



ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ  
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"**

**QUARTERLY PROJECT REPORT  
(QPR)**

**October – December 2010**

## I. PROJECT INFORMATION AND RESOURCES

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

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

<b>Period covered by this report:</b>	1 October – 31 December 2010
<b>Date of quarterly review:</b> <i>(Indicate if planned or actual)</i>	

Total Budget	Original Budget (US\$)	Latest Signed Revision (US\$)
	1,120,000	1,093,100

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]

<p><b>Outcome 2:</b> Capacities of national and provincial authorities to plan and manage investments for poverty reduction and sound environmental management increased</p>					
<p><b>Progress towards achieving outcome</b></p>					
<p>Quarter 4 focused on: 1) development of the draft National Investment Strategy, 2) developing the materials for and delivering a comprehensive training on investment monitoring to the teams from all four PEI provinces and at the Central level, and 3) preparing annual reports and workplans.</p>					
<p><b>Annual outputs and indicators</b> [According to project document and/or annual work plan]</p>	<p><b>Key activities completed during reporting period</b></p>	<p><b>Expenditures</b> [Actual expenditures against activities completed]</p>	<p><b>Progress towards achieving outputs and targets achieved against indicators</b></p>	<p><b>Reasons if progress below target and response strategies</b> [If applicable, explore underlying factors and reasons for gaps in output and target]</p>	
<p><b>Output 1:</b> National level capacities strengthened to manage investment processes in a manner that minimized negative environmental impacts and maximizes social benefits</p> <p>Indicators: 1. Technical report outlining national level investment processes and associated capacity needs</p>	<p>A draft of the National Investment Strategy (NIS) has been submitted to IPD and UNDP-PEI for review and comments.</p> <p>An international consultant (Investment Specialist) from the International Institute of Sustainable Development (IISD) has been recruited to carry out a specific study on incentive systems (fiscal and</p>		<p>PEI is working with IPD to develop a National Investment Strategy (NIS). Internal consultations with all IPD divisions and a national workshop to solicit input from line ministries and development partners will be held in Q1 of 2011.</p> <p>The international consultant's mission to Lao PDR will take place in Q1 of 2011.</p>	<p>There have not been substantive capacity-building activities at the central level thus far. The project is waiting on results from the IPD capacity assessment being carried out by IUCN/NERI (now completed). This will be a focus for 2011.</p> <p>The initial PEI awareness workshop was successful in engaging and informing all other divisions within IPD in</p>	

<p>2. Model investment contract for concessions developed</p> <p>3. At least 10 government staff with enhanced knowledge of investment management to minimize negative environmental impacts and maximize positive social impacts.</p>	<p>non-fiscal) for sustainable investments, which will be a component of the NIS.</p> <p>PEI organized an awareness event for all IPD in Vientiane on Nov 17. The objective was to introduce PEI to all IPD and to solicit greater interest and participation in PEI activities.</p> <p><i>The baseline assessment of environmental impacts from investments</i> is a contracted study led by IUCN and NERI. Final reports of case studies (in English and Lao) from Saravan and Savannakhet have been submitted, along with six policy briefs of investments in the different sectors. A capacity assessment of IPD has also been completed.</p> <p>PEI Senior Technical Advisor and IPD Deputy Director participated in the GTZ-UNDP-UNEP organized Environmental Fiscal Reform Workshop and Environmental Taxation Conference in Bangkok, Nov 3-5.</p>			<p>PEI activities. Only 14 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. This effort will continue in 2011.</p> <p>The review and English translation of the Investment Promotion Law 2009 is taking much longer than expected, due to a very busy calendar and the time consuming nature of the work. The PEI team will plan to put aside proper time to complete this work in Q1, 2011.</p>
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<p><b>Output 2:</b> Provincial level institutional capacities strengthened for sound investment management</p> <p>Indicators: 1. Development of Provincial Investment Strategies 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>PEI-IPD team is currently carrying out a review of the unofficial English translation of the Investment Promotion Law 2009, as per IPD request.</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>The process of analytical thinking and prioritization that is required for the provincial investment strategy is a challenge for our provincial partners 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><b>Output 3:</b> Comprehensive understanding of the investment process at the provincial-level, encompassing stakeholders</p>	<p>The IUCN/NERI consultancy has also produced a draft checklist of legal issues/ requirements related to investments in the natural resource sectors. This checklist grew out of the provincial case study baseline assessments (see Output 1). PEI plans to work with the provincial teams to incorporate the checklist into the provincial investment management processes in 2011.</p>		<p>A detailed training workshop was carried out in Vientiane from December 7-10. The training included presentations by IPD Monitoring Unit,</p>	<p>Over 40 officers from all four PEI provinces attended the training in Vientiane. Although Oudomxay and Phongsali have yet to start</p> <p>The work on monitoring has made good progress in this quarter and generated useful momentum for this work. The interest and cooperation of IPD</p>

