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Lao People's Democratic Republic



ອົງການສະຫະປະຊາຊາດເພື່ອການພັດທະນາ  
United Nations Development Programme

**Government of Lao People's Democratic Republic  
United Nations Development Programme**

**PROJECT TITLE: POVERTY-ENVIRONMENT INITIATIVE**

**ANNUAL PROJECT REPORT**

**Reporting Period: January – September 2012**

**Date: December 2012**

## ACRONYMS

DDG	Deputy Director General
DESIA	Department of Environment and Social Impact Assessment
DG	Director General
MDG	Millennium Development Goals
DNRE	Department of Natural Resources and Environment
DOP	Department of Planning
EIA	Environmental Impact Assessment
EMSP	Environmental Management Support Programme (Finland Project)
EMU	Environmental Management Unit
ESIA	Environment and Social Impact Assessment
FDI	Foreign Direct Investment
GiZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IEE	Initial Environment Examination
IPD	Investment Promotion Department
LSB	Lao Statistics Bureau
MA	Millennium Ecosystem Assessment
M&E	Monitoring and Evaluation
MOF	Ministry of Finance
MoNRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
MSP	Environmental Management Support Programme
MEA	Multilateral Environmental Agreements
NA	National Assembly
NERI	National Economic Research Institute
NSEDP	National Social Economic Development Plan
PEI	Poverty Environment Initiative
PE	Poverty and Environment
ProDoc	Project Document
RRF	Results and Resources Framework
STA	Senior Technical Advisor
SEDP	Socio-Economic Development Plan
SELNA	Support to an Effective Lao National Assembly
SESO	Standard Environment and Social Obligation
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNDAF	United Nations Development Assistance Framework

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## I. Basic Project Description

<b>Project title/ Award number:</b>	Poverty Environment Initiative Output 1/0007822 Output 2/00071859 Output3/00072674 Output 4 (SELNA project) Output 5/00074227
<b>Executing Agencies:</b>	Outcome1: Department of Planning, MPI Outcome 2: Investment Promotion Department, MPI Outcome3: Department of Environment and Social Impact Assessment (DESIA) Outcome 4: National Assembly Outcome5: National Economic Research Institute (NERI), MPI
<b>Implementing Partner:</b>	United Nations Development Programme (UNDP)
<b>Donors:</b>	SDC,UNDP, PEF, , UNEP

Project Starting date		Project completion date	
Originally planned	Actual	Originally planned	Current estimate
May 2009	November 2009	December 2011	September 2012

<b>Period covered by this report:</b>	1 January – 30 September 2012
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Total Budget	Original Budget (US\$)	Latest Signed Revision (US\$)
Outcome 1 (NSEDP)	15,000	15,000
Outcome 2 (IPD)	364,590	444,590
Outcome 3 (DESIA)	122,000	122,000
Outcome 4 (National Assembly) <sup>1</sup>	0	0
Outcome 5 (NERI)	126,629	126,629

Resources	Donor	Amount (US\$)
	PEF	4,590
UNEP	30,629	
TRAC	313,000	
SDC	360,000	
<b>Grand Total:</b>		<b>708,219</b>

<sup>1</sup>No funds were allocated for Outcome 4 in 2012

## II. Project Overview

### United Nations Development Assistance Framework (UNDAF)

*UNDAF Outcomes/Indicators:* UNDAF Outcome 1: By 2011, the livelihoods of poor, vulnerable and population facing food insecurity are enhanced through sustainable development (within MDG framework)

*Expected Outcomes/Indicators:* Outcome 1.1: Improved and equitable access to land, markets, social and economic services, and sustainable utilization of natural resources that take into consideration population growth.

*Expected Outputs/Indicators:* Output 1.2: The role of biodiversity, agro-biodiversity, land management in livelihood improvements and poverty reduction are strengthened through enhanced knowledge management and management capacity. Output 1.3: Enhanced management capacity of Government to meet international environmental obligations through strengthened implementation of multilateral agreements and related national policies and legislation.

### UNEP/UNDP Poverty Environment Initiative (PEI)

The joint United Nations Environment Program (UNEP) and the United Nations Development Programme (UNDP) Poverty Environment Initiative (PEI) in Lao PDR is aligned to the UNDAF and strives to contribute to our goals of achieving MGD2 that focuses on poverty reduction and improved well-being of poor and vulnerable groups and MDG 7, through mainstreaming environmental protection into national development and investment processes. The PE initiative has been successfully fulfilling this task by strengthening the capacity of targeted central and provincial authorities to integrate PE concerns and in key development planning processes. The initiative is not a stand-alone project but was designed to provide targeted support to ongoing public and donor related initiatives including Support to an Effective Lao National Assembly (SELNA), GIZ on expanding the PEI approach into other provinces and the Environmental Management Support Programme (MSP).

#### **Expected Project Outcomes:**

**PEI Lao PDR intended Outcome (as stated in the ProDoc):** Capacities of targeted national and provincial government authorities strengthened to integrate environmental concerns and opportunities for poverty reduction in key development planning and implementation process

By 2015 the goal is to promote equitable and sustainable growth for the poor in Lao PDR. The Ministry of Planning and Investment (MPI), relevant sectors and corresponding provinces have improved knowledge to develop, implement, monitor and evaluate plans and policies based on up-to-date data and comprehensive analysis. In addition, the central and local governments will have the capacity to better screen, plan and monitor Foreign Direct Investments (FDI) to promote sustainable economic development.

The intended outcome is divided into 5 Outputs (components) as shown below:

#### **Expected Project Outputs:**

**Output 1:** Integration of poverty-environment linkages in the 7th National Socio Economic Development Plan (NSED P 2011-2015)

- *Output 1.1:* Increased understanding on village group planning experiences on the ground to

further improve the process of planning with inclusiveness of poverty reduction and environment concerns

- *Output 1.2:* Key environment issues are incorporated in annual plans at provincial level (green growth concept)
- *Output 1.3:* Strengthen monitoring and reporting capacity of MPI and planners with the use of improved and updated data from LaoInfo

**Output 2 :** Capacities of national and provincial authorities to plan and manage investments for poverty reduction and sound environmental management strengthened

- *Output 2.1:* National level capacities strengthened to manage investment processes in a manner that minimized negative environmental impacts and maximizes social benefits.
- *Output 2.2:* Provincial level institutional capacities strengthened for sound investment management

**Output 3:** Strengthened institutional capacity of the Environment and Social Impact Assessment (ESIA) Department of the Ministry of Natural Resources and Environment (MONRE) to undertake comprehensive reviews and approval processes for environmental and social assessments, based on law and good science, and effectively coordinate with relevant line ministries and state enterprises.

- *Output 3.1:* A system for obtaining funds to sustain the cost of operating the ESIA Department developed and implemented. The system works and is audited in accordance with international standards for financial management.
- *Output 3.2:* Technical guidelines and procedures that support the ESIA Department, concerned ministries, state enterprises and developers conform to best environmental and social assessment and mitigation practices developed and/or updated.
- *Output 3.3:* Through the implementation of the capacity building programme, the personnel of the ESIA Department are capable of carrying out tasks and functions in accordance with the expected future mandate of the ESIA Department.

**Output 4:** National Assembly members have improved knowledge of poverty-environment concerns and capacity to influence national development processes towards integrated solutions for natural resource management. (No work was done on this outcome during 2012)

**Output 5:** Investment decisions are better informed by targeted economic and environmental research and policy analyses

- *Output 5.1:* Strategic environmental economic research on critical investment or development projects
- *Output 5.2:* Increase national capacity in environmental economic valuation and related studies to make better informed decisions
- *Output 5.3:* Improve communication and dissemination of research with NA, MPI, MoNRE and other policy makers

**Summary of Annual Workplan for this reporting period:**

**Output 1:** During the 2012 workplan, five activities were integrated into the NSEDP Work Plan, including: (1)improving the Participatory Planning Manual to cover poverty reduction and social environment issues, (2) publish the Participatory Planning Manual, (3) develop analysis and pilot demonstrations of targeted actions to address off track MDGs and poverty-environment linkages (Huaphanh and Saravane), (4) conduct a review of two draft provincial annual plans (Houaphan and Saravane) to better understand how MDGs and poverty reduction priorities are reflected into provincial plans, and (5) coordinate with LSB and ensure key indicators are adequately established to monitor the 7th NSEDP and MDGs ideally annual but at least on a mid-term (2.5 or 3 years) basis

(DOP-LSB).

