

Ministry of Planning and Investment
Lao People's Democratic Republic

Japan International Cooperation Agency
(JICA)

JICA Technical Cooperation

Lao PDR

Project for Enhancing Capacity in PIP Management (PCAP2)

ANNUAL REPORT

For the Third Year

August 2010

IC Net Limited
JICA Technical Cooperation

Lao PDR Project for Enhancing Capacity in PIP Management (PCAP2)
Annual Report for the Third Year

Table of Contents

Table of Contents.....	i
Abbreviations	iii
1. Project Outline.....	1
1.1 Project Overview	1
1.2 Outline of the Report	2
2. Progress of Project Implementation and Achievement of Outputs.....	3
2.1 Joint Coordinating Committee Meetings.....	3
2.2 [Output 3] Activities on PIP Management Law Advisory Support.....	5
2.3 [Output 1] Activities for Acquiring and Establishing Skills (Training/OJT)	7
2.4 [Output 2] Activities for PIP Budget and Financial Management.....	11
2.5 [Output 4] Activities for the Improvement of PIP Management Methods.....	14
3. Progress towards Achieving the Project Purpose	23
4. Impact.....	24
5. Outstanding Issues	24
6. Dispatch of Japanese Experts	25
7. Equipment Purchased for Project Usage	27

Appendix

“Manual for Public Investment Program (PIP) Project Management”

Cover Page and Table of Contents

Abbreviations

DOF	Provincial Department of Finance
DPI	Provincial Department for Planning and Investment
GPAR	Governance and Public Administration Reform
JCC	Joint Coordinating Committee
JICA	Japan International Cooperation Agency
MPI	Ministry of Planning and Investment
MPI-DIC	Department of International Cooperation, MPI
MPI-DOE	Department of Evaluation, MPI
MPI-DOP	Department of Planning, MPI
NSEDP	National Socio-Economic Development Plan
ODA	Official Development Assistance
OJT	On-the-Job Training
PCAP	Project for Capacity Building in PIP Management
PCAP2	Project for Enhancing Capacity in PIP Management
PIP	Public Investment Program
PO	Project Owner
SOP	Standard Operating Procedure
SPAS	Simplified Project Assessment Sheet
UNDP	United Nations Development Programme

1. Project Outline

1.1 Project Overview

The Government of the Lao PDR (GOL) aims to develop and introduce sound Public Investment Program (PIP) management methods, comprising the comprehensive processes of planning, assessment, implementation and evaluation, as one of the most important areas needing improvement. Upon request by the GOL to the Government of Japan (GOJ), the Japan International Cooperation Agency (JICA) conducted a technical cooperation scheme called the Project for Capacity Building in PIP Management (PCAP1) from November 2004 to October 2007, with the objective of developing PIP management methods and building the capacity of the staff involved.

PCAP saw its completion in October 2007 as scheduled. However, the GOL requested continuous support. Thus an agreement was reached for conducting the Project for Enhancing PIP Management (PCAP2) (hereinafter the “Project”), a JICA technical cooperation project to further improve methods and procedures for PIP management, and disseminate these methods and tools throughout the national and local governments. In addition, the Project aims to ensure that the Ministry of Planning and Investment (MPI) will take the leading role in maintaining and upgrading the capacity in the field of PIP management to staff members involved in PIP nationwide. The Project started in March 2008, and is expected to be completed in August 2011.

1.2 Outline of the Report

This report describes achievements of the Project from its beginning in March 2008 until August 2010, with a focus on the progress of activities in the five months from February 2010. The following chart presents the outline of the report.

1. Project Outline
The outline of the Project and the summary of this report are presented.
2. 1 Progress of Project Implementation and Achievement of Outputs
All the four outputs of the Project are progressing smoothly, and are expected to be achieved by the time of project completion. The following activities were conducted during this period.
<ul style="list-style-type: none"> ✧ The Public Investment Law, promulgated in December 2009, is printed and ready for distribution. ✧ An Implementation Decree for the Public Investment Law is being formulated. ✧ Nationwide PIP Management Training was conducted from November 2009 to February 2010 at 18 locations, with attendance of 862 staff members in total. ✧ On-the-job training was conducted from February to March 2010 at 25 locations to support the annual PIP budget procedure and PIP's technical approaches. ✧ The plan for the next nationwide PIP management training is completed, along with specific curricula and training materials for them. A series of Training of Trainers sessions in MPI are held in August 2010. ✧ PIP budget allocation and PIP project financial management methods were improved through training results and observation of the actual process. They are reflected in the Project Manual and handbooks. ✧ Process and methods for ODA national contribution budget management, district-level PIP management and program management were revised by analyzing the response through training sessions, as well as reflecting the actual procedures in the last annual PIP budget procedure.
2.2 Important Points in Conducting Activities for the Fourth Year
The Project will pay close attention to the following points while conducting the activities for the fourth year from October 2010 to August 2011.
<ul style="list-style-type: none"> ✧ The booklet for the Public Investment Law will be distributed nationwide along with the Project Manual. ✧ The Project will help MPI formulate the Implementation Decree, and ensure that the decree include technical components. ✧ The next nationwide PIP management training will be PCAP2's last opportunity for such training. The training will help officials in the planning departments to become qualified trainers themselves. ✧ A PIP budget allocation/financial management seminar will be held in November 2010. A guideline for provincial PIP budget request preparation will be drafted in the seminar. ✧ It is necessary to keep trying to enhance practical skills for PIP management, especially in the areas of ODA national contribution budget management, district-level PIP management and program management. ✧ Coordination with other development partners is needed in ODA national contribution budget management, as well as district-level PIP management.
3. Progress towards Achieving the Project Purpose
Although the outputs of the Project are progressing smoothly for achievement of the expected targets, achievement of indicators for the Project Purpose rests on the management performance by MPI and DPI as well as personnel involved in overall PIP management during the annual 2011/12 PIP budget request procedure. Therefore, achievements of the Project Purpose cannot be fully ensured until this budget procedure is monitored.
4. Impact
It is difficult to judge the achievement of the Overall Goal at this stage.
5. Outstanding Issues
The Third Country Training was not held this year due to schedule problems of the host organization in Malaysia.

2. Progress of Project Implementation and Achievement of Outputs

The Project has completed its activities for the third year, and is progressing smoothly according to the original plan. The following chart indicates the activities conducted during the last five months from February to August 2010.

