currently under consideration by the National Assembly).

MPI has selected four provinces within which to focus PEI provincial activities – Oudomxay, Phongsaly, Saravane and Savannakhet. PEI will coordinate its provincial activities with two parallel development initiatives – the Northern Uplands Core Coherent Program (AFD/EC/GTZ/SDC) in Phongsaly, and the ADB-IFAD Sustainable Natural Resource Management and Productivity Enhancement project in Saravane and Savannakhet. Activities will also aim to link closely with the ongoing UNDP Governance and Public Administration Reform programme (GPAR) in Saravane.

Annual key priorities

Based on the key outputs of the project, the key priorities for 2010 are:

- (I) National level capacities strengthened to manage investment processes in a manner that minimizes negative environmental impacts and maximizes social benefits;
- (II) Provincial level institutional capacities strengthened for sound investment management;
- (III) Provincial level organizational and individual capacities strengthened for sound investment management;
- (IV) Community consultation in investment management strengthened.

Annual key deliverables

In accordance to the key priorities specified above, the key deliverables for each key priority of the project are:

- (I)
 - Capacity needs assessment of Investment Promotion Department;
 - Training / awareness activities;
 - Technical briefs to support the development of the implementing decree of the new Investment Law;
 - Baseline assessment of investments and environmental impacts in the two southern provinces (outsourced);
 - Establish working group for coordination with WREA, MAF and other line ministries on PEI activities;
 - Consultation and progress review workshops as well as training and awareness raising on resource and investment databases and ISP
- (II)
 - Establish Provincial working group and hold regular meetings;
 - Develop and monitor coordination arrangements with resource and investment database and ISP development;
 - Review of national, provincial plans and policies;
 - Draft of provincial investment strategy.
- (III)
 - Assessment of national and provincial level institutional arrangements; capabilities, coordination needs and related issues;
 - Draft of institutional review report and recommendations;
 - Consultation workshops on draft report and recommendations.
- (IV)
 - Evaluation of consultation mechanisms to provide input on proposed investments

Programme Period:	2007 - 2011	2010 AWP budget:	USD 410,000
Key Result Area (Strategic Plan):	Goal 1 (Achieving the MDGs and reducing human poverty)	Total resources required:	USD 410,000
Atlas Award ID:	00058002	Total allocated resources:	USD 410,000
Start date:	July 2009	• UNDP (TRAC)	USD 210,000
End Date:	December 2011	• PEF	USD 200,000
PAC Meeting Date:	26 March 2009	Unfunded budget:	0
Management Arrangement:	NIM (National Implementation)	In-kind Contributions from Government	



Agreed by Implementing Partner:

Mr. Houmpheng Souralay

Date:

1/7/2010

Director General of Investment Promotion Department
 Ministry of Planning and Investment
 Lao Peoples's Democratic Republic



Agreed by UNDP:

Ms. Sonam Yangchen Rana

Date:

16/3/10

UN Resident Coordinator and
 UNDP Resident Representative in
 The Lao People's Democratic Republic

Project ID: 00064088 (PEF) / 00071859 (TRAC)
 Project Name: Poverty Environment Initiative (PEI)
 Output 2