**Output 2:** Ten activities were planned for completion in 2012. These ranged from the development of a national and multiple provincial level IPD investment strategies, and the provision of additional support to strengthen provincial level investment management processes. Other key activities included further work on the model agricultural concession contract, as well as organising a number of capacity building activities to strengthen investment promotion appraisal, investment screening and management. Some legal aspects associated with screening investments were also covered.

**Output 3:** For the ESIA part of the initiative, three main activities were priorities in 2012, these included the development and operation of a sustainable ESIA funding system through the preparation of a financial and accounting management regulation system, and corresponding manual that will be used to support specific trainings on financial management and budgeting for ESIA departmental staff.

The preparation of draft technical guidelines for reviewing ESIA reports and assisting developers and consultants in the development of ESIA reports and monitoring guidelines will be another important aspect. Furthermore, the creations of draft IEE general technical guidelines for reviewing and monitoring IEE, as well as the development of review and monitoring EIA guidelines for the agriculture and forestry sector were important advances for the project.

Finally, an array of training materials will be prepared and training workshops undertaken to raise awareness on the different draft assessment tools.

**Output 4:** No activities were undertaken in 2012

**Output 5:** The main thrust of the National Economic Research Institute (NERI) was to develop strategic environmental economic research on critical investments and increase national capacity in the field of environmental economic valuation to support the institute's ability to provide senior officials with well researched factual information to support decision making. A part of this objective requires NERI to develop improved communication and dissemination of research results to the National Assembly, relevant line ministries i.e. MPI, MONRE and policy makers.

### III. Progress and Achievements during this Reporting Period

#### Progress Towards Achieving Outcome/Indicators:

**PEI intended outcome:** Capacities of targeted national and provincial government authorities strengthened to integrate environmental concerns and opportunities for poverty reduction in key development planning and implementation process.

PEI has made significant progress towards achieving the overall project outcome indicator using a top down and bottom up approach. By working with the Ministry of Planning, UNDP's governance unit and the wider PEI team, the 7<sup>th</sup> NSEDP was finalised and specifically addressed poverty and environment concerns. An example of the former was from the inclusion of a section in the 7<sup>th</sup> NSEDP that make provisions to protect natural resources. This is a major achieve when compared to the previous plan that had no specific section for environmental considerations.

Apart from the planning aspects, PEI places emphasis on the development of institutional systems and tools and building staff capacity to promote and appropriately manage FDI. An important part of departmental planning that works towards the overall outcome is to finalise national and provincial investment promotion strategies to ensure the department has a coordinated approach to attracting quality investments. At the end of 2012 the project team

supported the drafting of the national strategy and 4 provincial strategies. In addition to these strategic visions, an investment database was developed at the province level and joint monitoring exercises between IDP and ESIA were undertaken to monitor investment impacts.

To support the Environment and Social Impacts from investments, the department of ESIA had significant strides to develop the necessary guidance documents to review, write and monitor EIA and IEE. These invaluable guides have been drafted in Lao and English and are in varying stages of completion.

The final component of PEI has worked with the National Economic Research Institute to support demand driven research, to further governments understanding of ecosystem valuation approaches, and the economic implications of different agricultural concessions models of farmers and the community. The research finding of ecosystem valuations were disseminated to senior government officials and decision makers to further their understanding on the subject. The next step in this process will be to define mechanisms for research to support the decision making process.

#### Output 1

Key national development planning documents included PE concerns. For instance, the 7<sup>th</sup> NSEDP contains a separate section on "Natural Resources and Environmental Protection" and the topic of environment is touched on throughout the overall document. In the Participatory Planning Manual (PPM), poverty and environment has been included as one aspect of village consultations. Other significant contributions include the development of several PE indicators for the M&E framework of the 7<sup>th</sup> NSEDP, and the development village group participatory planning manuals.

#### Output 2

Institutional capacity (national and provincial authorities) to plan and manage investments for poverty reduction and sound environmental management strengthened at MPI. This has been partly achieved through the delivery of targeted trainings and workshops at the national and provincial level. Staffs now have improved knowledge on amended Investment Promotion Law/Decree, ESIA related investment regulations and have the ability to create monitoring checklists and maintain and operate provincial investment databases.

#### Output 3

The institutional capacity of the Environment and Social Impact Assessment (ESIA) Department of the Ministry of Natural Resources and Environment (MONRE) to undertake comprehensive reviews and approval processes for environmental and social assessments is strengthened through the use of tools related to ESIA for implementation at the national and provincial levels. This included building institutional knowledge on the regulation and processing of the financial and accountant management system, and training central and provincial staff on reviewing, writing and monitoring ESIA guidelines. In additional, central level staff gained capacity to review IEE reports.

#### Output 4

The National Assembly recognise the need for integrating PE issues in the national and provincial planning process or the number of National Assembly members sensitized on poverty-environment concerns to influence national development processes towards integrated solutions for natural resource management is strengthened. No work was undertaken on this activity in 2012.

#### Output 5



Investment decisions are better informed by targeted economic and environmental research on ecosystem valuation and different concession farming models. Research information was disseminated to various line ministries and decision makers to improve government's knowledge on the value of ecosystems and the losses incurred by investments.

**Progress Towards Achieving Output/Indicators:**

**Output 1 (component):**

*Output 1.1: Increased understanding on village group planning experiences on the ground to further improve the process of planning with inclusiveness of poverty reduction and environment concerns*

Due to lack of management in the planning process related to poverty reduction and social environmental issues, PEI staff assisted the government in the preparation of a Participatory Planning Manual (that incorporated poverty reduction and social environment issues) to guide the planning process at the village level. The Participatory Planning Manual is currently being printed (50 copies of English version and 200 copies of Lao version).

*Output 1.2: Key environment issues are incorporated in annual plans at provincial level (green growth concept)*

The government has initiated a pilot programme on Green Growth planning in the districts of Viengsay in Houaphanh and Laongarm in Saravane using consultation workshops. Technical assistance was provided to analyze the level of integration on Green Growth and linkages of PE in the Socio-Economic Development Plans (SEDP) 2011-12. As a result, the plans have incorporated issues on environmental protection and MDGs, but are still yet to sufficiently show the linkages between poverty and environment. To resolve this issue, poverty-environment indicators will be included into the monitoring and evaluation plans for Green Growth projects in 2013.

*Output 1.3: Strengthen monitoring and reporting capacity of MPI and planners with the use of improved and updated data from LaoInfo*

The meetings between DoP and LSB were carried out twice to discuss the appropriation of the M&E indicators and the development of a database to support the M&E of NSEDP VII. Currently, the draft M&E framework has been translated into Lao and distributed to the line ministries for comments.

**Output (Component) 2:**

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

Draft National Strategy for Private Investment Promotion and Management till 2020 was reviewed by IPD, line ministries, private sectors and international development partners. Following this process it was agreed to (1) expand the scope of the strategy, (2) illustrate specific investment sector for promotion, (3) suggest fiscal and non-fiscal incentives to attract quality investment for different types and sector, (4) increase government capacity in terms of investment management through developing sustainable financing mechanism for investment monitoring and mechanism to manage the environment for sustainable investment, and building capacity to government staff, (5) address land and labour issues, (6) include domestic investment in the strategy. Inter-ministerial coordination mechanisms were included in the National Strategy for Private Investment Promotion and Management till 2020.

Partnership with the International Institute for Environment and Development (IIED) and the Hogan Lovells US LP firm to review concession contracts in the agriculture sector was accomplished. There was a series of national consultation workshops on the draft MoU and PDA. The draft MoU and PDA will be finalized and tested for implementation in pilot provinces in 2013. The model contracts will include social and environment obligations based on existing environmental decree.

A series of awareness building workshops on Investment Promotion Law, ESIA and related sectoral-regulations in seven provinces in the Northern part of Laos were undertaken. Representatives from line provincial departments and investors participated in these workshops.

Four inception workshops to develop the Investment Calling List (ICLs) based on the new Investment Promotion Law and Decree was held in Oudomxay, Khammouan, Saravan and Vientiane Provinces. The participants included line ministries and provincial departments across the country.

The investment promotion toolkits developed. For example: (1) Investment Promotion brochure that highlights Lao PDR as a premier destination for quality investment produced; (2) Investment Promotion Video that aims to attract quality investment for sustainable growth and development is currently underway.

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

As part of IPDs investment planning process, provincial IPD staff joined a training workshop to build knowledge on the structure and information required to develop provincial investment strategies. It is envisaged these documents will have a dual function to support the inclusive development of investment planning with relevant line ministries, and help provinces support the development of similar institutional tools used at the central authority level.