Items	Activities from February to August 2010
Joint Coordinating Committee (JCC) Meetings	<ul style="list-style-type: none"> ➤ Fourth JCC Meeting in March 2010 ➤ Fifth JCC Meeting in August 2010
[Output 3] PIP Management Law Advisory Support	<ul style="list-style-type: none"> ➤ Preparation for dissemination of the Law ➤ Support on formulation of the Implementation Decree
[Output 1] Training and OJT	<ul style="list-style-type: none"> ➤ Training for the provinces and ministries ➤ OJT towards the MPI, provinces and ministries ➤ Evaluation of training and meta-evaluation ➤ Feedback of OJT results ➤ Training curriculum development ➤ Training of trainers (TOT) ➤ Discussions on institutionalizing training
[Output 2] PIP Budget and Financial Management	<ul style="list-style-type: none"> ➤ Improvement of PIP budget allocation and PIP project financial management methods
[Output 4] Improvement of PIP Management Methods	
[Output 4-1] ODA Counterpart Fund Management	<ul style="list-style-type: none"> ➤ Validation of procedure, methods, tools and training
[Output 4-2] District-Level PIP Management	<ul style="list-style-type: none"> ➤ Revision of methods and tools and reflecting it in the manual/handbooks
[Output 4-3] Program Management	<ul style="list-style-type: none"> ➤ Assisting the MPI with developing the training curriculum and materials

2.1 Joint Coordinating Committee Meetings

Two Joint Coordinating Committee (JCC) Meetings has been held during the period. The following agendas were discussed in the meetings. Only the topics to be discussed are indicated for the fifth JCC meeting since this report is submitted prior to the meeting.

1) Fourth JCC Meeting

Date	Wednesday, 31 March 2010
Attendees	41 attendees in total including the following: <ul style="list-style-type: none"> ➤ Dr. Bountavy SISOUPTHONG, Vice Minister of MPI and Project Director ➤ Mr. Masato TOGAWA, Chief Representative of the JICA Laos Office ➤ Mr. Vixay XAOVANNA, Director General of MPI-DOE and Project Manager ➤ Mr. Ounheane CHITTHAPHONG, Deputy Director of MPI-DOP and Deputy Project Manager

	<ul style="list-style-type: none"> ➤ Ms. Saymonekham MANGNOMEK, Deputy Director of MPI-DIC ➤ Mr. Sirisomphone LUANG SOUNVANNVONG, Deputy Director of the Budget Department, Ministry of Finance ➤ Staff from the Ministry of Finance ➤ Staff from the JICA Laos Office ➤ Staff from MPI-DOE, MPI-DOP and MPI-DIC ➤ Experts and staff from PCAP2
Contents	<ul style="list-style-type: none"> ➤ Outline of the Public Investment Law ➤ Results of the Second PIP Management Training and OJT ➤ Results of the PIP Financial Management Training ➤ Development of ODA national contribution budget management methods ➤ Results of the Mid-Term Review Study conducted by JICA
Results	<ul style="list-style-type: none"> ➤ While sharing the success of the promulgation of the Public Investment Law, it was agreed that MPI and PCAP2 collaborate and strive on its dissemination and enforcement. ➤ Importance of PIP financial management was also stressed, and MPI considers utilizing these methods in the upcoming budget negotiations with the provinces. ➤ Both MPI and JICA congratulated the successful implementation of the PIP Nationwide Training sessions.

2) Fifth JCC Meeting

Date	Tuesday, 24 August 2010
Attendees	<p>The following people are expected to attend.</p> <ul style="list-style-type: none"> ➤ Dr. Bountavy SISOUPHANTHONG, Vice Minister of MPI and Project Director ➤ Mr. Masato TOGAWA, Chief Representative of the JICA Laos Office ➤ Mr. Bounpone SISOLATH, Director General of MPI-DOE and Project Manager ➤ Mr. Ounheane CHITTHAPHONG, Deputy Director of MPI-DOP and Deputy Project Manager ➤ Mr. Houmphanh SOUKPRASITH, Deputy Director of MPI-DIC ➤ Representative from the Embassy of Japan ➤ Representative from the Ministry of Finance ➤ Staff from the JICA Laos Office ➤ Staff from MPI-DOE, MPI-DOP and MPI-DIC ➤ Experts and staff from PCAP2
Contents	<ul style="list-style-type: none"> ➤ Results of activities for the third year <ul style="list-style-type: none"> ◇ Meta-evaluation results for 2010 project assessment ◇ Introduction of new Manuals and Handbooks ◇ Progress of the Implementation Decree ➤ Activity plans for the fourth year <ul style="list-style-type: none"> ◇ Nationwide Training Plan ◇ PCAP2 final outputs ➤ Presentation of further steps in improving PIP management

2.2 [Output 3] Activities on PIP Management Law Advisory Support

(1) Expected Achievement of Output 3

Output 3 is progressing smoothly, and is expected to achieve its targets by the end of the Project. The Law on Public Investment was officially promulgated in December 2009. A booklet on the Law is printed and ready to be distributed to government officials involved in PIP management nationwide. The Law will also be included in the Project Manual.

Implementation Decrees are being formulated, with further advisory and adjustment needed through government meetings. Adjustment with the newly issued Project Manual is also needed, to ensure that the Decrees and the Project Manual do not contradict each other.

[Output 3] A legal framework of effective and efficient PIP management is developed and strengthened.
[Indicators] 1. A PIP management law and relevant specific decrees have been drafted, submitted and approved by the National Assembly. 2. A PIP management law and relevant decrees specify responsible organizations and legal procedures for reviewing, changing, suspending, and discontinuing PIP projects including ODA projects, and penalizing relevant organizations and contractors. 3. The PIP management law and relevant decrees authorize manuals and handbooks, which are developed and upgraded in the Project as standard PIP management tools and are disseminated nationwide.

(2) Implementation Review

Activities to achieve Output 3 are proceeding as planned. The activities planned for this output throughout the Project for this topic, along with their results, are as indicated in the following chart.

Table 1: Activities for Output 3

Activity Planned	Achievement
1) Advisory on the current draft Public Investment Law	Completed The Project provided technical advice in the process of Law formulation. The Law was approved at the November 2009 National Assembly, and promulgated in December 2009.
2) Advisory on issuance of application decrees/regulations	Ongoing The Project is providing technical advice on the formulation process of the Implementation Decree.
3) Monitoring of Public Investment Law enforcement	Ongoing The Project introduced the Public Investment Law in the PIP Management Seminars nationwide. The Project will continue introducing the Law through seminars and training, and monitor its enforcement.

