



ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ  
Lao People's Democratic Republic



ອົງການສະຫະປະຊາຊາດເພື່ອການພັດທະນາ  
United Nations Development Programme

## **Government of Lao People's Democratic Republic**

**Ministry of Planning and Investment  
Department of International Cooperation**

**and**

**United Nations Development Programme**

### **Annual Project Report**

***Project ID: 000 62428***

***Project Name: Capacity Development for National Implementation  
(NIM Project)***

***Reporting Period: 01 June 2009 – 31 December 2009***

## I. Project Information and Resources

<b>Project number and title:</b>	<b>000 62428: Capacity Development for National Implementation</b>
<b>Implementing Partner:</b>	Ministry of Planning and Investment (MPI) Department of International Cooperation (DIC)
<b>Responsible Parties (if applicable):</b>	
<b>Donors:</b>	United National Development Programme (UNDP)

Project Starting date		Project completion date	
Originally planned	Actual	Originally planned	Current estimate
May 2009	June 2009	January 2012	January 2012

<b>Period covered by this report:</b>	<b>June – December 2009</b>
<b>Date of annual review:</b> <i>[Indicate if planned or actual]</i>	<b>15 January 2010</b>

<b>Total Budget for 2009</b>	<b>Original budget (US\$)</b>	<b>Latest signed revision (US\$)</b>
	615,000	350,000

Resources	Donor	Amount
	UNDP Regular Resources	US\$ 350,000

## II. Purpose

### 1. Main Objectives of the Project: *(as per the Project Document)*

This project initiated in June 2009 intends to increase development effectiveness of UNDP-supported projects and other development programmes/projects in Lao PDR, until the end of the current UNDAF cycle (-2011). This project is of particular importance as an umbrella project that provides assistance and advisory services to all of the UNDP-supported projects that are nationally implemented. The overarching objective is to develop, consolidate, and sustain management capacities of National Implementing Partners to plan, coordinate and implement ODA projects and monitor the results more effectively and efficiently, so as to help achieve national development goals including the MDGs. It will focus on key areas ranging from results-based management including monitoring and evaluation, to financial management, human resources management, procurement and asset management. The project is aimed also at contributing to harmonization of donor practice, especially among UN ExCom Agencies but beyond, in light of the Vientiane Declaration. Furthermore, the project is expected to help increase development partners' reliance on the Government's own systems and procedures that are up to international standard.

**Project outputs and deliverables:** The aforementioned overall objective of the project will be pursued through delivering the following outputs and other deliverables (refer to the subsequent Results and Resources Framework for more details and related activities):

- “RBM Capacity Development One Stop Service Centre” established in DIC/MPI and fully operationalized by end 2011, so that all Government agencies and national institutions are able to obtain support in all aspects of the programme/project cycle
- Managers and staff (men and women) of key Implementing Partners certified to international standards in RBM, financial management and audit
- Capacity of key IPs for grant aid procurement increased to international standards
- A new gender responsive user guide for UNDP-supported projects in Lao PDR developed and rolled out by revising the 1997 NEX Manual and incorporating the new UNDP corporate Programme and Operations Policies and Procedures
- Targeted youth demonstrate enhanced capacity for results-based project management

## III. PROJECT PERFORMANCE AND RESULTS

### 1. Contribution to the strategic goals

#### Intended Outcome

By 2011, strengthened capacities of public and private institutions to fulfill their duties and greater people's participation in governance and advocacy for the promotion of human rights in conformity with the Millennium Declaration

#### Progress towards achieving outcome

Through the capacity development initiatives provided by the new National Implementation

Capacity Development Project (NIM Project), the other UNDP-supported projects in Lao PDR have increasingly been focusing on Results-based Management (RBM). This echoes well the call by the Government of Lao PDR enshrined in the 2006 Vientiane Declaration of Aid Effectiveness for “Managing for Results.” In 2009, the NIM Project continued to organize a series of RBM trainings for all the nationally implemented project managers and staff. They refreshed their knowledge about how they should plan and monitor the results on a regular basis e.g. by formulating “SMART” indicators and targets in their annual work plans and actually using them regularly. Corporate balanced scorecard and dashboard show improvement in the overall quality of project management in Lao PDR.

More concretely, drawing upon the achievements and lessons learnt from the recently closed *NEX Support Project*, the NIM Project conducted the following activities in 2009 to contribute to the achievement of the intended project outputs and outcome.