As a result of training workshops Provincial strategies for Private Investment Promotion and Management till 2020 in four pilot provinces were drafted and adjusted to the new structure of the national strategy. All four pilot provinces organized a consultation workshop with line provincial departments and are currently in the process of integrating all comments before submitting to IPD for review and requesting for an approval from provincial governors. Once this has been completed the pilot Provincial investment strategies will be launched.

The inter-sectoral coordination mechanism that aims to coordinate investments at provincial level was identified and included into the provincial strategy. After the strategy has been approved, the proposal for enhancing inter-sectoral coordination at provincial level will be developed and implemented.

GIZ has adopted and replicated inter-sectoral investment monitoring activities, investment database and the development of provincial strategies for private investment promotion and management till 2020 in three pilot provinces (Attapeu, Luangnamtha and Sayaboury provinces).

**Output (Component) 3:**

Capacity of DESIA staff has been strengthened through the development of a financial and accounting management system, the development of three technical guidelines (including EIA report writing, reviewing and monitoring) and their participation in various capacity building

programmes. For example, three training of trainers (TOTs) on the application of the draft financial and accounting management manual were organized in Xayabury province. Thirty nine trainees were trained to be TOTs including 15 from DNRE, 12 EMU staff at Hongsa district, and 12 EMU staff at Ngeun district.

The core outputs of PEI-ESIA have been achieved against indicators set out in the three sub-outputs/components.

A draft financial and accounting management manual has been developed, reviewed and revised. Finalization of the draft will be carried over to PEI-ESIA phase II during Q4-2012. In addition, a study on the sustainable financing assessment has been conducted. Analysing and reporting the study will be carried over to PEI-ESIA phase II during Q4-2012.

Three technical guidelines on EIA report writing, reviewing, and monitoring were developed. The final draft for EIA reporting guidelines is being finalized and will be ready during Q4-2012. The Lao version of these guidelines will be finalized thereafter. The guidelines are living documents and expected to be revised every two years.

A number of capacity building activities have been carried out to strengthen DESIA staff's capacity including a study exchange to Thailand on EIA, and an intensive training course on environmental science basic knowledge. In addition, a follow-up workshop for information sharing was also organized on the results of study exchange from Thailand, China and Australia.

#### **Output (Component) 5:**

##### *Output 5.1: Strategic environmental economic research on critical investment or development projects*

Following a request from IPD to undertake research on contract farming, draft questionnaires were prepared by NERI and tested in a number of pilot districts to collect information on PE and economic aspects of contract farming. To support the evaluation process of data collected from the questionnaires, a group of 15 national experts was established. However, the proposed list of expert members is still waiting final approval from the Minister of Planning and Investment.

The national expert group will consist of two main components: An advisory board of 5 members and a research team of 10 members. Members of the national expert group will represent different line ministries including the Ministry of Planning and Investment, Ministry of Natural Resource and Environment, Ministry of Industry and Commerce, Central Committee for Rural Development and Poverty Eradication and National University of Laos.

##### *Output 5.3: Improve communication and dissemination of research with NA, MPI, MonNRE and other policy makers*

A national policy workshop was organized to present up-to-date research on the results of an ecosystem valuation study to key policy makers in Lao. The audience consisted of 50 representatives from line ministries and other relevant stakeholders. The workshop was a success on the basis of encouraging active discussion amongst among policy makers and national research teams. However, it was suggested by some participants that research should be more technical and develop more effective tools to influence and support factual decision making processes. The key results and recommendations of the NERI report will be distributed to a wide range of policy makers and stakeholders.

#### IV. Success/Human Interest Stories

##### **Output (Component) 1:**

###### *Communities developing Green growth projects with PEI's assistance*

Consultations at the district level (Viengsay in Houaphanh province) were undertaken to gain a better understanding of the actions needed to improve rural livelihoods. During separate consultation workshops at the village level with men and women groups, potential green growth projects were identified and shared with the district authority for approval. As a result of coordination between the community and government authorities, one project from each of the pilot Northern and South provinces were selected for further development.

The community is fully engaged in the process and requested continued support from PEI to develop project proposals for submission to the National Assembly Fund – with potential funding of up to 5 billion kip per project proposal.

The green growth aspect of PEI has been an important part of the initiative, clearly demonstrating the significance of participatory approaches to engage communities on PE issues with community driven solutions. It will also be important to ensure alignment to priority areas for national development i.e. NSEDP, through good coordination with local authorities.

##### **Output (Component) 2:**

###### *Case studies support change at province level*

The project conducted two case studies on social, environmental and economic impacts from investments in Savannakhet Province. After dissemination of case study results to the government and the public, there was follow up action to identify solutions on resolving the environment (pesticide applications) and social impacts (farmers in debt) from investment projects. These issues were raised at the Provincial Investment Promotion Committee Meeting.

The provincial investment promotion committee's role is to approval or termination investment projects. Therefore any investment issue will be discussed in committee meetings for further action.

###### *First ever Inter-departmental monitoring framework on investments*

The monitoring framework and corresponding draft PE and economic indicators were established for IPD M&E. Monitoring activities were undertaken by the first inter-departmental team in four pilot provinces to encourage co-operation and coordination between departments and promote a common understanding of the range of issues facing investment planning, approval, management and compliance. One of the big successes was the initiation of the first joint monitoring exercise between ministerial departments.

##### **Output (Component) 3:**

###### *Internal Training of trainers have improved technical and management capacity of DESIA staff*

ESIA staffs have improved capacity in terms of technical knowhow and management aspects of project implementation and financial management. For example, the Trainings of Trainers

(TOTs) has been a great success in improving ESIA technical capacity in 9 provinces on dissemination of EIA decree, reviewing & monitoring procedure guidelines. Technical staffs had the ability to contribute to the writing aspects of the economic valuation of ecosystem service from land use change.

#### **Output (Component) 5:**

The members of the expert group and their assistants were trained on methodologies on economic valuation and analysis. As a result of this capacity building exercise, staffs have successfully applied the knowledge in the analysis of economic valuation of ecosystem services from land use change. An output of this work was the preparation of a technical report on findings.

### **V. Lessons Learned**

#### **Output/Component 1:**

##### *Importance of technical oversight*

Improvement in coordination between concerned sectors is an important aspect for speeding up the finalization process for the M&E framework. It was evident that the lack of technical advice at the International level was a real issue for the continued development of the M&E framework. This was clearly seen by the absence of the Chief Technical Assistant and the corresponding delay on planned activities.

##### *Coordination with local planners*

There is a real need to work more closely with local planners to ensure the SEDP at local level is developed and incorporates poverty and environment linkages.

#### **Output/Component 2**

##### *Training on SWOT analysis important for strategic planning*

The continued use of well-defined tools such as the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis will be an important process in the development of provincial strategic planning and decision making processes. To realise this goal more training will be required to ensure staff have the capacity to perform SWOT. Presently many provincial level staff struggle with developing SWOT analyses. This has resulted in slow progress and on many occasions delaying several PEI activities i.e. provincial IPD strategies. However, even those officials that have undergone training in SWOT analyses still find it challenging because: (1) SWOT analysis is not a cultural working practice, (2) existing data and information to complete the analysis is poor, (3) final decision making is based on higher decision makers. To improve the knowledge and skills of provincial government, the project need to embrace learning by doing with personal interaction on each aspect of developing a SWOT analysis.

##### *Incentives for government staff*

In many instances project activities can be significantly delayed because of poor accountability and participation of government staff. Busy schedules and workloads is typically the main culprit. One of the best methods to engage government staff on project activities is through the provision of incentives, such as DSA for monitoring investment

project in remote areas - due to the fact many government staff members view project activities as unofficial work.

**Output/Component 3:**

*Forums a useful tool for awareness raising*

The development of forums to discuss and comment on technical guidelines is seen as an excellent tool to sensitise stakeholders (including private sectors) on the EIA process.

**Output/Component 5:**

*The need for staff assessments*

It has been a real challenge for the research team to match individual expert's time and schedules to meet workloads and official requirements. There is a specific need to build knowledge and expertise in the field of staff assessments in order to make effect use of institutional staff for project implementation.

**VI. Risk and Assumption**

**Output/Component 1:**

The effective implementation of the M&E framework developed in Phase I may be in the high risk category given the very tight schedule to scale up monitoring sector-wide. Since the M&E framework is key to improving the reporting aspects of the NSEDP, more emphasis is needed to ensure agreed work plans are on schedule and coordination between relevant line ministries is assessed on a bi-weekly basis.