The following are the activities conducted from February to August 2010.

1) Preparation for dissemination of the Law

After the Law has been officially promulgated, a booklet on the Law was printed for distribution to government officials involved in PIP management nationwide. The Law is also included in the Project Manual so that users can observe the legal framework as well as the methods of its enforcement.

2) Support on formulation of the Implementation Decree

The Implementation Decree is now being formulated. Since the Implementation Decree is closely related to the specific procedures and methods indicated in the Project Manual, adjustments are made to ensure that the two do not contradict each other. The draft will be discussed in government meetings.

(3) Important Points for the Fourth Year

The booklet will be distributed nationwide along with the Project Manual. The Law will be repeatedly introduced in the nationwide PIP management training course, to remind staff members involved in PIP management the importance of its enforcement.

The Project will help MPI formulate the Implementation Decree, and ensure that all necessary components are included. Ideally, the Law, the Implementation Decree and the Project/Program Manual will become the three pillars of PIP management enforcement.

2.3 [Output 1] Activities for Acquiring and Establishing Skills (Training/OJT)

(1) Expected Achievement of Output 1

The activities related to Output 1, “DPI officials from all the provinces, and planning department officials of all the ministries and other relevant organizations attain basic and overall PIP management knowledge and skills,” have proceeded smoothly. This year, 862 planning department officials and project owners (“PO”) in total, who were from 16 provinces, Vientiane the Capital, and central ministries and organizations, have learned basic and overall PIP management methods through the nationwide PIP management training held by the Project. After the training, all the DPIs of the 16 provinces and Vientiane the Capital utilized the introduced simplified project assessment method in their work. On the other hand, only two planning departments of all the eight main central ministries utilized the project assessment method.

(2) Implementation Review

The following activities related to Output 1 were implemented from October 2009 to August 2010.

- 1) Training for the provinces and ministries
- 2) OJT towards the MPI, provinces and ministries
- 3) Evaluation of training, and meta-evaluation
- 4) Feedback of OJT results
- 5) Training curriculum development
- 6) TOT
- 7) Discussions on institutionalizing training

Please see below for details on each of the above-mentioned activities.

1) Training for the provinces and central ministries

Nationwide PIP management training was conducted from November 2009 to February 2010 based on the developed curriculum (See the Table 1). As a result, 862 planning department officials and project owners (“PO”) in total, who were from 16 provinces, Vientiane the Capital, and central ministries and organizations, learned basic and overall PIP management methods. The seven PIP management methods introduced in the training are as follows.

Table 2: Schedule of Nationwide PIP Management Training

Dispatch	Training Date	MPI Team 1	MPI Team 2	MPI Team 3
1 st dispatch	30 Nov. – 4 Dec. 2009	Xiengkhuang	Houaphanh	—
2 nd dispatch	21-25 Dec. 2009	Bolikhambay	Vientiane capital	Vientiane
3 rd dispatch	4-8 Jan. 2010	Oudomxay	Luangnamtha	Xayabouly
	11-15 Jan. 2010	Phongsaly	Bokeo	Luangprabang

4 th dispatch	25-29 Jan. 2010	Attapeu	Saravan	Savannakhet
	1-5 Feb. 2010	Xekong	Champasak	Khammouane
	8-12 Feb. 2010	41 central ministries/organizations in total		

<p>PIP Management Method</p> <ul style="list-style-type: none"> ➤ Newly introduced PIP management methods <ol style="list-style-type: none"> 1. Report writing for debt payment 2. PIP management at the district level 3. ODA national contribution budget management ➤ Brushing up PIP management methods <ol style="list-style-type: none"> 4. Progress report writing for ongoing projects 5. Project assessment using SPAS for ongoing projects 6. Sector program management 7. PIP comparative assessment

Based on the results of the training evaluation by the participants, the level of satisfaction with the training program and its contents are high. As for the level of understanding, there was a gap between the officials from 16 provinces/Vientiane the Capital and central ministries/organizations. 65%, or 49 participants, from the central ministries/organizations reached the satisfaction level of the training completion test¹, while only 29% of all the participants from the 16 provinces/Vientiane the Capital reached the satisfaction level (see the Table 2). However, it was later identified that overall planning departments from the 16 provinces/Vientiane the Capital applied the learned methods at work more than those from the central ministries/organizations.

Table 3: Results of the Completion Test of the Nationwide Training

	Ministries	Provinces	Total
Number of respondents	76 people	606 people	682 people
Number of people who reached the satisfaction level (%)	49 people (65%)	175 people (29%)	224 people (33%)

2) OJT towards the MPI, provinces, and ministries

Following the training, the MPI training team conducted OJT for all 16 provinces, Vientiane the Capital, and all the eight main ministries and the Ministry of Finance from February to March 2010 (see the Table 3). The main objectives of OJT are to i) support annual PIP budget request procedures for the fiscal year 2010/2011 and ii) follow up on the PIP management training and financial management training held prior to the OJT. The main results of the OJT were as follows: following last year's precedents, all 16 provinces and Vientiane the Capital conducted the introduced simplified project assessment while only two ministries out of the above-mentioned nine ministries conducted the assessment.

¹ Satisfaction level is set as 70% of the total score of the test.

Table 4: OJT Schedule

	MPI Team 1	MPI Team 2	MPI Team 3	MPI Team 4	MPI Team 5	MPI Team 6
18-19 Feb					Ministry of Finance	VTE capital
22-23 Feb	Luangprabang	Saravan	Savannakhet	Bokeo	Ministry of Agriculture and Forestry	Ministry of Education
25-26 Feb	Xayabouly	Sekong	Khammouane	Luangnamtha	Ministry of Public Works and Transportation	Ministry of Health
1-2 Mar	Xiengkhuang	Attapeu	Bolikhamxay	Oudomxay	Ministry of Energy and Mining	Ministry of Industry and Commerce
4-5 Mar	Houaphan	Champasak	Vientiane	Phongsaly	Ministry of Information and Culture	Ministry of Labor and Social Welfare

3) Evaluation of training, and meta-evaluation

In sum, the above-mentioned training was successful with its theme, “Brush up and upgrade,” in brushing up the contents and introducing new methods and tools for PIP management. However, a few issues regarding the training program, time allocation, and trainers’ level of understanding and facilitation skills, have been identified and need improvement.