2010 Annual Workplan

EXPECTED COMPLETION DATE AND INDICATORS INCLUDING BASELINE AND ANNUAL TARGET	Key Activities (List all the activities to be undertaken during the year towards stated output)	TIME FRAME				RESP. PART	PLANNED BUDGET		Amount USD
		Q1	Q2	Q3	Q4		Source of Funds	Budget Description	
Output 2 of PEI Framework: Capacities of national and provincial authorities to plan and manage investments for poverty reduction and sound environmental management increased Output 2.1: National level capacities strengthened to manage investment processes in a manner that minimized negative environmental impacts and maximizes social benefits Activity Result 2.1: Strengthen capacity of national officials to minimise social and environmental impacts through improved investment management									
2.1 Targets 1. Comprehensive understanding of the investment process at the national level, encompassing stakeholders involved, institutional arrangements and capacity needs 2. Investment process significantly strengthened through key policy documents, that include an outline of a national investment strategy and one model contract for agriculture related investments 3. Key Implementing Partners investment management capacity strengthened.									
2.1 Indicators 1. Technical report outlining national level investment processes and associated capacity needs 2. Model investment contract for concessions developed 3. At least 10 government staff with enhanced knowledge of investment management to minimize negative environmental impacts and maximize positive social impacts.									
Baselines: 1. Detailed technical report outlining investment processes and capacity needs not yet elaborated									
	Action 2.1.1. Undertake a capacity needs assessment of investment Promotion Department and plan training / awareness activities		X	X	X	UNDP	TRAC/00011	71100 International TA (full time advisor)	5,950
			X	X	X	UNDP	PEF	71100 International TA (full time advisor)	4,500
	Action 2.1.2. Support the development of the implementing decree of the new Investment Law, through written comments and consultation		X	X	X	UNDP	TRAC/00012	71100 International TA (full time advisor)	16,130
			X	X	X	IPD	TRAC/00012	Miscellaneous for Workshop	4,000
	Action 2.1.3. Support the development of a national investment strategy and the 7th NSEDP with information on social and environmental impacts: prepare technical briefs, hold workshop		X	X	X	UNDP	TRAC/00012	71100 International TA (full time advisor)	25,500
			X	X	X	IPD	TRAC/00012	73100 Workshop	4,000
			X	X	X	IPD	TRAC/00012	71600 Travel and DSA	3,000
			X	X	X	IPD	PEF	74200 Printing (including communication material)	2,000
	Action 2.1.4. Support the preparation and implementation of model contracts for different types of agriculture-related investments; in cooperation with MAF and WREA		X	X	X	IPD	TRAC/00012	71600 Travel and DSA	6,000
			X	X	X	IPD	TRAC/00012	73100 Workshop...	8,000
	Action 2.1.5 Establish working group for coordination with WREA, MAF and other line ministries on PEI activities		X	X	X	IPD	PEF	74500 Miscellaneous for coordination	5,000
	Action 2.1.6. Document and promote good private sector practices (eg. corporate social responsibility, codes of practice, fair trade and other certification)		X	X	X	IPD	PEF	73100 Workshops on CSR, etc.	8,000
			X	X	X	IPD	PEF	74200 Training Materials and printing	5,000

2. Investment policy documents strengthened through the integration of environmental and social considerations
3. Limited training on environment and social implications of investments

<p>Activity 2.1.7. Support the development of resource and investment data bases and ISP planning tools in cooperation with MAF and other agencies Sub activities: 1/ Establish agreement and working group with MAF (SNMPEP) and provinces; 2/ Develop workplan and schedule; 3/ Hold consultation and progress review workshops; 4/ Training and awareness raising on resource and investment databases and ISP</p> <p>Activity 2.1.8. Carry out baseline assessment of investments and environmental impacts in the two southern provinces (outsourced)</p> <p>Activity 2.1.9. special study / report on investment management at national and provincial level.</p>	X	X	X	X	X	X	X	X	X	71100	International TA (full time advisor)	17,250
	X	X	X	X	X	X	X	X	X	71300	National consultant (full-time)	5,000
	X	X	X	X	X	X	X	X	X	73100	Consultation workshops	8,000
	X	X	X	X	X	X	X	X	X	74500	Miscellaneous for Workshop	3,000
	X	X	X	X	X	X	X	X	X	71600	Travel and DSA	9,000
	X	X	X	X	X	X	X	X	X	73400	Rental & Maint of Other Equip	1,250
	X	X	X	X	X	X	X	X	X	74500	Miscellaneous (Insurance)	2,000
	X	X	X	X	X	X	X	X	X	71100	International TA (full time advisor)	22,000
	X	X	X	X	X	X	X	X	X	71400	Outsourcing	59,420
	X	X	X	X	X	X	X	X	X	71400	Outsourcing	5,000
	X	X	X	X	X	X	X	X	X	71100	International TA (full time advisor)	17,670
	X	X	X	X	X	X	X	X	X	74200	Audio Visual&Print Prod Costs	2,000
	X	X	X	X	X	X	X	X	X	72400	Communication for project	1,400
	X	X	X	X	X	X	X	X	X	74500	Miscellaneous for Workshops	3,200
	X	X	X	X	X	X	X	X	X	74500	Miscellaneous for Workshop (Annual Meeting Review)	1,500
X	X	X	X	X	X	X	X	X	72800	IT equipment	6,300	
X	X	X	X	X	X	X	X	X	72200	Office equipment and furniture	2,000	
X	X	X	X	X	X	X	X	X	73400	Rental & Maint of Other Equip	4,000	
X	X	X	X	X	X	X	X	X	71400	Driver	2,000	