**Output/Component 2:**

The most critical factors, internal or external, affecting performance of the project is the technical capacity and accountability of government staff to work on project activities. To address the constraints in terms of capacity, the project should continue to support the provision of intensive training courses and interpersonal on-job trainings to build knowledge on PE issues. One possible mechanism would be to organise internal IPD bi-monthly discussion forums to build knowledge on selected topics related to investments and PE linkages. Topics should be staff driven and based on current gaps in institutional knowledge. Each bi-monthly forum should be based on each participant's prior review of a key note publication that directly relates to the topic of discussion. This idea will be further discussed in Q1 2013.

**Output/Component 3:**

There have been delays in the completion of some key activities due to the sequencing of technical guidelines and the lack of sufficient technical support during this reporting period. Delayed activities will need to be prioritized during Q1 2013, these include the following activities:

- Workshop on initial result of sustainable financing assessment study (no support from STA)
- Two internal consultation workshops to finalize EIA report writing guidelines (English & Lao version), and

- Short training on accountant & application of financial management software

Other major delays included:

- Recruitment of PEI Senior Technical Advisor (STA): this delay may risk further delay on the completion of DESIA sustainable financing assessment study even during the next quarter. However, it is envisaged that the new UNDP P3 will be on-board at the end of January 2013 to support this task.
- The delay in approving PEI Phase II caused a delay in the recruitment of PEI-ESIA international expert and project budget shortfall. This also caused a delay in planned activities implementation during the reporting period. Such activities included collaboration/coordination between PEI-ESIA, PEI-IPD and EMSP on SESO as part of the agriculture and concession contract model, and short-term training on the application of the financial management software.

**Output/Component 5:** There were no major risks during 2012.

**VI. Way Forward**

### **Output/Component 1:**

#### *Finalise the M&E framework and Indicators*

The project team will prioritise continued support to the development and implementation of the M&E Framework of the NSEDP. This will involve finalising the M&E indicators for the NSEDP and ensuring several of these indicators relate to poverty and environmental issues.

#### *Submit Green Growth Proposals for Funding*

As part of the government's vision to support Green Growth projects, the Output team will prioritise the development of two green growth planning projects in Houaphanh and Saravane. The STA will provide assistance to further define green growth project ideas and assist the team in the preparation of project proposals for submission to the NA fund. An additional part of Green Growth planning will be the implementation of the Participatory Planning Manual at village level.

### **Output/Component 2:**

#### *Finalise National and Provincial Investment Strategies*

The biggest priority for the Investment Promotion Department in 2013 will be the finalisation of the National and Provincial Investment Promotion Strategies. At the end of Q3 2012 draft strategies had been developed; however both the national and provincial strategies need considerable revision before the final strategies can be approved by IPD. The strengthening of drafted strategies will be undertaken by the recently recruited STA (November 2012) who will make this work a priority in the first quarter of 2013.

#### *Promote Quality Investments and Opportunities*

In order to attract more quality investors into Lao, IPD realised the need for targeted messaging to the wider investment community – particularly to businesses that have CSR reporting structures. Two specific tools were identified as priorities for development. The production of an investment promotion video for official investment promotion missions and the updating of the IPD website to attract quality investors. Another priority area for development will be the

preparation of Investment Calling Lists (ICLs) that will identify investment options at the provincial level. These investments will specifically consider resource management and environmental protection and the improvement of community livelihoods and once finalised included on IPDs website.

#### *Advance the Development of Screening and Appraisal Tools*

To improve the transparency and effectiveness in the quality investment approval process, a tracking tool will be developed for IPDs One-Stop Shop. The tracking system will allow senior officials to track the approval process, and if needed, speed up approvals for investments that satisfy specific quality criteria. Other areas of importance includes the development of an information manual to effectively operate the One Stop Service, the establishment of checklists for screening investment proposals, finalising a model agriculture concession contract and assessing past agricultural based contracts with the aim of understanding the financial aspects of contracts to improve contract negotiation skills.

#### **Output/Component 3:**

##### *Strengthen ESIA Guidelines*

In 2013 ESIA will priorities the continued development of writing, reviewing and monitoring guidelines. This will include the further development of procedures for district and provincial levels and the preparation of relevant checklists. In particular, emphasis will be placed early in 2013, on the development of a general EIA review guideline, and the technical guidelines for reviewing and monitoring IEE. Field studies will also be undertaken to determine the impacts of agricultural/forestry projects, linking to the continued development of the monitoring guidelines for the agriculture and forestry sector. Internal consultation workshops for DESIA staff on standard environment and social obligation (SESO) will be an integral part of model concession agreements– with direct linkages to IPDs work on model concession contracts.

##### *Financial management and sustainability*

Priority will be placed on the development of a report that provides a number of options for sustainably financing the monitoring requirements of investment projects.

#### **Output/Component 5:**

##### *Research on Contract Farming*

The NERI component will continue to perform economic research on critical areas of investment. In particularly, priority will be placed on carrying out an assessment of the financial and environmental economics of agricultural investments with different contract farming models – supporting demand driven research from government departments. Research will be used to prepare policy briefs on the effectiveness of the contract farming model to improve the livelihoods of farmers and protect the environment.

##### *Formalise National Expert Working Group*

To support the implementation of on-going research, NERI will construct a National Experts working Group that will consist of experts from relevant line ministries.



## VIII. Annexes

1. 2012 Annual Workplan
2. 2012 Progress and achievements against Result and Resource Framework (RRF)
3. Project risk log
4. Project issue log
5. Lessons learn log

PREPARED BY

### Prepared by

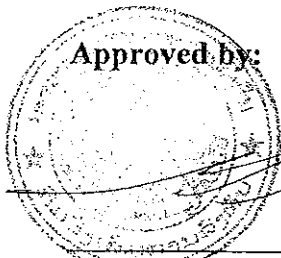
PEI Output teams

### Reviewed by:



Nathan Leibel,  
PEI Technical Advisor (TA)

### Approved by:



Mr Manothong  
Deputy Director Investment Promotion Department  
Ministry of Planning and Investment  
Project Manager Output 2 and Secretariat for PEI Laos

14/01/2013

Date

Annex 1: 2012 Annual Workplan -- period 1 January-30 September 2012 (Mika to attach)

Annex 2: RRF

Annex 2: 2012 Progress and achievements against Result and Resource Framework (RRF)

ATLAS AWARD NO.	See Atlas awards on page 2	Reporting from	January 2012	Reporting to	September 2012
TITLE	POVERTY-ENVIRONMENT INITIATIVE- Lao PDR				

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.

Outcome	Indicators	Essential	Target
1. Capacities of targeted national and provincial government authorities strengthened to integrate environmental concerns and opportunities for poverty reduction in key development planning and implementation process	<ol style="list-style-type: none"> <li>1. Key national development planning documents (such as 7th NSEDP) include PE concerns</li> <li>2. Level of institutional capacity at MPI (national and provincial authorities) to plan and manage investments for poverty reduction and sound environmental management strengthened</li> <li>3. Level of institutional capacity of the Environment and Social Impact Assessment (ESIA) Department of the Ministry of Natural Resources and Environment (MONRE) strengthened to undertake comprehensive reviews and approval processes for</li> </ol>	<p>1. The 6th NSEDP although well-structured does not provide sufficient planning to overcome poverty challenges and lacks the needed reference to environmental considerations.</p> <p>2&amp;3&amp;4. National and provincial government authorities have inadequate knowledge to integrate environmental concerns of poor and vulnerable groups into policy, planning and implementation process PE issues into the planning framework.</p> <p>5. Country-specific scientific evidence on economic value of environmental services contribution to growth and on PE linkages limited</p>	<p>National Plans, policies, strategies, and guidelines incorporated environment concerns of poor and vulnerable groups.</p> <p>Key development planning ministries (MPI, MONRE, MA) are better able to include poverty-environment concerns in development planning processes</p>