As for meta-evaluation, MPI-DOE has been evaluating the quality of project assessment conducted by the planning departments of 16 provinces/Vientiane the Capital and central ministries. In addition, meta-evaluation will be included as a unit of the training next year to draw lessons learned for improving project assessment in quality and quantity.

4) Feedback on OJT results

The Project shared the above-mentioned results of training evaluation and OJT evaluation with the ministries and provinces occasionally. In the PIP management training next year, the Project also plans to share with the ministries and provinces detailed OJT evaluation results on the following: i) appropriateness of the process in processing annual PIP budget requests for the fiscal year 2010/2011; and ii) assessment ratio of the requested PIP projects for the fiscal year 2010/2011.

5) Training curriculum development

Based on the training evaluation above, the direction of the training in the next year was set as shown in the box below and the Table 5.

Direction of the Training

- (1) Emphasize *the work flow* of annual PIP budget request procedure
- (2) Enhance *the capacity of DPI officials* in PIP management
(Conduct *TOT: Training of Trainer* for DPI officials)
- (3) Pilot approach to *the eight main line sectors* to enhance cost-effectiveness

Table 5: Training and OJT Program in 2010-2011

Training/ Follow-up	Time	Location	Length	Main Trainer	Main Trainee	Main Objective
(1) Seminar for DPI Directors	Early Nov'10	Vientiane Capital	2 days	MPI Vice Minister	DPI Director	● Develop annual PIP budget outline of the province with the director's initiative
(2) Training from MPI to DPI	Nov'10	Vientiane Capital	5 days	MPI Officials	DPI Officials	● Understand PIP work flow and become able to instruct POs
(3) Training from DPI to PO with MPI's support	Dec'10	Each Province/ Capital	2 days	DPI Officials	PO in the 8 Main Sector Depts	● Develop annual PIP budget outline of the sector and gain practical skills in budget requesting
(4) Follow-up from MPI to DPI	Feb-Mar'11	Each Province/ Capital	2 days	MPI Officials	DPI Officials	● DPI gain support from MPI in conducting project assessment

6) TOT

The Project has implemented the TOT program to train about 25 officials from the MPI-DOE, MPI-DOP and MPI-DIC in August 2010 with the following objectives.

- MPI Trainers understand and assimilate all the course units of the training in the next year.
- MPI Trainers understand and assimilate methods of presentation, facilitation and instructions.
- MPI Trainers succeed in delivering the training while transferring the training's objectives to officers at both the provincial and central levels.

7) Discussions on institutionalizing training

To enhance the financial sustainability of PIP management training, the MPI, JICA, and the Project have agreed to have the MPI bear a certain portion of the Project's training expenses. Based on the agreement, 321.34 million kip, or one third of the Project's training expenses, was approved by the National Assembly in 2009 as the MPI's PIP counterpart fund for the Project and used for conducting OJT. This year, 693.46 million kip, or one half of the Project's training expense, was already requested to the National Assembly as the MPI's PIP counterpart fund for the Project.

(3) Important Points for the Fourth Year

The fourth year will be the first time to train officials in the planning departments from provinces and ministries. Thus the Project will do its best to train them as qualified trainers who can transfer knowledge and skills of PIP management to PO and officials in planning units of the districts.

2.4 [Output 2] Activities for PIP Budget and Financial Management

(1) Expected Achievement of Output 2

PIP financial management training courses were conducted in all the provincial DPIs in January 2010. Participants understand the details of the financial management contents, and positively accepted the contents. Therefore, it is fair to say that the possibility of achieving the outcome “introduction of the PIP budget and financial management” is high.

To institutionalize the PIP financial management method, it is important that these methods are utilized in the PIP budget formulation process in the MPI and provinces. The PCAP2 team plans to conduct follow-up tasks, including additional training sessions and presentations, to ensure that the PIP financial management tools will be further accepted by the MPI and provinces.

The training component on PIP budget management was not included at this time, as the PIP budget guideline for 2010-11 was not formulated in December.

(2) Implementation Review

The activities conducted for the achievement of this outcome are as follows.

1) Developing a training program, curriculum and materials

The training program for PIP financial management for the provinces was formulated as follows.

- The training is to be held three times, for the northern, central and southern regions. The provinces are expected to share their experiences in PIP financial management with their neighboring provinces after the training.
- The training is held in Vientiane, not in the provinces, for operational efficiency.
- The duration of the training is two days. The first day is to learn the concept of PIP financial management, and the second day is to learn how to conduct financial management. Afterward, all the participants will do a case study in the last half of the second day.

1 st day	Morning	Overview of PIP financial management <ul style="list-style-type: none"> ➤ Exercise 1: Calculation of payment duration ➤ Exercise 2: Calculation of payment duration for each province
	Afternoon	Provincial PIP financial analysis and budget planning by the DPI <ul style="list-style-type: none"> ➤ Exercise 3: Setting targets on due amounts for provinces ➤ Exercise 4: Analysis on the excess due amounts ➤ Exercise 5: Formulation of PIP mid-term expenditure outlook
2 nd day	Morning	
	Afternoon	Workshop:

		<p>When the due amounts based on those requested from sector departments are more than the PIP budget capacity</p> <ul style="list-style-type: none"> - How should DPIs communicate with sector departments? - How should DPIs report to governors?
--	--	---

The following training curricula and contents have been developed.

- a) Overview of the PIP financial management method
- b) Provincial PIP financial analysis and budget planning by the MPI
- c) Provincial PIP financial analysis and budget planning by the DPI

The curricula for provincial training are a) and c), while those for the MPI are a) and b).

Training on PIP financial management, focusing on the payment duration, i.e., how many years it takes for a province to complete payments for a project, explains the management of payment durations, setting targets on due amounts, and negotiations with sector departments. In the training, the participants did five exercises to improve their analytical skills.

2) Training of trainers (TOT)

TOT was conducted for seven MPI-DOP staff members in January 2010. Trainers conducted facilitation of workshops, and helped the participants do exercises.

3) Training for provinces and ministries

Training sessions on PIP financial management were held in January 2010 in Vientiane as follows.

- 14-15 January 2010: Training for central provinces
- 19-20 January 2010: Training for southern provinces
- 21-22 January 2010: Training for northern provinces
- 26-27 January 2010: Training for the MPI

The numbers of participants were as follows.

