

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)**

**April – June 2011**

## 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 April – 30 June 2011
<b>Date of quarterly review:</b> <i>[[Indicate if planned or actual]]</i>	

Total Budget	Original Budget (US\$)	Latest Signed Revision (US\$)
Quarter 2, 2011	n/a	88,510

Resources	Donor	Amount
	PEF	61,840
	TRAC	26,670

## 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

<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> Quarter 2 focused on: 1) facilitating a national consultation on the draft National Investment Strategy (NIS) through the Sustainable Investment Forum, 2) supporting field visits and providing training on the investment database at both the central level, and 3) supporting investment monitoring activities at the provincial levels.</p>				
<p><b>Annual outputs and indicators</b></p>	<p><b>Key activities completed during reporting period</b></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></p>	
<p><b>Output 1:</b> Strengthen capacity of national officials to minimise social and environment impacts through improved investment management</p> <p>Indicators: 1. At least one key Technical report outlining the refinement, approval and implementation of the national Investment Strategy produced 2. At least 35 IPD staff, of which 30% should be female, with enhanced knowledge of investment management to minimize negative</p>	<p>The Sustainable Investment Forum was held at ICTC in Vientiane on May 18-19 to discuss the National Investment Strategy that was developed by PEI and IPD. Over 60 participants from MPI, line ministries, PEI provincial representatives, development partners, NGOs, private sector and the National Assembly participated in the meeting, of which 25% are women. A panel discussion with the private sector on their roles and responsibilities with fostering sustainable development principles was held during the Forum.</p>	<p>The National Investment Strategy has been revised to include comments and inputs received during the Forum. This final draft of the Strategy will be re-distributed again to all relevant line ministries for a last round of comments in July/Aug. The Strategy will also go through a consultation with private sector through the Lao Business Forum and/or Lao National Chamber of Commerce for their perspectives/ input.</p>		

<p>environmental impacts and maximize positive social impacts. 3. At least one key technical report outlining the results of monitoring activities on approved investment projects through database system produced</p> <p>4. Draft model contract/MOU for agricultural sector produced</p>	<p>The UNDP-UNEP regional team also participated in the Forum and hosted a book launch on the recently published PEI primer “<i>Managing Private Investment In Natural Resources: A Primer For Pro-Poor Growth And Environmental Sustainability</i>”.</p> <p>The study on “<i>Investment incentives for sustainable development: Case of Lao PDR</i>” by IISD Consultant (Ms. Oshani Perera) and “<i>Review of regional experiences in investment management</i>” by UNDP Regional Office (Nick Beresnev) have been completed, with several elements of both studies incorporated into the National Investment Strategy.</p> <p>The PEI database consultant has provided 4 days of training to the central Monitoring Unit of IPD on 26/27 April and 30/31 May. This training will enable the IPD Monitoring Unit to use the database to consolidate/manage all investment data in the country, and to act as focal point to extend database training to all provinces in future.</p> <p>The development of a draft model</p>	<p>Both these studies will be revised into short policy briefs for wider distribution in Q3. All other investment policy briefs produced over the past year and case study assessments (carried out by IUCN and NERI) were distributed to participants at the Sustainable Investment Forum as part of an information package.</p> <p>PEI is working closely with the IPD monitoring unit at central level to identify procedures for data sharing between provincial and central levels. As an extension to the database work led by PEI, the central Monitoring Unit has requested support to hold a national data management working session to be held in Q3.</p>	<p>The work on model contract and</p>
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<p>contract negotiation will be carried out with a consultant from the International Institute for Environment and Development (IIED) under a global PEI-IIED MOU. As such, there may be some delays due to the procurement process at global PEI level.</p>		<p>contract for agricultural concessions and associated training in contract negotiation skills will be held towards the later part of the year.</p>	
<p>The interest and cooperation of monitoring unit at central level is a good opportunity for strengthening the coordination/linkage between provincial and central level particularly with the new roles/responsibilities outlined in the new Investment Decree.</p>	<p>PEI continues to look for opportunities to involve direct involvement of the central Monitoring Unit in the PEI-supported provincial monitoring activities. The central level participation may be an important catalyst to help provincial authorities identify/ implement appropriate mechanisms for compliance and enforcement.</p> <p>An additional advanced training session will be provided to the PEI provincial database managers of all 4 provinces in Q3.</p>	<p>The IPD central Monitoring Unit has carried out field monitoring activities in Phongsali, Oudomxay and Luang Prabang with PEI support. These field activities are meant to address conflicts surrounding investment activities on the ground, and included mediation activities between investors, local government and communities.</p> <p>All four PEI provinces have resumed their monitoring activities after the delay in financial disbursement of PEI funds from PEF global. In this quarter, 4 districts were monitored.</p> <p>The PEI database consultant has provided a 4 day training session to the 4 database specialists from Savannakhet and Saravane and one officer from the</p>	<p><b>Output 2:</b> Provincial level institutional capacities strengthened for sound investment management</p> <p>Indicators:</p> <ol style="list-style-type: none"> <li>1. At least one detailed technical report outlining provincial level investment processes and management realized</li> <li>2. At least one Technical report outlining the results of monitoring activities on approved investment projects through database system realized</li> <li>3. At least 2 investment applications reviewed using legal checklist in province</li> </ol>