1. Provided advisory services on programme and project management on a regular basis
2. Organized quarterly trainings for all Implementing Partners of UNDP-supported projects for better project management through results-based management, financial management, procurement, human resource management, asset management, etc.
3. Supported all the UNDP-supported projects in following up with audit recommendations through training and enhanced project assurance by Spot Checks and other field monitoring visits
4. Updated and revised the NIM policies. The revision of the 1997 NIM Manual is underway, waiting to incorporate the UNDP Headquarters’ new corporate NIM guidelines to be issued in Quarter 1 of 2010. It is hoped that the new NIM Manual will also be aligned with the Government’s new SOP of ODA projects, Financial Management Manual, Procurement Manual, etc.
5. Supported the finalization of the HACT Micro Assessment of a total of 19 IPs. The reports have been drafted and being finalized. The recommendations from the Micro Assessment Reports will guide the projects to develop and implement a mid to longer term capacity development strategy in 2010 and onwards.
6. Supported the preparation for the Country Programme Action Plan (CPAP) Mid-Term Review. A consultant for producing a discussion paper for the CPAP MTR was recruited and his mission was successfully completed in December 2009. A draft report will be made available before the meeting planned on 10 February 2010.

## 2. Update on implementation of the Vientiane Declaration and its Action Plan

- **Ownership:** The project is nationally implemented by Department of International Cooperation of Ministry of Planning and Investment, which has a mandate of coordinating all the ODA projects in Lao PDR. The project is also assisting other Implementing partners throughout the country. The project management and staff demonstrate effective leadership and ownership over planning and implementation of the activities. The project takes lead in coordinating with other projects and IPs as well as providing advisory services on the results-based management and policy guidance.

- **Alignment:** The project seeks to align the policies related to the UNDP-supported nationally implemented projects with the emerging government new policies on the ODA project management, including the SOP, FMM, Audit Decree, Procurement Manual, etc. The project also has followed the guideline of the government's and of the UNDP's in the implementation process such as format of reporting, procurement policy and plan, recruitment and procedure and financial management, etc.
- **Harmonization and Simplification:** The project supports the implementation of the UN ExCom Agencies' Harmonized Approach to Cash Transfer to the Implementing Partners (HACT) by (a) its Deputy Project Director participating in the UN HACT Task Force meetings, (b) financing the HACT Micro Assessments, etc. The project strives to harmonize with other ongoing UNDP projects, especially the ones based in the same Ministry of Planning and Investment like the Round Table Process (RTP), National Socio-Economic Development Plan (NSED), National Human Development Report (NHDR), Poverty-Environment Initiative (PEI) as well as other projects like Governance and Public Administration Reform (GPAR) programme. The NIM Project also seeks to strengthen partnership and synergies with Development Partners which provide support in the similar areas; for instance, World Bank's projects and grants (e.g. *Standard Operating Procedures, Financial Management Manual, Improvement Efficiency of Public Procurement*) and Japan/JICA's *Project for Enhancing Capacity of Public Investment Program Management (PCAP2)*.
- **Managing for the Results:** This is the core of this project's rationale. The NIM Project is leading the capacity development of all the implementing partners in the area of results-based management. To lead by example, the Project always takes into consideration the RBM when planning, and the linkage between its project outputs with the higher development results at the outcome and national development impact levels.

Quarterly trainings for all Implementing Partners of UNDP-supported projects have been organized by the NIM Project for better results-based management, financial management, procurement, human resource management, assets management, etc. DIC and UNDP, through the new NIM Project, organized an intensive two-day workshop on RBM in November 2009 in Vientiane for all the nationally implemented projects, participated by closed to 90 national project directors, managers and staff. The project teams discussed and enhanced their knowledge about how the tangible results produced at their project *output* level—i.e. operational changes made possible with new products, tools, services, or skills—shall contribute to the achievement of higher development results at the *outcome* level and eventually generate real *impact*, i.e. changes in the lives of the people in Lao PDR later. This workshop refreshed the project managers' knowledge about how they should plan and monitor the results on a regular basis e.g. by formulating "SMART" (specific, measurable, achievable, relevant and time-bound) indicators and targets in their annual work plans and actually using them regularly. During the workshop, the projects managed to refine the indicators for their annual work plans for 2010.