<p>environmental and social assessments</p> <p>3. A number of guidance tools related to ESIA available for implementation at the national and provincial levels.</p> <p>4. The National Assembly recognise the need for integrating Poverty and Environment(PE) issues into the national and provincial planning processes</p> <p>5. Existence of supporting evidence to support national and local level on mainstreaming MEA objectives into MDGs and national poverty reduction strategies</p>		
<p>Indicator 1. The 7<sup>th</sup> NSEDP and its monitoring framework (see output 1) have integrated and addressed Poverty and Environmental concerns throughout the plan</p>	<ul style="list-style-type: none"> <li>- Two subsections on sustainable environmental protection (Page 11) and Environmental Protection, Natural Resource Management and Sustainable Development included into the 7<sup>th</sup> NSEDP (Page 26)</li> <li>- 28 uses of the phrases "protecting the environment" or protection of environment throughout the 7<sup>th</sup> NSEDP</li> <li>- 8 uses of the phrase "natural resources"</li> <li>- 1 Agricultural Concessions Contract Drafted</li> <li>- 2 Investment Calling Lists prepared for two pilot provinces</li> </ul>	<p><a href="http://www.thereaddesk.org/sites/default/files/nsepd_2011-2015_0.pdf">http://www.thereaddesk.org/sites/default/files/nsepd_2011-2015_0.pdf</a></p>
<p>Indicator 2. MPI capacities of the Investment Promotion Department (IPD) to process and screen quality investments through the development of improved institutional tools and mechanisms</p>		

<p>Indicator 3. DESIA capacities of the ESIA Department of MONRE to ensure comprehensive review and approval process of environmental and social assessment based on the law and good science in effective coordination with the concerned line ministries and state enterprises increased.</p>	<ul style="list-style-type: none"> <li>- One final EIA report on writing guidelines produced.</li> <li>- One draft EIA Lao version on writing guidelines produced.</li> <li>- One draft EIA report review guideline prepared</li> </ul>	
<p>Indicator 4. The National Assembly has improved knowledge on the poverty and environmental linkages to national reform processes</p>	<p>NA</p>	
<p>Indicator 5. Decision makers from MPI and NA identify topics for environmental economic studies and develop mechanisms for the provision of demand driven research.</p>	<ul style="list-style-type: none"> <li>- One research topic identified by IPD on the different "model of contract farming"</li> <li>- One expert working group formed that consisted of relevant line ministry representatives (Ministry of Planning and Investment, Ministry of Agriculture and Forestry, Ministry of Natural Resource and Environment, National Committee on Rural Development and Poverty Eradication and National University of Laos)</li> <li>- One policy brief on the economic valuation of ecosystem services from land use change prepared and distributed.</li> </ul>	
<p>ATLAS AWARDING 00078225 OUTPUT/COMPONENT 1 - PE/NSDDP</p>	<p>Reporting from January 2012</p>	<p>Reporting to September 2012</p>

Output 1.1: Increased understanding on village group planning experiences on the ground to further improve the process of planning with inclusiveness of poverty reduction and environment concerns	1.1.1 Village/ Village Group Participatory Planning Manual (PPM) incorporates poverty reduction and social environment concerns 1.1.2 PPM is published and disseminated	1.1.1 Instruction to focus more on poverty reduction and environmental protection in the annual plan and provincial plans not available yet 1.1.2 No evaluation of village group experience conducted by MPI	2010 Target: Technical briefs published and disseminated
Output 1.2: Key environment issues are incorporated in annual plans at provincial level (green growth concept)	1.2.1 Green growth planning is demonstrated in the pilot districts and provinces: - Viengsay district, Huaphanh - Laongarm district, Huaphanh	1.2.1 Poverty-environment linkages are not particularly addressed in the provincial plans	2011 Poverty-Environment linkages integrated in key development sectors' strategies, and programmes of the final NSEDP
Output 1.3: Strengthen monitoring and reporting capacity of MPI and planners with the use of improved and updated data from LaoInfo	1.3.1 Availability of M&E to focus more on poverty reduction and environmental protection in the provincial annual plans	1.3.1 Logical framework is absent in the reporting system for NSEDP monitoring 1.3.2 LaoInfo partly populated but is not yet able to support the NSEDP monitoring	2012 - A set of 7th NSEDP monitoring identified and approved - Progress report of 7th NSEDP with key indicators and harmonized metadata published
Description of results, outputs, impact, and results from activities undertaken			
Indicator 1.1 Village/ Village Group Participatory Planning Manual Incorporated poverty reduction and social environment concerns			
		- 1 section in the Development Participatory Planning manual includes poverty reduction and natural resource management in the consultation for planning at the village level.	Fully completed or very likely. On track.
			Partially completed or likely to be. Largely on track

<p>Indicator 1.1.2 PPM is published and disseminated</p>	<ul style="list-style-type: none"> <li>- 50 copies of English version and:</li> <li>- 200 copies of Lao version in process of printing:</li> </ul>	<p>Limited completion. Unlikely to be completed. Revisions required.</p>
<p>Indicator 1.2.1 Green growth planning demonstrated in pilot districts and provinces:</p>	<ul style="list-style-type: none"> <li>- 2 workshops held in Huaphanh (57 total 16 female) and Saravane (70 total 19 female); to demonstrate green growth analytical planning</li> <li>- 2 initial assessments made for the Provincial Socio-Economic Development Plans (P-SEDP) in Houaphanh and Saravane.</li> <li>- 2 initial assessments made for District SEDP (D-SEDP) in Viengsay District (Huaphanh) and Laongarm District (Saravane).</li> </ul>	
<p>Indicator 1.3.1 M&amp;E focuses on poverty reduction and environmental protection in the provincial annual plans</p>	<ul style="list-style-type: none"> <li>- 1 English Draft of the M&amp;E Framework of NSEDP VII (2011-15) developed in 2011 and included PE and MDG issues.</li> <li>- 1 Consultation workshop on M&amp;E framework held with line ministries (LMs) and relevant Development Partners (DP) in Dec 2012 (38 total 12 female)</li> <li>- 1 draft framework translated into Lao and distributed to the LMs</li> <li>- 2 internal meetings held between Department of Planning (DoP) and Lao Statistics Bureau (LSB) on development of a database to support the M&amp;E framework (1<sup>st</sup> meeting 13 total 5 female and 2<sup>nd</sup> meeting 11 total 5 female);</li> </ul>	





1.2.2	Develop analysis and pilot demonstrations of targeted actions to address off track MDGs and poverty-environment linkages in Houaphanh and Saravan)	15,000	Q2	15,000	100%	<p>The pilot programme was initiated in the districts of Vengsay in Houaphanh and Laongam in Saravane. Technical assistance was provided to Zanalyse the level of integration on green growth and linkages of PE in the Socio-Economic Development Plans (SEDP) 2011-12. As a result, the plans have incorporated issues on environmental protection and MDGs.</p>	Implementation of this activity was supported by PEI.
1.3.1	Coordinate with LSB and ensure key indicators are adequately established to monitor the 7th NSEDP and MDGs on an annual basis or at least mid-term (2.5 or 3 year basis (DOP-LSB)					<p>Meetings between DOP and LSB were carried out twice to discuss the most appropriate M&amp;E indicators and to discuss the development of a database to support the M&amp;E of NSEDP VII.</p> <p>The draft M&amp;E framework has been translated into Lao and distributed to the LMs for comments</p>	<p>Completed 2011</p> <p>Implementation of this activity was supported by TRAC.</p> <p>In finalizing the M&amp;E framework, further meetings with key sectors (Macroeconomic, Finance, Agriculture, Education, Health, and Infrastructure) are individually scheduled.</p>

ATLAS AWARDING	00058002	Reporting from	January/2012	Reporting to	September/2012
BRIEF	OUTPUT/COMPONENT 2-PEI-IPD				

Output 2: Capacities of national and provincial authorities to plan and manage investments for poverty reduction and social and environmental management (steigpawer)	Indicators	Baseline	Targets 2012
<p><u>Output 2.1: National level capacities strengthened to manage investment processes in a manner that minimized negative environmental impacts and maximizes social benefits</u></p>	<p>2.1.1 Technical reports outlining the refinement, approval and implementation of the national Investment Strategy</p> <p>2.1.2: IPD staffs have improved institutional tools and knowledge of investment management to minimize negative environmental impacts and maximize positive social impacts.</p>	<p>2.1.1 Detailed technical report outlining national investment strategy not yet elaborated</p> <p>2.1.2 The majority of IPD employees have not undergone training on environmental management issues nor cross cutting poverty environment related issues.</p>	<p>Regulations under the new Investment Law reflect social and environmental considerations</p> <p>Inputs on social and environmental impacts provided for the development and implementation of a National Investment Strategy</p> <p>Model contracts revised and implemented in PEI pilot provinces</p> <p>Online database of national concessions, designed, produced and operating in Lao and English</p> <p>Inter-ministerial coordination mechanism established and targeted national staff trained for the implementation of ESIA decree and the new Investment Law (2.1.8/9)</p>