<p><b>Output 3:</b> Comprehensive understanding of the investment process at the provincial-level, encompassing stakeholders involved, institutional arrangements and capacity needs</p> <p>Indicators</p> <ol style="list-style-type: none"> <li>1. At least one key Technical report outlining selected investment project in the ICL for investment promotion mechanism produced</li> <li>2. Knowledge of ICL to minimize negative environmental impacts and maximize positive social impact of at least 10 provincial officials, of which at least 30% should be female, from each pilot province Saravan, Savannakhet, Oudomxay, and Phongsaly, raised</li> </ol>	<p>central IPD monitoring division on 3-6 May. The training was conducted in Savannakhet province.</p> <p>Saravan and Savannakhet have submitted drafts of their provincial investment strategies (PIS). These are being revised after initial comments from the PEI national consultant. A final review workshop will be held in the South once these revised strategies are submitted.</p> <p>A draft outline with step-by-step process for identifying sustainable investment opportunities for the Investment Calling List (ICL) has been produced and is being reviewed/discussed within IPD. This outline will be presented in the upcoming workshop on development of PIS and ICL in the North in Q3.</p>	<p>The ICL is an opportunity for PEI to leverage on – the process for developing a provincial investment strategy explicitly involves an assessment of provincial development needs and a SWOT resource analysis to identify key investments that can generate added value to poverty and environment goals. The ICL would be an ideal vehicle for these investments.</p>	<p>Two workshops originally planned for Q2 have now been postponed to Q3 due to scheduling conflicts. The two workshops are: 1) continuation in the development of PIS and ICL in the North; and 2) finalizing the PIS of Saravan and Savannakhet.</p>
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<p><b>Output 4:</b> Community consultation in investment management</p> <p>Indicators:</p> <p>1. At least one province pilots community consultation mechanisms to inform investment decisions</p>	<p>The PEI STA and UNDP PEI team are actively looking at avenues to address the issue of community consultation in investment management, potentially through: 1) the MPI/Department of Planning-led village-level participatory planning process; and 2) the WREA/Department of ESIA-led process for public disclosure of investment projects.</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) ADB-Environment Operations Center on potential collaboration between ADB's spatial planning analysis with PEI's work on strengthening investment management in the southern provinces
- 2) GIZ has expressed interest in the PEI institutional working model in the provinces and aims to replicate this model in their new project phase to begin in 2012. GIZ is also keen to participate in one of the PEI provincial workshops in coming months.

**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 led by the PEI project and is part of the provincial inter-departmental working team. In addition, PEI has tried to ensure gender balance in all workshops and training.

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

**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 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-IPD hosted a delegation from PEI Rwanda from May 17-19 who are on an Asia study tour to share lessons and experiences with mainstreaming poverty-environment issues into private investment management and poverty reduction planning. The Rwanda delegation, consisting of officials from also participated in the Sustainable Investment Forum.

During the UNDP-UNEP regional mission in May, a meeting was held with all the PEI NPMs to discuss initial ideas and proposals for the next phase of PEI in Lao post-2011. The UNDP PEI team is currently working on a concept note for the next phase to be shared with all NPMs for discussion in Q3.