Output 2.2: Provincial institutional capacities strengthened for sound investment management

Activity result 2.3 Provincial level capacities assessed and targeted training events undertaken										
2.3 Targets		X	X	X	X	IPD	PEF	71600	Travel and DSA	
<p>1. Comprehensive understanding of the investment process at the level of two provinces (Savannakhet and Saravanne), encompassing stakeholders involved, institutional arrangements and capacity needs</p> <p>2. Key Implementing Partners investment management capacity strengthened in Saravanne and Savannakhet provinces</p> <p>2.3 Indicators</p> <p>1. One detailed report outlining provincial and district level technical capacities and associated capacity needs for sound investment management</p> <p>2. Enhanced technical knowledge of at least 20 provincial authorities about investment management to minimize negative environmental impacts and maximize positive social impact</p> <p>2.3 Baselines:</p> <p>1. Limited knowledge concerning specific technical capacities and capacity needs of provincial and district level officials for investment management</p> <p>2. Limited training on environment and social implications of investments at provincial level</p>	<p>Action 2.3.1. Carry out an assessment of national and provincial level institutional arrangements, capabilities, coordination needs and related issues.</p> <p>Sub-activities: 1/ Prepare outline, coordinate with Investment Baseline, hold consultation. 2/ Carry out interviews and literature review. 3/ Draft institutional review report and recommendations. 4/ Hold consultation workshops on draft report and recommendations, finalize report. (should move to the Noth in Q3 and/ or Q4)</p>	X	X	X	X	IPD	TRAC/00012	73100	Consultation workshops	4,000
	X	X	X	X	IPD	TRAC/00012	71600	Travel and DSA	11,940	
	X	X	X	X	IPD	PEF	71300	National Consultant (accountant support)	4,000	
	X	X	X	X	IPD	PEF	74200	Printing materials	2,840	
	X	X	X	X	IPD	PEF	73100	Rent/Maintenance	1,500	
	X				IPD	PEF	72400	Communication	1,000	
	X	X	X	X	UNDP	TRAC	71100	International TA (full time advisor)	35,000	
	X	X	X	X	IPD	PEF	71300	National Consultant (full-time)	5,000	

Output 2.4 Community consultation investment management

Activity Result 2.4.1 Strengthen role of community consultation (at district, village level) to inform investment decisions on management and monitoring											
2.4 Targets:	Action 2.4.1. Evaluate and strengthen consultation mechanisms to provide input on proposed investments	X	X	X	X	X	X	X	TRAC/00012	71100	
									TRAC/00012	71300	
1. Appropriate mechanisms for strengthening community consultation to inform investment decisions, management and monitoring (institutional and informing) identified, documented, and piloted. 2.4 Indicators: 1. At least one province pilots community consultation mechanisms to inform investment decisions. 2.4 Baselines: 1. No effective mechanism for consistent local participation in investment approval and management processes		X	X	X	X	X	X	X	IPD	International TA (full time advisor)	20,000
		X	X	X	X	X	X	X	IPD	National Consultant (full-time)	5,000
			X	X	X	X	X	X	IPD	Travel and DSA (workshops in 2 provinces) and Field based training	5,480
			X	X	X	X	X	X	IPD	Rental & Maint of Other Equip	2,000
Total AG271-AG272-AG273-AG274-AG275-AG276-AG277-AG278-AG279-AG280-AG281-AG282-AG283-AG284-AG285-AG286-AG287-AG288-AG289-AG290-AG291-AG292-AG293-AG294-AG295-AG296-AG297-AG298-AG299-AG300											

Prepared by:



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8-Jan-10



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