Output 2.2: Provincial level institutional capacities strengthened for sound investment management	2.2.1: At least one detailed technical report outlining provincial level investment processes and management realized.	2.2.1: Detailed documents outlining investment processes and management not yet elaborated.	2.2.1: Level of Comprehensive understanding of the investment process and management at provincial levels (Saravanne, Savannakhet, Oudomxay, Phongsavai) raised, encompassing stakeholders' involvement, institutional arrangements and coordination
<p><b>2.2.2:</b> At least one Technical report outlining the results of monitoring activities on approved investment projects through database system realized</p>	<p><b>2.2.2:</b> There is no provincial investment strategy with adequate social and environmental safeguards and investment applications do not consider legal obligations.</p>	<p><b>2.2.2:</b> Institutional strengthening plan based on needs assessment for sound investment management produced</p>	<p>Level of Comprehensive understanding of investment process</p>
<p><b>2.1.1</b> Technical reports outlining the refinement, approval and implementation of the national investment Strategy</p>	<p><b>2.1.1:</b> 1 draft National Strategy for Private Investment Promotion and Management till 2020 completed.</p>	<p><b>2.1.1:</b> 1 draft National Strategy for Private Investment Promotion and Management till 2020 completed.</p>	<p>Fully completed or very likely. On track.</p>
<p><b>2.1.2</b> IPD staffs have improved institutional tools and knowledge of investment management and minimize negative environmental impacts and maximize positive social impacts.</p>	<p><b>2.1.2</b> 1 draft model contract (draft MOU) compiled through cross examining past and current agricultural contracts</p>	<p><b>2.1.2</b> 1 national consultation workshop completed to assess prepared Model Agriculture Concession Contract and finalization of draft MOU. There were 64 participants, 23% were female.</p>	<p>Partially completed or likely to be. Largely on track</p>
	<p>1 report developed to improve knowledge on the formulation of sustainable development analysis for agricultural investment contracts.</p>	<p>7 awareness raising workshops on new Investment Promotion Law and decree, ESIA decree and related investment legislation held in seven provinces in the</p>	<p>Limited completion. Unlikely to be completed. Revisions</p>

<p>2.2.1: At least one detailed technical report outlining provincial level investment processes and management realized.</p> <p>2.2.2: At least one Technical report outlining the results of monitoring activities on approved investment projects through database system realized</p>	<p>Northern part of Laos. There were over 800 participants, of which 23% were female.</p> <p>4 pilot provinces have included tentative Investment Calling Lists (ICL) as an annex to provincial strategies.</p> <p>1 study tour to Malaysia to build institutional capacity on agribusiness models and investment promotion. A mission report was prepared with a short, medium and long term plan to incorporate study tour learning's into Phase II activities. There were 21 participants, 32% were female</p> <p><b>2.2.1</b></p> <p>1 draft Savannakhet provincial strategy developed for Private Investment Promotion and Management till 2020</p> <p>2 draft Strategies for Private Investment Promotion and Management till 2020 prepared for Oudomxay and Phongsaly provinces</p> <p>1 intensive training workshop on a development of Provincial Strategy for Private Investment Promotion and Management till 2020 completed in Saravane Province. There were 30 participants, of which 25% were female.</p> <p><b>2.2.2</b></p> <p>1 report prepared on the results of the Investment database assessment;</p> <p>1 lesson-learning workshop for four pilot provinces; there were 79 participants, of which 18% were female.</p>	<p>Need to speed up a review process from the government</p>
<p>2.1.1. Support the preparation and implementation of a model</p>	<p>1 lesson learning workshop held, finalization of the contract</p> <p>A further internal consultation meeting with IPD staff will be</p>	<p>Need to speed up a review process from the government</p>

agriculture concession contract					review document, draft model contracts (draft MOU & PDA), 1 National consultation workshop on a Model Agriculture Concession Contract and finalization of draft MOU & Project Development Agreement (PDA)	organised in December 2012 to discuss the latest version of the agricultural concession MOU. After this process the workshop minutes will be translated to English and sent to Hogan Lovells for further consideration before a final MOU is agreed upon.	side by (1) organizing IPD internal meeting and consultation meeting with concerned ministries, (2) providing professional translator and (3) create opportunities for discussion between lawyers and the government through teleconference
2.1.2 Strengthen capacity in investment promotion and appraisal	12,820	Q1-Q3	12,723	99%	Started the recruitment process to hire consultancy team/firm to develop a tracking system for the One Stop Service at IPD.	The selection process was completed. The project could not make contract with selected company as it was highly recommended from UNDP that PEI phase I is ending plus the budget allocation for this activities is not covered all payments	UNDP will make a contract with company when phase II starts.
Activity 2.1.3 Strengthen capacity in investment screening and legal regulation	70,394	Q1	65,231	93%	Developed TOR for producing an Investment Promotion Video and recruited a consultant.  Seven awareness raising workshops on new Investment Promotion Law and decree, ESA decree and related investment legislation held	NA	NA
Activity 2.1.4. Support the development of a national investment strategy	20,035	Q2-Q3	18,721	93%	Organized two Internal IPD review meetings on National Strategy for Private Investment Promotion and Management till 2020. NIS draft presented to representatives from line ministries, some investors, and	There was delay on a revised strategy based on last consultation workshop - waiting for new TA.	NA

					international development partners		
Activity 2.1.5 Establish coordination between MPI and others on investment management	1,329	Q1	1,131	85%	Coordinated with PEI-ESIA component for a third round table meeting between IPD and ESIA – minutes prepared	The roundtable meeting held on November 2012 hosted by PEI-IPD component to further discussions	NA
Activity 2.1.6. Strengthen the capacity of IPD Institutions in investment management	26,034	Q1	24,134	92%	Developed TOR, recruited and hired local consultant to assess data quality entered in investment database for 4 pilot provinces  Produced a report on data quality assessment in investment database for 4 pilot provinces  Organized lesson-learning workshop for PEI provinces and other provinces interested in adopting PEI tools	NA	NA
Activity 2.2.1. Support the development of Provincial Investment Strategies in all PEI case study provinces (Saravane, Savannakhet, Oudomxay, Phongsali)	21,146	Q1-Q3	19,740	93%	Provincial workshops on reviewing draft Strategies for Private Investment Promotion and Management till 2020 with line provincial departments  One intensive training workshop on a development of Provincial Strategy for Private Investment Promotion and Management till 2020 in Saravane Province.	The next steps are (1) to follow up with SVK, ODX, PSL on their finalised strategy based on consultation workshop, (2) follow up with SRV on their new development of strategy through telephone call and a visit, (3) translate the strategy from Lao to English, (4) reviewed the strategies by new TA.	NA
Activity 2.2.2. Support development of Provincial-led projects relating to strengthening the investment	4,131	Q1-Q2	4,131	100%	Investment Database Assessment conducted. Organized one lesson-learning	NA	NA

management process					Workshop for four pilot provinces IPD internal meeting on extended PEI Phase I & plan for Phase II. One UNDP-MPI Annual Review Meeting.	
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ATLAS AWARD NO.	00072674	OUTPUT/ COMPONENT	3. PE/ESIA	Reporting from	Jan 2012	Reporting to	Sep 2012
<p>Guidelines strengthening institutional capacities of the Environmental and Social Impact Assessment (ESIA) Department under Ministry of Natural Resources and Environment (MONRE) to undertake comprehensive EIA reviews and approval processes for environmental and social assessments, based on law and good practices, and effectively coordinate with relevant ministries and state agencies.</p>	Indicators	<p><b>3.1.1:1</b> DESIA Financial and Accounting Management Manual prepared and applied by DESIA for obtaining and monitoring budgets from at least 5 development projects.</p> <p><b>3.1.2:1</b> 10 staff of DESIA trained on the use assessment software and the DESIA Financial Manual (4 of 10 staff are women).</p> <p><b>3.2.1:1</b> EIA report writing guidelines (English and Lao version) completed and applied by</p>	Baseline	<p><b>3.1:</b> There are currently no financial and accounting management guidelines for managing financial resources at the government, project or donor level.</p> <p><b>3.2:</b> The ministry has not developed any report writing guidelines in Lao or English</p>	<p>Completed DESIA Financial and Accounting Management Manual as well as sustainable financing assessment study and applied by ESIA Department</p> <p>Completed EIA report writing guidelines (English and Lao Version) monitoring procedure guidelines for DESIA (Lao version)</p>		
<p><b>Output 3.1:</b> A system for obtaining funds to substantially cover the cost of operating the ESIA Department developed and implementing. The system works and is audited in accordance with international standards for financial management</p>							
<p><b>Output 3.2:</b> Technical guidelines and</p>							