- **Mutual Accountability:** The implementation of the project activities is monitored closely for ensuring accountability against the government and UNDP rules and regulations. The NIM Project supports the IPs to ensure accountability, i.e. the obligation to deliver on the commitments in accordance with the agreed rules and standards (proper use of resources), and to report fairly and accurately on performance results (report on achievement of results)."

### 3. Update on partnerships

Collaboration between UNDP and Department of International Cooperation (DIC) of Ministry of Planning and Investment has long been based on mutual understanding and cooperation. The Project is nationally implemented by DIC/MPI, which has a mandate of coordinating all the ODA projects in Lao PDR. The Project is also assisting other Implementing Partners throughout the country. Collaborations and synergies are sought with other UN Agencies (especially UNFPA and UNICEF), existing relevant UN projects (both global and national projects), IFIs (e.g. the World Bank, ADB) and bilateral donors' initiatives such as Japan/JICA's Project for Enhancing Capacity of Public Investment Program Management (PCAP2). Given the funding shortfall, the project will develop a partnership building and resource mobilization strategy especially targeting the like-minded or interested donors.

<b>Outcome</b>			
<i>By 2011, strengthened capacities of public and private institutions to fulfill their duties and greater people's participation in governance and advocacy for the promotion of human rights in conformity with the Millennium Declaration</i>			
<b>Progress towards achieving outcome</b>			
<i>Through the capacity development initiatives provided by the new National Implementation Capacity Development Project (NIM Project), the other UNDP-supported projects in Lao PDR have increasing been focusing on Results-based Management (RBM). This echoes well the call by the Government of Lao PDR enshrined in the 2006 Vientiane Declaration of Aid Effectives for "Managing for Results." In 2009, the NIM Project continued to organize a series of RBM trainings for the all the nationally implemented project managers and staff. They refreshed their knowledge about how they should plan and monitor the results on a regular basis e.g. by formulating "SMART" indicators and targets in their annual work plans and actually using them regularly. Corporate balanced scorecard and dashboard show improvement in the overall quality of project management in Lao PDR.</i>			
<b>Quarterly outputs and indicators</b>	<b>Key activities completed during reporting period</b>	<b>Expenditures (NB; The figures are provisional as of December 2009. Q4/2009 expenditures have not been settled yet)</b>	<b>Progress towards achieving outputs and targets achieved against indicators</b>
			<b>Reasons if progress below target and response strategies</b>
<b>Output 1: Results-Based Programme &amp; Project Management</b>			
<b>Activity Result 1.</b> "RBM & CD One Stop Service Centre" set up in DIC	1.1: Recruit a RBM/M&E officer and national staff	Activity Result 1 sub-total: <b>USD 129,109.57</b>	<b>On track.</b> A functional project team was set up and recruitment of key staff is underway.
	1.2: TOR of RBM & Capacity Development "One Stop Service Centre" including Centre staff developed		<b>Pending.</b> The TOR is not yet completed
			The RBM Senior Technical Advisor post has not been advertised as the roles and responsibilities of this position are being further clarified TOR completion awaits recruitment of a RBM Senior Technical Advisor

					<p>It awaits the RBM Seniro Technical Advisor. Also, the outcome of the HACT Micro assessment needs to be analysed.</p>
	<p>1.3: Undertake a capacity assessment of DIC</p>		<p><b>Pending.</b> The capacity assessment is not yet carried out</p>		
<p><b>Activity Result 2.</b> Government M&amp;E requirements established for nationally implemented</p>	<p>2.2: Country Programme Action Plan (CPAP) Mid Term Review</p>	<p>Activity Result 2 sub-total: <b>USD 14,500.00</b></p>	<p><b>On track.</b> Support for CPAP Mid Term Review is on the process. Recruitment of a consultant to draft summary report on CPAP Mid-Term</p>		
<p>1.5: Prepare a well-functioning office in DIC fully equipped with electronic document management system</p>		<p><b>On track.</b> Vehicles and necessary office and IT equipments have been procured.</p>			
<p>1.7.1: Conduct two RBM trainings for IPs (including gender sensitive indicator setting) and on orientation workshop for new staff</p>		<p><b>Completed.</b> 3<sup>rd</sup> quarterly RBM training was held in July and an orientation workshop on Results-based project management was organized in September. In November, a dedicated 2-day RBM training was successfully organized for all UNDP supported projects management team and staff to assist them for preparation of 2010 annual work plan</p>			
<p>1.7.3: Spot Check of all implementing Partners</p>		<p><b>Completed.</b> The quarterly spot checks of IPs are done and reports are produced and sent each IPs</p>			