- Central provinces: 20
- Southern provinces: 22
- Northern provinces: 28
- MPI: 11

4) Improvement of PIP budget allocation and PIP project financial management methods

Sections related to the subjects were revised in the Project Manual and handbooks based on the response of the abovementioned training and the results of the actual PIP budget process. The contents of the PIP budget management training are also revised.

(3) Important Points for the Fourth Year

A PIP budget planning/financial management seminar is planned in November 2010. Directors of DPI are invited so that decision makers can provide their directions in budget and financial management before their staff members begin preparing for the annual PIP budget request. In the seminar, a draft guideline including provincial development direction, budget allocation and financial management, and the budget preparation schedule will be formulated.

It is necessary to coordinate the development of the PIP budget allocation method with the PIP budget request method because there will be problems if the two methods do not match.

2.5 [Output 4] Activities for the Improvement of PIP Management Methods

2.5.1 [Output 4-1] ODA National Contribution Budget Management

(1) Expected achievement of the relevant parts in Output 4-1

As mentioned in the table below, Output 4-1 is going well and is expected to reach the goals that have been scheduled for the end of the project. The remaining tasks to be achieved within the next phase are: 1) authorization of the manuals and handbooks by the MPI minister and 2) further development of the management capacity of those concerned with PIP so that they can independently operate PIP using the manuals and handbooks. It seems quite possible for the project to achieve the tasks if the scheduled activity of the next phase is done without running into any obstacles.

Table 6: Achievement of Output 4-1

Indicators	Achievements
4-1 "Manual for PIP Project Management" and handbooks are upgraded or developed so as to cover ODA national contribution budget management, and district-level PIP management. The manual(s) and handbook(s) are approved and distributed to all relevant government personnel.	<p>Already achieved except the distribution of the handbooks</p> <ol style="list-style-type: none"> 1) Workflow with Simplified Project Information Sheet (SPIS), and the SPIS format and revised comparative assessment workflow, which reflect pertinent issues of the ODA national contribution budget management, were developed and then incorporated into the contents of the manuals and handbooks after discussion among the counterpart officers in the MPI including the DIC. 2) Upgraded manuals were distributed to the relevant government personnel that received training in the 3rd phase which was implemented from December 2009 to February 2010. 3) The manuals were improved in August 2008, reflecting the results of the training evaluation study. 4) Handbooks including the above contents were prepared in August 2010, and shall be delivered during the training session of the next phase after official authorization and a revision by the MPI.

<p>4-3 More than 20 MPI officials and more than 5 planning department officials in each province, ministry and other relevant government organizations are capable of both managing PIP in accordance with the manual(s) and handbook(s) that are being newly developed or upgraded, and the training of relevant provincial and district officials is carried out.</p>	<p>The part related to the trainer’s capacity has been achieved, but training management capacity should be enhanced.</p> <p>1) The training course for the PIP management of the 3rd phase to be implemented from December 2009 to February 2010 was completed by the end of January 2010. The number of officials who were trained in the training course is in the table below.</p> <p style="text-align: center;"><u>Numbers of trainee by the training 2009-2010</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Affiliation</th> <th>Number of officials trained</th> </tr> </thead> <tbody> <tr> <td>MPI</td> <td>20 personnel (trained as TOT)</td> </tr> <tr> <td>DPI</td> <td>186 personnel (except Xiengkhuang and Huaphan provinces)</td> </tr> <tr> <td>Project Owners in provinces</td> <td>495 personnel (except Xiengkhuang and Huaphan provinces)</td> </tr> <tr> <td>Central ministries and other relevant government organizations</td> <td>100 personnel</td> </tr> <tr> <td>Total</td> <td>801 personnel</td> </tr> </tbody> </table> <p>2) 93% or 642 out of 762 trainees in the provinces and 87% or 66 out of 76 trainees in the central ministries who answered the questionnaire stated that their knowledge of PIP management had been improved by the training.</p> <p>3) 60% or 363 out of 762 trainees in the provinces and 95% or 72 out of 76 trainees in the central ministries gave correct answers to the 2 questions that asked about this subject in the post test. The practical management skills of the trainees on this subject needs to be enhanced through follow up training and on-the-job training.</p> <p>4) 20 MPI officers became capable of being trainers on this subject through a series of TOT in this phase.</p> <p>5) More than 80% of the trainees rated the training management as excellent or good.</p> <p style="text-align: center;"><u>Number of MPI officers trained in the 3rd phase</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Department of Evaluation (DOE)</th> <th>Department of International Cooperation (DIC)</th> <th>Department of Planning (DOP)</th> <th>Department of Organization and Personnel (DOOP)</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>14 people</td> <td>2 people</td> <td>2 people</td> <td>2 people</td> <td>20 people</td> </tr> </tbody> </table>	Affiliation	Number of officials trained	MPI	20 personnel (trained as TOT)	DPI	186 personnel (except Xiengkhuang and Huaphan provinces)	Project Owners in provinces	495 personnel (except Xiengkhuang and Huaphan provinces)	Central ministries and other relevant government organizations	100 personnel	Total	801 personnel	Department of Evaluation (DOE)	Department of International Cooperation (DIC)	Department of Planning (DOP)	Department of Organization and Personnel (DOOP)	Total	14 people	2 people	2 people	2 people	20 people
Affiliation	Number of officials trained																						
MPI	20 personnel (trained as TOT)																						
DPI	186 personnel (except Xiengkhuang and Huaphan provinces)																						
Project Owners in provinces	495 personnel (except Xiengkhuang and Huaphan provinces)																						
Central ministries and other relevant government organizations	100 personnel																						
Total	801 personnel																						
Department of Evaluation (DOE)	Department of International Cooperation (DIC)	Department of Planning (DOP)	Department of Organization and Personnel (DOOP)	Total																			
14 people	2 people	2 people	2 people	20 people																			

(2) Implementation review of this phase

Activities to achieve Output 4-1, i.e. the strengthening of management of the ODA national contribution budget, are going well. The following table summarizes the records of the activities.