**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 3 of 2011 includes:

- Facilitate a final round of consultations on the NIS with line ministries and private sector, and hold an internal MPI workshop to finalize the Strategy.
- Support a national data management workshop to facilitate consolidation of investment data across all provinces in Lao PDR, to be led by the IPD central Monitoring Unit.
- Continued technical and budgetary support to the provincial investment monitoring activity and to the central monitoring unit on their coordinating and compliance reporting role. On-the-job training sessions on investment database will be carried out for staff from the four PEI provinces.
- Facilitate a roundtable discussion between WREA-DESIA and MPI-IPD on coordination and integration between the ESIA review and investment approval processes.
- Hold a second training workshop to continue on development of provincial investment strategy and investment calling list with the northern provinces, and a review workshop of provincial investment strategies with the southern provinces.

- Participate in the evaluation of PEI phase 1 as part of preparation for extension/next phase of the programme post 2011.

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

No major adjustments.

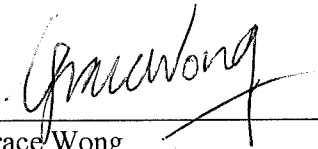
**3. Estimated total budget required for the following quarter (Q2, 2011):** 105,073

**VI. ANNEXES**

1. Q2 workplan
2. Q1 risk, issue and communication logs
3. Financial reports


**PREPARED BY**

**Prepared by:**


  
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PEI Senior Technical Advisor

4/7/2011  
Date

**Approved by:**

  
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Manothong Vongsay  
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01/18/11  
Date

  
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Houmpheng Souralay  
PEI-IPD National Project Director

01/18/11  
Date



## OFFLINE RISK LOG – Quarter 1 (2011)

(see Deliverable Description for the Risk Log regarding its purpose and use)

Award ID: 00013323-NEX Support      Date: 20 April 2011

**Project Title:** Poverty-Environmental Initiative, output 2

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt. response	Owner	Submitted, updated by	Last Update	Status
	Enter a brief description of the risk  <i>(In Atlas, use the Description field. Note: This field cannot be modified after first data entry)</i>	When was the risk first identified  <i>(In Atlas, select date. Note: date cannot be modified after initial entry)</i>	Environmental Financial Operational Organizational Political Regulatory Strategic Other Subcategories for each risk type should be consulted to understand each risk type (see Deliverable Description for more information)  <i>(In Atlas, select from list)</i>	Describe the potential effect on the project if this risk were to occur  Enter probability on a scale from 1 (low) to 5 (high) P =  Enter impact on a scale from 1 (low) to 5 (high) I =  <i>(In Atlas, use the Management Response box. Check "critical" if the impact and probability are high)</i>	What actions have been taken/will be taken to counter this risk  <i>(In Atlas, use the Management Response box. This field can be modified at any time. Create separate boxes as necessary using "+", for instance to record updates at different times)</i>	Who has been appointed to keep an eye on this risk  <i>(In Atlas, use the Management Response box)</i>	Who submitted the risk  <i>(In Atlas, automatically recorded)</i>	When was the status of the risk last checked  <i>(In Atlas, automatically recorded)</i>	e.g. dead, reducing, increasing, no change  <i>(In Atlas, use the Management Response box)</i>
1	The replacement of financial officer	Mar. 1, 11	Operational	This will affect the project operation and activities  P= 2 I=2	Recruited a new financial officer from NER/PEI project	PM	PM	30 Mar 2011	Solved
2	The capacity of the government staff to develop the Provincial Investment Strategies & to implement monitoring activities in SRV & SVK	Feb. 28, 11	Organizational	This will affect the project outputs P=5 I=5	- Organize training course - Follow up with their progress - Provide some technical advise	PM	PM	30 Mar 2011  30 June 2011	Follow up with SVK & SRV for the 2st draft strategies SVK & SRV sent their 2st draft and in the process of adjusting based on the project comment
3	The capacity of the government staff in PSL & ODX to develop the Provincial	Feb. 2, 11	Organizational	This will affect the project outputs P=5 I=5	- Organize training course - Follow up with their progress - Provide some	PM	PM	30 Mar 2011	Organized training workshop on Investment monitoring spectral forms and



6.	Timing for the development of investment calling list in 4 pilot provinces before the project ends in 2011	30 June 2011	operational		This will affect the project outputs P=4 P=4	- - - -	Capacity building to provincial staff Closed follow up after training workshop Discuss with UNDP-UNEF to extend the project life	PM PM	30 June 2011	Training on the development of investment calling list will be organized in Luangprabang for PSL & ODX on July 2011 & for SRV & SVK in Q3
7.	Timing for the investment data base	30 June 2011	operational		This will affect the project outputs P=4 P=4	- -	Closed follow up after 2 day intensive training workshop in VTE Discuss with UNDP-UNEF to extend the project life	PM PM	30 June 2011	2 day intensive training workshop on database management will be organized in Q3