<p>involved, institutional arrangements and capacity needs</p> <p>Indicators</p> <p>1. One detailed technical report outlining provincial level investment processes and associated capacity needs</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>WREA on the links between investment monitoring and ESIA monitoring, and IUCN of aspects of environmental monitoring. The training also included a session on the database led by the consultant, and a session on interview techniques led by Professor Bounmy of NUOL.</p> <p>PEI has also held numerous meetings with the IPD Monitoring Unit team to tailor the monitoring questionnaire and database to meet IPD needs.</p>		<p>their monitoring activity, participants were able to learn from the experiences of Saravane and Savannakhet. All provinces will be continuing with the monitoring activity in Q1 of 2011.</p> <p>Additional hands-on training on the database will be required.</p> <p>PEI has had discussions with IPD on how the provincial-level monitoring activity links with the central-level, in terms of data sharing and enforcement. There is increasing interest within the IPD monitoring unit to adopt the database system and to carry out investment monitoring activities at the national-level.</p>	<p>Monitoring Unit is a particularly good opportunity. However, this interest has also generated additional substantive demands that will require resources and significant coordination/ management. PEI-IPD team will have to manage/ coordinate resources carefully to ensure that expectations at provincial and central are met.</p> <p>IPD should also look into possible sustainable financing options for continuation of this activity beyond PEI's lifespan.</p>
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<p><b>Output 4:</b> Community consultation in investment management</p> <p>Indicators: 1. At least one province pilots community consultation mechanisms to inform investment decisions</p>	<p>No activities were planned in this quarter</p>			
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**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]*

Potential collaborations being discussed/ assessed include: 1) the Swiss Centre for Development and Environment on development of an integrated investment database that can be linked to spatial analysis of investment decisions; 2) ADB-Environment Operations Center on potential collaborations with regards to the new phase of ADB funding in the environment sector (2011 onwards), and on coordinating ADB-EOC's planned training on spatial planning tools with PEI's work on strengthening investment management; 3) ADB-IFAD project on social and environmental safeguards in the agriculture and forestry sectors.

**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, the *baseline assessment* (Activity 2.1.8) in Savannakhet and Saravan has produced a policy brief on Investments and Women (positive and negative impacts).

**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. 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]*

7. Rating on progress towards results

<b>Output:</b> <i>[From table 1. Contribution to Strategic Goals]</i>		
Output 1	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 2	<input type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input checked="" 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.

n/a

**V. FUTURE WORK PLAN**

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

- Priority activities for Quarter 1 of 2011 includes:
- Hold an internal consultation meeting with all IPD divisions to review and solicit input into the National Investment Strategy (NIS).
  - Hold a national workshop to solicit input into the NIS from line ministries and development partners.
  - Continued technical and budgetary support to the provincial investment monitoring activity.
  - Hold a training workshop on development of provincial investment strategy in Phongsali.
  - 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 quarter (Q1, 2011):**

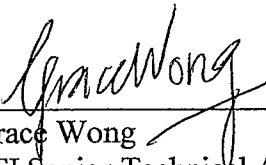
\$ 105,316

VI. ANNEXES


1. Q3 workplan
2. Q2 risk, issue and communication logs

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