Table 7: Records of Activities to Achieve Output 4-1

Activities	Records
1 Study the processes of the ODA national contribution budget management, district-level PIP	1) Project team exchanged opinions with the officers in

Activities	Records
management, and sector program management.	<p>charge of the ODA in related departments for kicking off preliminary studies.</p> <p>2) The roles and responsibilities of concerned departments to ODA in the MPI and budget application procedure of PIP/ODA and of the ODA national contribution budgets were analyzed.</p> <p>3) Existing problems on the budget application procedure were identified and requisites of countermeasures were analyzed.</p>
2 Verify the process and schedule of ODA national contribution budget management, district-level PIP management and sector program management in accordance with the annual budget formulation process and calendar, starting with Oudomxay, Khammuan and Saravan.	<p style="text-align: center;">Completed</p> <p>The current budget application procedure on the ODA national contribution budget was verified in Oudomxay, Khammuan, Saravan and Bolikhamxay.</p>
3 Upgrade "Manual for PIP Project Management" and "Manual for PIP Program Management" with a focus on ODA national contribution budget management, district-level PIP management, and sector program management. Also, develop handbooks on these issues.	<p style="text-align: center;">Completed</p> <p>1) SPIS workflow, format and revised comparative assessment workflow were developed and incorporated into the Project Manuals for upgrading.</p> <p>2) Contents of the manuals were improved based on the results of the training evaluation in the 3rd phase.</p> <p>3) Handbooks were prepared in August 2010.</p>
4 Produce and distribute the manual(s) and handbook(s) to all relevant organizations.	<p style="text-align: center;">Portions remain incomplete</p> <p>1) The Project Manuals were upgraded in the 2nd phase and then improved after the training of the 3rd phase.</p> <p>2) Handbooks were prepared in the 3rd phase and will be distributed to those concerned with PIP management in the 4th phase.</p> <p>3) It is necessary for the manuals and handbooks to be authorized by the MPI.</p>
5 Assist the MPI with developing the training curriculum and materials.	<p style="text-align: center;">Completed</p> <p>1) The training contents of FY 2009/10 were prepared and then revised for FY 2010/11 under collaboration between MPI trainers and JICA experts.</p> <p>2) Training curriculum, training contents and training guides were developed.</p>
6 Assist the MPI in conducting training and workshops for all the provinces and ministries (Implement this activity together with 2-6).	<p style="text-align: center;">Completed</p> <p>All the management processes of the training through preparation, implementation and evaluation have been completed through collaboration between the counterpart officers in the MPI and JICA experts.</p>
7 Assist the MPI in conducting OJT for all the provinces and ministries.	<p style="text-align: center;">Completed</p> <p>The counterpart officers in the MPI implemented OJT with assistance from JICA experts and the local staff of the Project all over Laos from March to May 2010.</p>
8 Assist the MPI with revising manual(s) and Handbook(s) based on feedback from the activities.	<p style="text-align: center;">Completed</p> <p>The counterpart officers in the MPI with JICA experts improved the manuals and prepared the handbooks based on the feedback of the training evaluation report from the 3rd phase.</p>

(3) Important points on the implementation of the next phase

Remaining tasks to accomplish Output 4-1

➤ **Authorization of manuals and handbooks**

The manuals have been upgraded twice by now, which include the subjects of the ODA national contribution budget management. In addition, the first editions of the handbooks have

just been prepared in August 2010. It is essential for these products to be authorized by the MPI minister so that the proposed workflow and format of SPIS officially become effective.

➤ **Enhancement of practical skills for PIP management**

According to the training evaluation study for the 3rd phase, 60% or 363 out of 762 trainees in the provinces, and 95% or 72 out of 76 trainees in the central ministries gave correct answers to the two questions on ODA national contribution budget in the post test. Thus the level of understanding of the trainees on this subject may not be low. However, it is essential for them to obtain a deeper understanding of the material, and obtain practice in field, in actual management along proposed SPIS workflow. Therefore, the practical management skills of the trainees on this subject have to be enhanced through follow-up training and on-the-job training sessions in the 4th phase.

Activities to enhance the effectiveness of the project

➤ **Assistance for the institutionalization of SPIS workflow**

Significant progress has been made in that the counterpart officers in the MPI including the DIC have agreed that the DIC will take key actors of the SPIS workflow and management. In the next phase, the project aims to provide support for the preparation stage of the commencement of the SPIS workflow that has been officially endorsed by authorized manuals and handbooks as well as ODA Decree, No. 75. This activity shall be implemented carefully with close dialogue between top counterpart officers in the MPI led by the Dr. Bounthavy Sisouphanthong, Vice Minister of the MPI.

➤ **Coordination with similar formats from other projects**

Coordination and demarcation with similar forms by other projects has gradually improved. It was agreed among the DIC that the ODA database supported by the UNDP NIM project will use SPIS for data collection for mid- and long-term viewpoints. Thus the interface of the data base has been designed based on the SPIS format. PCAP2 will accelerate coordination with the other projects to ensure SPIS work more effectively and efficiently. PCAP2 is expected to work closely with an in-house consultant from JICA in charge of the donor coordination, who has newly arrived at the post.

Table 8: Summary of Related Formats with ODA Used in DIC

	Name	Purpose	Who writes?	Collection/delivery term
1	ODA List	Compile résumé of all the ODA Project	Provincial Departments, DPI and Ministries	Within January
2	PIS/PIR/PWP	Arrangement of project	All PJ Directors	December-January

	Name	Purpose	Who writes?	Collection/delivery term
		information by PJ Owners		
3	FAR Questionnaire	Preparation of FAR	Development Partners	December-January
4	SPIS	1) Apply for NCB 2) Collect information for the ODA Database	Provincial Departments, the DPI and Ministries,	From December-February

Source: prepared by PCAP2

➤ Expanding the number of trainers from the DIC

Counterpart officers in the DIC have been arguing that the DIC should be the main implementer of all the training courses related to ODA subjects. It was agreed among the counterpart officers in the MPI at a working group meeting for improving manuals and training materials that the DIC would become a lead actor in the SPIS workflow. However, only two trainers were allocated from the DIC to attend the training of the 3rd phase even after the agreement. This number had been too low to cover the training throughout Laos that the other trainers from DOE and DOP helped complete remaining tasks. It is planned that the trainers from the 3rd phase become core trainers in the following phase. Therefore, the DIC is expected to enhance its own commitment to the PCAP2 through dispatching more trainers in the 4th phase.