<p>procedures that support the ESIA Department, concerned ministries, state enterprises and developers to conform to best environmental and social assessment and mitigation practices developed and/or updated.</p> <p><u>Output 3.3</u> Through the implementation of the capacity building programme, the personnel of the ESIA Department is capable of carrying out their tasks and functions in accordance with the expected future mandate of the ESIA Department</p>	<p>DESIA staff.</p> <p><u>3.3.1:</u> Technical training materials prepared capacitate ESIA staff on general natural resource management issues.</p>	<p><u>3.3:</u> New (When PEI Phase I started) DESIA staff has limited basic knowledge on environmental science.</p>	<p>At least one study exchange to Thailand on EIA process and intensive course on "Environmental Science Basic Knowledge". DESIA staffs have improved knowledge in Environment science and apply in EIA review process.</p>			
<p><u>3.1.1:</u> DESIA Financial and Accounting Management Manual prepared and applied by DESIA for obtaining and monitoring budget from at least 5 big development projects.</p> <p><u>3.1.2:</u> DESIA trained on the use assessment software and the DESIA Financial Manual (4 of 10 staff are women).</p> <p><u>3.2.1:</u> EIA report writing guidelines (English and Lao version) completed and applied by DESIA staff.</p> <p><u>3.3.1:</u> Technical training materials prepared capacitate ESIA staff on general natural resource management issues.</p>	<p><u>3.1.1:</u> DESIA Financial and Accounting Management Manual prepared and applied by DESIA for obtaining and monitoring budget from at least 5 big development projects.</p> <p><u>3.1.2:</u> DESIA trained on the use assessment software and the DESIA Financial Manual (4 of 10 staff are women).</p> <p><u>3.2.1:</u> EIA report writing guidelines (English and Lao version) completed and applied by DESIA staff.</p> <p><u>3.3.1:</u> Technical training materials prepared capacitate ESIA staff on general natural resource management issues.</p>	<p>3 training of trainers (TOTs) on application of the draft financial and accounting management manual were organized in Xayabury province. A total of 39 trainees were trained to be TOTs including 15 from provincial department for Natural Resource and Environment, 12 people from Environmental Management Unit (EMU) at Hongsa district, and 12 EMU staff at Ngeun district. 15 of the 39 trainees trained were female.</p> <p>1 consultation workshop on the draft DESIA Financial Management Manual with Ministry of Finance at DG/DDG completed. There were 25 participants, 10 of which were female.</p> <p>2 draft EIA report writing guidelines prepared (English and Lao version).</p> <p>40 plus DESIA staff trained on basic environmental science</p>	<table border="1"> <tr> <td>Fully completed or very likely. On track.</td> </tr> <tr> <td>Partially completed or likely to be. Largely on track.</td> </tr> <tr> <td>Limited completion. Unlikely to be completed. Revisions</td> </tr> </table>	Fully completed or very likely. On track.	Partially completed or likely to be. Largely on track.	Limited completion. Unlikely to be completed. Revisions
Fully completed or very likely. On track.						
Partially completed or likely to be. Largely on track.						
Limited completion. Unlikely to be completed. Revisions						



Planned Activities	Annual Budget (USD)	Period (Exp)	Total Cost (USD)	Spent	Description of Progress	Reason for Non-Completion (if applicable)	Comments
3.1.1 Consultation workshop on the draft DESIA financial and accounting management manual with MOF at DG/DDG level	USD 5,300	Q1	USD 3,609	68.09%	The draft DESIA financial management manual has been revised based on comments from consultation workshop with MOF at DG/DDG level.		Required an internal meeting within DESIA to discuss on the revised manual before submitting to MOF again for detail comments. Finalization of the manual will be carried over to PEI-Phase II during Q4-2012.
3.1.2 Workshop on initial result of sustainable financing assessment study	USD 6,325	-	-	-	Workshop on initial result of sustainable financing assessment study was not implemented	Pending on the assessment study report due to unavailability of outgoing STA in completing the report.	Task for completing sustainable financing assessment study report has been handed over to incoming STA. The workshop will be carried over to PEI-Phase II during Q1-2013.
3.2.1 Consultation workshop on the final draft EIA report writing guidelines – English	USD 9,189	Q2	USD 8,228	90%	Consultation workshop on the final draft EIA report writing guidelines – English version was conducted	Finalization of the guidelines was delayed due to the delay of submission of additional comments from line agencies to DESIA and then to international expert	Finalization of the guidelines will be carried over to PEI-Phase II during Q4-2012.
3.2.2 External consultation workshop on the revised first draft EIA reporting writing guidelines - Lao version	USD 9,233	-	-	-	External consultation workshop on the revised first draft EIA reporting writing guidelines – Lao version was not realised.	The delay in finalizing the EIA report writing guidelines – English version caused the delay in finalizing the Lao version since the later depends on the earlier.	External consultation workshop on the revised first draft EIA reporting writing guidelines – Lao version will be carried over to PEI-Phase II during Q4-2012
3.2.3 Internal consultation workshop to finalize monitoring procedure guidelines for DESIA (Lao version).	USD 4,622	Q1	USD 3,252	70.36%	Internal consultation workshop to finalize monitoring procedure guidelines for DESIA (Lao		Finalization of monitoring procedure guidelines for DESIA (Lao version) will be carried over

knowledge, total 46 participants, 16 female  
 1 study exchange to Thailand conducted by 15 DESIA staff to learn about EIAs, Total 15 participants, 6 female.

					version) was conducted. The team agree with a recommendation to include specific checklist for the four centres including energy, mining, agriculture, and infrastructure.			to PEI-Phase II during Q4-2012
3.2.4 First joint monitoring between DESIA and IPD	USD 562	Q3	USD 37	7%	1st joint monitoring between DESIA and IPD on Golf Court development project at Dongphosy, Vientiane city was implemented. total 18 participants. 3 women	Company used for joint monitoring did not have IEE and did not compensate to community as stated in contract and development slow as planned.	Company now hiring expert to do assessment and compensation now provided to community	
3.2.5 Second joint monitoring between PEI-ESIA and PEI-IPD	USD 2,630	-	-	-	2nd joint monitoring between DESIA and IPD on rubber tree plantation development project in Champasack was not realized.	This is due to the delay in waiting for co-shared fund from EMSP.	2nd joint monitoring will be carried over to PEI-Phase II during Q4-2012.	
3.2.6 Third round table meeting between DESIA and IPD	USD 2,396	Q2	USD 1,677	70%	3rd roundtable meeting was conducted to discuss on information sharing process and list of project target for joint monitoring and monitoring process between the departments. Total 24 participants. 12 were female.			
3.2.7 Collaboration/ coordination with PEI-IPD and EMSP on adapting the hydropower SESO for the agriculture sector as part of the PEI-IPD model agriculture concession contract.	USD 1,491	-	-	-	Collaboration and coordination with PEI-IPD and EMSP on adapting the hydropower SESO for the agriculture sector as part of the PEI-IPD model agriculture concession contract was not conducted.	This is due to an international expert for PEI-ESIA had not yet been recruited. It is expected that this activity will be done after the expert is on board in Jan 2013.	This activity will be carried over to PEI-Phase II during Q1-2013.	
3.2.8 Follow-up workshop on study exchange from Thailand, China and Australia	USD 3,438	Q2	USD 3,191	93%	To share knowledge, experience and lessons learn from study exchange to DESIA staff		Lesson learned will be applied to improve future EIA decree and other related regulations.	
3.3.1 Short term training on	USD 8,03	-	-	-	Short term training on	MOF requested to postpone and	The training will be carried over	

accountant (Lao CPA) and application of financial management software						accountant and application of financial management software for DESIA was not implemented.	organize the training in Q4-2012	to PEI Phase II during Q4-2012.
3.3.2 Study exchange of DESIA staff to MONRE Thailand to learn and exchange experience on EIA	USD 29,475	Q2	USD 32,106	109%	Study exchange of DESIA staff to MONRE Thailand was conducted to learn and exchange experience on EIA	NA	NA	NA
3.3.3 Intensive course on "Environment Science Basic Knowledge" for DESIA Staff	USD 44,210	Q3	USD 37,142	84%	Intensive course on Environmental Science Basic Knowledge for DESIA staff had been organized. 40 DESIA staff attended the training.	NA	NA	NA
3.3.4 Final training material on EIA report writing guidelines	-	-	-	-	Final training material on EIA report writing guidelines has not yet been completed	This is due to the delay in the finalization of the EIA report writing guidelines.	Final training material on the EIA report writing guidelines will be carried over to PEI-Phase II during Q4-2012	