## OFFLINE ISSUES LOG

Award ID: 00013323-NEX Support

Date: 31 March 2011

Project Title: Poverty-Environmental Initiative, output 2

#	Description	Date Identified	Type	Impact & Priority	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
	Enter a brief description of the issue	When was the issue first identified	Request for Change Problem Other	Describe the potential effect on the project  Enter priority on a scale from 1 (low) to 5 (high) Priority =	What actions have been taken/will be taken to address this issue	Who has been appointed to address this issue	Who submitted the issue	When was the status of the issue last checked	e.g. pending, solved
1	Timing and coordination with Saravan for budgeting the investment monitoring activities	May, 28, 2010	Problem	Effect on the activities and output P=4	Negotiation with Saravan regarding to the roles of UNDP and the budget available	PM	PM	28 May 2010 30 Sep 2010 30 Mar 2011	solved
2	cutting down budget for next year	Dec 29, 2010	Problem	Effect on the activities and operation P=5	- Cancel some activities - Reduce budget for some activitie - Try to co-finance with other donors	PM	PM	15 Mar 2011	Solved after receiving US\$20,000 into the annual budget of 2011
3	Local consultant on maternal leave will effect the momentum of project implementation	Dec 29, 2010	Problem	Effect on the activities and operation P=3	- Find temporary local consultant to replace during maternity leave	PM	PM	18 Jan 2011	Solved
4	Obtaining agreement from Central officer on PSL field monitoring	Feb, 28, 2011	Problem	Effect on management of the supporting activities of the PEI in monitoring of the central P=4	- Make an agreement with the Monitoring Unit on objectives of the central monitoring - Answering some queries from the head of the unit and find agreement	PM	PM	18 Mar 2011	Discussed, but some queries was raised by the head of the unit
5	Finance	30 June	Request for change	Effect on the activities and	- Hire Project Assistant	PM	PM	11 Apr 2011 30 June	Solved pending





## ANNEX : INITIAL MONITORING AND COMMUNICATION PLAN – QUARTER 1 (2011)

Project Title: Poverty-Environmental Initiative, output 2	Award ID: 00013323-NEX Support
Date: 20 April 2011	

Types of Monitoring and Communication Action	Types of Stakeholders	Method of Monitoring and Communication	Due/Timeline for Each Type of Monitoring and Communication	Date of Completed Action	Status of Action
Annual Work Plans (revised)	Project→UNDP	Report	Annually	11-Apr-11	Completed revised AWP2011
Annual Procurement and HR Plan	Project→UNDP	Report/document	Annually	-	-
Quarterly work plans and progress reports	Project→UNDP	Report	Quarterly	30-June-11	Completed
Monthly Project Work plan, Financial and Progress Report	Project	Report/document	Monthly	-	-
Monthly project meeting	Project—UNDP	Face-to-Face	Monthly (signed minutes to be submitted within 5 working days)	9-June-11	Completed
Project Board Meeting Report	Project Board→UNDP	Report	Quarterly	-	In the process of setting up the MPI programme board
Updated risk, issue, lessons learned logs and communication and monitoring plan	Project→UNDP	Report	Quarterly	30-June-11	Completed
Audit	UNDP→Project	Visit, Report	Annually	19-Apr-11	Completed

Audit Implementation Action Plan	Project → UNDP	Report	At least quarterly	Not yet received	Pending
Spot Check	UNDP → Project	Visit, Report	Quarterly per IP		In Progress
Annual review meeting and progress reports	Project → UNDP	Report	Annually	-	-
Quarterly Project Combine Delivery Report	UNDP → Project	Report	Quarterly		In Progress for Q2
FACE (Fund Authorization and Certificate of Expenditures) Form and other POA documentations, including monthly Bank Reconciliation record, advance record	Project → UNDP	Report/documents	Quarterly	-	Submitted before 10 July 2011
UNDP Monthly Exchange Rate	UNDP → Project	Document	Monthly	First week of the month	On-going
Quarterly Project Direct Payment List	Project → UNDP	Report/document	Quarterly	-	Regularly updated