2.5.2 [Output 4-2] District-Level PIP Management

(1) Expected achievement of Output 4-2

As shown in the following chart, Output 4-2 is progressing smoothly and is expected to achieve its targets by the end of the Project. The contents of district-level PIP management in the Project Manual, along with the formats for District/Kum-ban development projects, have been revised based on comments from the MPI and provincial officers. A draft handbook has been developed. It will be distributed to provinces and district levels, and validated through training sessions and study trips in the final year of the Project.

Table 9: Achievement of Output 4-2

Indicator	Achievement
4-2 “Manual for PIP Project Management” and handbooks are upgraded or developed to cover District-level PIP management. The manual and handbooks are approved and distributed to all relevant government personnel.	District-level PIP management is upgraded in the Manual for PIP Project Management (Project Manual). The draft handbook is developed, but still needs to be validated and revised.

(2) Implementation review

Activities to achieve Output 4-2 are progressing as planned. The following table shows the activities planned throughout the Project for this topic, along with their results.

Table 10: Activities for Output 4-2

Activity Planned	Achievement
4) Studies on workflow and capacity levels in District Planning and Statistics Office.	Completed Studies in Oudomxay and Saravan provinces were conducted to understand the current workflow and its issues in district-level PIP management. The study also confirmed the lack of staff capacity, as compared to the current requirements.
5) Analysis on the appropriate division of duties between DPI and DPSO.	Completed Analysis was made regarding the workflow from the district levels to provinces. In addition, further studies were made regarding poverty reduction and rural development approaches, conducted by various sources (i.e. the Poverty Reduction Fund, the Rural Development Fund, and development partner funds).
6) Development/Revision of methods and tools and its reflection in the manuals/handbooks.	Ongoing Ideal process and methods were introduced in the Project Manual, and revised by reflecting opinions collected through training sessions. The draft Handbook has been developed. The Handbook will be validated and finalized by the end of the Project.
7) Development of training packages and TOT contents.	Completed The training package for district-level PIP management has been completed and revised.
8) Training of trainers.	Completed The TOT session for the final training has been conducted.
9) Validation of procedures, methods, tools and training.	Ongoing Validation will continue through the final year of the Project, with the objective to improve the contents of the Handbook.

(3) Important points for the Fourth Year

At the central government level, the Project will continue discussions with donors and domestic funding agencies to unify project application routes and formats. Although it is difficult to unify all processes, the Project will continue promoting this approach in accordance with the Vientiane Declaration. As for the approach concerning the districts, the Project will validate the Handbook for further improvement. The Project will issue its final version of the Handbook by its completion date.

2.5.3 [Output 4-3] Sector Program Management

(1) Expected achievements of the relevant parts in Output 4-3

As mentioned in the table below, the Indicators 4-2 and 4-3 are going well and should be achieved

by the end of the project. The Program Manual has been upgraded, which includes new contents, case studies of the Program Objective Tree (POT), Chronological Charts, and PIP Maps in the three (3) monitor provinces. The study revealed important issues for strengthening the next Five-Year Socio-Economic Development Plans (SEDPs) 2010-2015. The manual has been distributed to the relevant parties in the training course that is underway from December 2009 to February 2010. Based on the evaluation study of the training, the manuals have been upgraded and the 1st editions of the handbooks were prepared in August 2010.

Table 11: Achievement of Output 4-3

Indicators	Achievements														
4-2 “Manual for PIP Program Management” is upgraded, approved and distributed to all government personnel related to PIP management.	<p>Achieved, except for the authorization of the manual</p> <ol style="list-style-type: none"> 1) The program Manual was upgraded by including cases of program tools and challenges on sector program management in the 2nd phase. 2) The manual was revised by reflecting the results of the training evaluation study and OJT that had been implemented in the 3rd phase. 3) The manual needs to be authorized by MPI. 														
4-3 More than 20 MPI officials and more than 5 planning department officials in each province, ministry and other relevant government organizations are capable of both managing PIP in accordance with the manual(s) and handbook(s) that have been newly developed or upgraded. The training of relevant provincial and district officials is carried out.	<p>The part related to trainer’s capacity has been achieved, but training management capacity should be enhanced.</p> <ol style="list-style-type: none"> 1) As of the end of January 2010, the training course for the PIP management of the 3rd phase has been implemented from December 2009 to February 2010. The numbers of officials who were trained in the training course are in the table below. <table border="1" data-bbox="691 1167 1342 1487" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;"><u>Numbers of trainee by the training 2009-2010</u></th> </tr> <tr> <th>Affiliation</th> <th>Number of officials trained</th> </tr> </thead> <tbody> <tr> <td>MPI</td> <td>20 personnel (trained by TOT)</td> </tr> <tr> <td>DPI</td> <td>204 personnel</td> </tr> <tr> <td>Project Owners in provinces</td> <td>558 personnel</td> </tr> <tr> <td>Central ministries and other relevant government organizations</td> <td>108 personnel</td> </tr> <tr> <td>Total</td> <td>882 personnel</td> </tr> </tbody> </table> 2) 93% or 642 out of 762 trainees in the provinces and 87% or 66 out of 76 trainees in the central ministries who answered the questionnaire rated that their knowledge for PIP management had been improved by the training. 3) 55% or 416 out of 762 trainees in the provinces and 77% or 58 out of 76 trainees in the central ministries gave correct answers to the 2 questions that asked about this subject in the post test. The rate of correct answers to a question about 3 program management tools was relatively lower than the other subjects in the provinces. 4) 20 MPI officers gained the capacity to be trainers on this subject through a series of TOT in this phase. 5) More than 80% of the trainees rated the training management program as excellent or good. <p><u>The number of MPI officers trained in the 3rd phase</u></p>	<u>Numbers of trainee by the training 2009-2010</u>		Affiliation	Number of officials trained	MPI	20 personnel (trained by TOT)	DPI	204 personnel	Project Owners in provinces	558 personnel	Central ministries and other relevant government organizations	108 personnel	Total	882 personnel
<u>Numbers of trainee by the training 2009-2010</u>															
Affiliation	Number of officials trained														
MPI	20 personnel (trained by TOT)														
DPI	204 personnel														
Project Owners in provinces	558 personnel														
Central ministries and other relevant government organizations	108 personnel														
Total	882 personnel														

	Department of Evaluation (DOE)	Department of International Cooperation (DIC)	Department of Planning (DOP)	Department of Organization and Personnel (DOOP)	Total
	14 people	2 people	2 people	2 people	20 people

(2) Implementation review

Activities to achieve Output 4-3, i.e., Strengthening Sector Program Management, are going well and are on the way to completion. The following table summarizes the record of the activities. The activities focused on introducing case studies of the Program Tools in the three monitor provinces to provide useful lessons for preparing the next five-year development plans in each governmental organization in Laos.