ATLAS AWARD NO: 00059379

TITLE: OUTPUT/COMPONENT 5: PEI-NERI

Reporting from: January/2012

Reporting to: September/2012

Investment decisions are made immediately targeted research and environmental research and policy analyses	Instructions	Baseline	Targets
Output 5.1: Strategic environmental economic research on critical investment or development projects	5.1.1: Financial analysis of an agriculture investment produced 5.1.2: National Expert Group created to support research and engaged in environmental economic research 5.1.3: Important decision makers from MPI and NA are part of the process in identifying topics for environmental economic study	There is emerging capacity and strong interest in environmental economic research to inform investment and development decisions	Process for how environmental economic analysis can support investment decisions are identified Identify and carry out at least 1 meta-analysis research on topic of current interest At least 2 environmental economic studies are designed with data collecting activities is started.
Output 5.2: Increase national capacity in environmental	5.2.1: Synthesis study or meta-analysis on a		

<p>economic valuation and related studies to make better informed decisions</p>	<p>current policy issue accomplished</p>		
<p><u>Output 5.3:</u> Improve communication and dissemination of research with NA, MPI, MoNRE and other policy makers</p>	<p>5.3.1 : An updated and cohesive communication strategy for PEI phase II is developed and implemented</p> <p>5.3.2. At least 2 PEI communication materials are produced or awareness events are held</p>		
<p>5.1.1: Financial analysis of an agriculture investment produced</p>	<p>5.1.2: National Expert Group created to support research and engaged in environmental economic research</p>	<p>Contract farming study has been continuously preceded and currently is at questionnaire generation stage.</p> <p>15 National experts established into an informal group to discuss contract farming*</p> <p>*National Expert Group consists of two main components: An advisory board that consists of having 5 members (100% male) and a research team having 10 members (100% male) who are all male. Members of National Expert Group are from various involved line ministries including who are from Ministry of Planning and Investment, Ministry of Natural Resource and Environment, Ministry of Industry and Commerce, Central Committee for Rural Development and Poverty Eradication and National University of Laos.</p>	<p>Level of achievement of output (as a tick in table)</p> <p>Fully completed or very likely. On track.</p>
<p>5.1.3: Important decision makers from MPI and NA are part of the process in identifying topics for environmental economic study</p>	<p>5.3.1 : An updated and cohesive communication strategy for PEI phase II is developed and implemented</p>	<p>1 consultation workshop for contract farming study. The workshop was attended by 52 representatives from involved line ministries and relevant organizations. 16 out of which were females.</p>	<p>Partially completed or likely to be. Largely on track</p>
			<p>Limited completion. Unlikely to be completed. Revisions</p>

Planned activities	Annual Budget	Period	Total Budget	%	Description of progress	Major contribution/ findings	Comments
<p>5.3.2. At least 2 PEI communication materials are produced or awareness events are held</p> <p>5.1.1 Organize at least 2 expert group workshops for brainstorming on the report on the economic valuation of ecosystem services from land use change</p>	USD 64,500	Q1	USD 30,579	48%	<p>No activity undertaken for this indicator due to the lack of a communications expert. PEI now has a communications person on-board.</p> <p>1 National policy workshop was held at Settha Palace Hotel to present initial findings of the research on economic valuation of ecosystem service from land use change. A total of 50 representatives from involved line ministries and relevant organizations, 18 were females.</p> <p>2 policy briefs (both in Lao and English) on the economic valuation of ecosystem services from land use change were produced and distributed in most of PEI-NERI conferences/workshops</p>	<p>An expert group meeting was organized between 9<sup>th</sup> to 12<sup>th</sup> January in Thalang, Vientiane province. This meeting provides an opportunity for expert group members to discuss about possible improvements in order to produce the final version of the report</p> <p>Another expert group meeting was held at NERI on 20<sup>th</sup> of March to follow up on the progress of writing up the final report.</p>	<p>More to be done in order to fill the information gap, consistent with national work plan (2011-2015). PEI-NERI will continue to work closely with relevant stakeholders.</p>

<p>5.1.2 Develop and finalize the report on the economic valuation of the ecosystem service land use change and introduce a concept note for a contract farming study. The proof reading part may needs a specialised consultant (waver)</p>		Q1 & Q2 & Q3			<p>An expert group workshop was organized between 3<sup>rd</sup> and 7<sup>th</sup> in Vientiane province to edit the report for economic valuation of ecosystem services from land use change in order to create a final version.</p> <p>The finalization process of the report for economic valuation of ecosystem services from land use change was done at the end of Q3 and was sent for printing.</p> <p>A consultation workshop on research study on contract farming was held on 18<sup>th</sup> May at Mercure Hotel. This provides an opportunity for relevant stakeholders to discuss and collaborate on refining concept and framework of the new research.</p>		
<p>5.1.3 Organize 1 national policy workshop on the economic valuation of the ecosystem services from land use change in Vientiane Capital</p>		Q1			<p>National Policy workshop was organized in February at Setta Palace Hotel, Vientiane on 16 February. This workshop aims to provide information supporting careful decision making in short and long run. There were 50 participants attended the workshop. There was an active discussion section amongst policy makers and research team which implies strong interest in the topic. However, it is suggested that the research</p>		

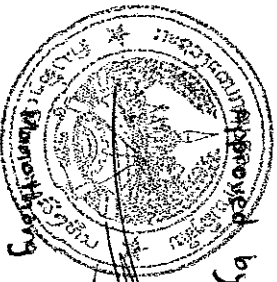
					should be more technical and detailed for better tool to influence policy making process.		
5.2.1 Increase provincial and national capacity on environmental economic evaluation	USD 5000	Q1&Q2 & Q3	0	0%	No activity was taken place for this indicator during this reporting period.	This because during quarter 1 of 2012 time was spent gathering information and documents and time during quarter 2 and quarter 3 was spent focusing pre-study visit for contract farming research in 5 provinces including Savannakhet, Saravane, Vientiane, Luang Namtha and Bokeo which is more time consuming.	
5.3.1 Carry out environmental economic studies to assess financial and environmental costs and benefits of contract farming <ul style="list-style-type: none"> <li>Design topic</li> <li>Organize pre-studies visits in Savannakhet, Saravane, Vientiane, Luang Namtha and Bokeo</li> <li>Questionnaire Generation workshop</li> </ul>	USD 63,500	Q1&Q2 & Q3	USD 58,907	93%	An inception workshop on contract farming research was held in Vientiane province on 11 <sup>th</sup> and 12 <sup>th</sup> June to present and revised concept and framework to potential collaborators, as well as to discuss future work plan and establishment of a new National Expert Group.  The first national expert group meeting for the contract farming study was held at NERI on 16 August 2012. This meeting aims to provide an opportunity for potential member of national expert group to discuss research concept and methodologies as well as a potential structure of national expert group.  Pre-study visit was carried out	General operating expenses are included in the sub-activity	

5.3.2 Develop and implement PEI wide communication strategy		Q1&Q2&Q3		<p>from 2<sup>nd</sup> September to 9<sup>th</sup> September to southern provinces and 12<sup>th</sup> September to 23<sup>rd</sup> September to Northern provinces. The pre-study visits aim to investigate current situation and issues in contract farming practices. A total of 13 people from the Expert Group and NERI attend the event, of which 3 were female.</p> <p>A workshop to discuss results from pre-study visit was held in Vientiane province from 25<sup>th</sup> and 27<sup>th</sup> September. The workshop was attended by 22 participants who are members of expert group and research assistants from NERI. There were 4 female participants.</p> <p>A questionnaire generation workshop was moved to Q4 due time constraint.</p> <p>No activity was taken place for this indicator during this reporting period.</p>	<p>The project lacks a Communication Outreach Consultant who is responsible for this task since March.</p> <ul style="list-style-type: none"> <li>This is due to the delay in proof reading and layout process</li> </ul>	<p>Although there have been a few attempts to recruit a new Communication Coordinator, those attempts were not successful</p>
5.3.3 Dissemination and Communication Outreach Event		Q2&Q3		<p>Dissemination of the report on land use change was postponed until Q4, 2012.</p>		

prepared by



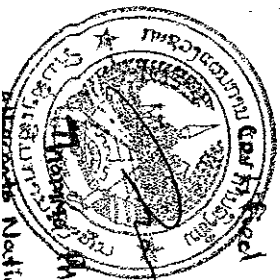
Dalaphone Sihanath, Project coordinator



approved by,



Vongsay, Project Manager



signed by,

Phattavong National Project Director