projects and rolled out	2.2: Identify target officials		Not yet started review was carried out and the consultant started a mission in December 2009	Consultation and discussion will be carried out after the final MA reports are available
<b>Output 2: Finance Management and Audit</b>		Activity Result 2 sub-total:	<b>Ongoing.</b> The consultation was at initial stage.	Consultations are underway to identify the DIC staff to be
<b>Activity Result 1.</b> HACT IP Micro Assessments completed for all applicable IPs; follow-up CD action plan agreed and implemented; ExCom joint assurance entry points identified and piloted	1.1: Micro Assessment outsourced to audit firm	Activity Result 1 sub-total: <b>USD 69,884.34</b>	<b>Completed.</b> The private audit company – KPMG- completed the micro-assessment	granted External Access
	1.2: Review MA reports and develop follow-up financial management CD action plan		<b>On track.</b> Draft MA reports of all IPs have been submitted to UNDP to review.	UN/UNDP and DIC/MPI are now on the process of reviewing the recommendations presented in the MA reports
	1.3: HACT agencies agree on joint assurance entry points and pilot in 2 IPs (MPI and MOH)	N/A	<b>Ongoing.</b> The discussion on joint assurance entry has been initiated. However, no agreement has been made	Further consultation needs to be made before any agreement
<b>Activity Result 2:</b> Options identified for certification of targeted officials on financial management up to international standard	2.1: Identify most suitable certification programme for financial management (including UNDP certificate) (under micro assessment recommendation)	Activity Result 2 sub-total: <b>USD 4,175.90</b>	<b>Ongoing.</b> The consultation was at initial stage	Further consultation and discussion need to be carried out between UNDP and DIC after the MA reports are available

<p><b>Activity Result 3:</b> UN Atlas External Access granted to DIC and key IPs</p>	<p>3.1: Provision of Atlas External Access to DIC core staff</p>		<p><b>Pending.</b></p>	<p>The HACT MA Reports upon finalization will guide the projects and IPs for strategize the procurement capacity development. DIC has submitted the UNDP support service request on IT equipment procurements and the procurement process is underway</p>
<p>IPs</p>	<p>3.2: Necessary IT environment 3.3: Training on External access by UNDP</p>		<p><b>On track.</b> IT equipments are being procured.</p>	<p>DIC has submitted the UNDP support service request on IT equipment procurements and the procurement process is underway</p>
			<p><b>Pending.</b> The training will be organized after the DIC staff are granted external access</p>	<p>Refer to 3.1.</p>
<p><b>Activity Result 4.</b> Support to NIM Audit</p>	<p>4.1 Training for implementation of 2008 audit recommendation 4.2: Audit debriefing 2008 4.3: Financial Management Training for accountants and finance officers</p>	<p>Activity Result 4 sub-total: <b>USD 52,117.00</b></p>	<p><b>Completed</b></p>	
			<p><b>Completed</b></p>	
<p><b>Output 3: Procurement, Asset Management and Human Resource Management</b></p>			<p><b>Completed</b></p>	
<p><b>Activity Result 1:</b> Implementing Partners' procurement capacity assessments conducted and CD support strategy</p>	<p>1.1: Finalize procurement section in the revised NIM Manual 1.2: Conduct procurement capacity assessment of</p>	<p>Activity Result 1 sub-total: <b>N/A</b></p>	<p><b>On going.</b> The task was suspended after the HQ instruction to wait for the issuance of a new corporate guidelines in early 2010.</p>	<p>The task was on track but suspended after the HQ instruction in late 2009 to wait for the issuance of a new corporate guidelines in early 2010.</p>

	key IPs in collaboration with MoF, IFIs and UNDP Procurement capacity development centre			
1.3: Train IPs for new UNDP procurement manual, and adapt to new government procurement procedures once adopted		<p><b>Completed.</b> The training on UNDP procurement rule and regulation was organized in mid September 2009</p> <p>Draft TOR for procurement specialist is completed and awaiting for approval to start recruitment.</p>		
<b>Output 4: New Guideline</b>				
<b>Activity Result 1:</b> A new NIM manual for UNDP supported projects in Lao PDR rolled out	1.1: NIM Manual guideline consultant is hired	Activity Result 1 subtotal: <b>USD 24,995.74</b>	<p><b>Completed.</b> The first mission starts from 13 June to 17 July 2009. The consultant completed the first mission and the some parts of the draft new guideline were produced. However, some chapters are not yet completed. At the same time the UNDP HQ announces that new corporate NIM manual will be issued in late 2009.</p>	<p>Due to the time constraints, the consultant could not completed the whole draft of the manual. However, so far all efforts for revising the manual locally have suspended as the HQ instructed the COs to await issuance of a new corporate NIM guidelines in 2010. Then, the new manual will be launched incorporating other UNDP local policies and government policies</p>
1.1.1: Participate with consultant during the			<b>Completed</b>	





#### 4. Update on gender mainstreaming

The project always ensures that gender equality is taken into account during the planning and implementation of the project activities.

The NIM project included a session on gender in the project management training offered to the projects, highlighting the need for increasing the number of gender-responsive indicators in the Annual/Quarterly Work Plans, new Project Documents, etc.

Also, to a degree possible, the project ensured the gender equality among the trainees benefiting from various capacity development initiatives supported by the project. Some workshops saw more women participated and trained.

The Project itself also sought gender parity achieved in its staffing. The project team is now composed of by two males and two females – perfect gender parity.

#### 5. Update on audit recommendations

The NIM Project has just started in June 2009 and therefore has not been audited yet.

#### 6. List main challenges and issues (if any) faced during reporting period

**The main challenges and issues the project faced during reporting period:**

**Overall implementation:**

Towards the end 2009, most activities in the work plan were initiated and implemented. However, some main activities have not been implemented or yet completed, because for instance needed staff have not yet been recruited, and will be carried over to 2010.

The planned budget was sufficient for carried out the project's activities. Financial management was carried out properly as per the rules and regulations. However, due to a delay in some activities, the project could not delivered as much as it original planned. The project work plan and budget for 2009 were therefore revised to reflect the actual activities and expenditures accordingly.

The Project faced continuous demand for capacity development for the projects (new projects, new staff, high turnover, new government and UNDP policies, etc).

In addition, it has faced a challenging need for the NIM project to contribute to capacity enhancement of DIC/MPI as a whole, given the wide range of DIC mandates.

The project board is not officially set up and approved yet.

The revised NIM Manual was not rolled out by the end of 2009, although expected to be done in early 2010 subject to the issuance of the new UNDO corporate NIM guidelines. The Government's own Standard Operating Procedures for ODA project management and Financial Management Manual have not been formally finalized yet, either.

Response Strategy: The project will plan prudently the activities for 2010, and monitor closely the progress towards the intended annual output results.

### 7. Rating on progress towards results

**Output:** *[From table 1. Contribution to Strategic Goals]*

Output 1	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 2	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 3	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 4	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 5	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input 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.*

## V. FUTURE WORK PLAN

### 1. What are the priority actions planned for 2010 to overcome constraints, build on achievements and partnership, and use of the lessons learned during 2009?

The key priorities for 2010 are as following:

1. Prepare a well-functioning office within DIC for a “RBM One Stop Service Centre” with an approved TOR
2. Support the development of Capacity Development Strategies for DIC and other IPs, following the HACT Micro Assessments
3. Further develop capacities of DIC staff and interns on RBM; recent key project staff including STA
4. Support FY2009 NIM Audit and FY2008 Audit Follow-up
5. Lead and support Spot Checks to assist with effective implementation of audit recommendations.
6. Finalize the NIM Manual and incorporating UNDP’s Programme and Operation Policies and Procedures, new Corporate NIM guidelines, and the government SOP for ODA projects in Lao PDR
7. Contribute to aid effectiveness through supporting HACT
8. Continue to provide trainings to IPs on results-based project management, financial management, procurement and HR management. Identify options of certification programme for financial management
9. Organize quarterly meetings for project management teams
10. Support CPAP Mid-Term Review
11. Operationalise the project board

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

3. Estimated total budget required for 2010: **500,000 USD**



ANNEXES

1. Annex 1: Draft Combined Delivery Report
2. Annex 2: Annual Work Plan for the following year
3. Annex 3: Project Monitoring and Communication Plan for the following year

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