Table 12: Records of Activities to Achieve Output 4-3

Activities	Records
1 Study the process of ODA national contribution budget management, district-level PIP management and sector program management.	Completed The five-year national development plan, model sector development plan, the sector-wide development plan of the 3 monitor provinces, and the action plan of the national plan were analyzed to be structured.
2 Verify the process and schedule of ODA national contribution budget management, district-level PIP management and sector program management. In accordance with the annual budget formulation process and calendar, starting with Oudomxay, Khammuan, and Salavan.	Completed 1) A preliminary study was implemented to specify a model sector. 2) Structural analysis of the current 5 year development plans of the model sector in the 3 monitor provinces was implemented. 3) Case study examples of the program tools of the model sector in the 3 monitor provinces were implemented. 4) Issues regarding the development plans were identified by the analysis mentioned above.
3 Upgrade the "Manual for PIP Project Management" and the "Manual for PIP Program Management" with a focus on ODA national contribution budget management, district-level PIP management, and sector program management. Also, develop handbooks on these issues.	Completed 1) Program tools and challenges were included in the Program Manual as a revision in the 2 nd phase. 2) The manual was improved incorporating the results of the training evaluation from the 3 rd phase.
4 Produce and distribute the manual(s) and handbook(s) to all relevant organizations (Implement this activity with 2-4).	Portions remain incomplete 1) The Program Manual had been upgraded in the 2 nd phase, and improved after the training of the 3 rd phase. 2) The manual needs to be authorized by the MPI.
5 Assist the MPI with developing the training curriculum and materials (Implement this activity together with 2-5).	Completed The training curriculum, training contents and training guide have been developed through collaboration between counterpart officials of the MPI and JICA experts.
6 Assist the MPI with conducting training and workshops for all the provinces and ministries (Implement this activity together with 2-6).	Completed All the management processes of the training, i.e. preparation, implementation and evaluation, have been shared by counterpart officials of the MPI and JICA experts.
7 Assist the MPI with conducting OJT for all the provinces and ministries (Implement this activity together with 2-7).	Completed Counterpart officials from the MPI implemented a series of OJT courses with JICA experts and local staff from March to May 2010.
8 Assist the MPI with conducting meta evaluations	Portions remain incomplete

Activities	Records
for PIP projects assessed and evaluated, and with the monitoring indicators in a sector program.	Meta evaluations have been conducted since July 2010; currently the results are being analyzed.
9 Assist the MPI with revising manual(s) and Handbook(s) based on the feedback from activities 4-6 and 4-7 (Implement this activity together with 2-9).	<p style="text-align: center;">Completed</p> Counterpart officials from the MPI improved the program manual with the assistance of JICA experts based on the feedback from the training evaluation study conducted during the 3 rd phase.

(3) Important points for the next phase

It is a remaining issue on this subject that the correct answer rate is relatively lower than the other subjects even though sector program management is not a new subject that has been added in the PCAP2 series. Especially, understanding the concept of the program and recognition of the three management tools is not yet sufficient. To address this fact, the next series of the training sessions will incorporate the following factors.

- 1) **Re-organization of terminology.** The program manual includes apparently similar technical terms that often confuse its readers. Therefore, the terminology of the manual and training materials for the next phase has already been revised. The project shall ask the trainers to be mindful of this point.
- 2) **Practical use of illustration.** As program management is structural and has concepts unfamiliar to new trainees, illustrations to facilitate their understanding shall be adopted.

(4) Strengthening POT exercises Exercises in the 3rd phase training session aimed to identify issues as programs in the current five-year development plans through preparing POT. However, during the exercises, often it happened that preparing POT became the major objective of the exercise. As a result, the trainees' understanding suffered in such a way that they were unable to identify gaps between the actual plans and ideal structures of the programs. Therefore, the next series of training sessions shall try to deepen their understanding of program structure, by adopting POT in a comparative assessment exercise.

3. Progress towards Achieving the Project Purpose

The Project Purpose is as follows: “the MPI and DPI process PIP projects through a new assessment procedure introduced by the Project within a strict budget ceiling, and conduct monitoring and evaluation.” The Project has developed tools, methods and standard procedures to achieve this purpose, and is now in a stage to provide its final training and to monitor the application at the 2011/12 annual PIP budget request procedure. Although the outputs of the Project are progressing smoothly for the achievement of their expected targets, the achievement of indicators for the Project Purpose relies on the management performance by the MPI and DPI as well as personnel involved in overall PIP management; during the abovementioned annual 2011/12 budget request procedure. Therefore, achievements of the Project Purpose indicators cannot be fully ensured until this budget procedure is monitored.

Indicators and the current achievement levels are listed in the following chart.

Table 13: Achievement Levels of Project Purpose Indicators

Indicators of the Project Purpose	Achievement / Expected Achievement
The percentage of domestically funded PIP projects and the counterpart fund portion of ODA projects, which are assessed, monitored, and evaluated within the annual budget ceiling with a specific budget execution schedule, is increased to 100% by the end of PCAP2.	<p style="text-align: center;">To be confirmed</p> <p>The Project has established the standard annual PIP budget procedure, which has been disseminated through the Project Manual, and the nationwide training sessions. The MPI and PCAP2 are compiling the results of the PIP budget request for 2010/11. From preliminary studies and interviews with provincial officials, it has not reached the level of 100%. The Project will further conduct training and advisory functions to provinces with the objective of achieving (if not, reaching close to) 100% completion on time, at the annual PIP budget request procedure for 2011/12.</p>
Reports for every domestically funded PIP project at each stage (planning/appraisal, monitoring, evaluation) are improved.	<p style="text-align: center;">Partially achieved</p> <p>The Project has improved its reporting formats to be submitted by the project owner of each PIP project. The Project has also included chapters for the Project Owner, indicating their roles and responsibilities. MPI and PCAP2 are compiling the results of the PIP budget request for 2010/11. From preliminary studies and interviews with provincial officials, the quality and quantity of submission has improved.</p>
The MPI and DPI set and implement a budget ceiling at both the central and provincial levels with the MOF and DOF.	<p style="text-align: center;">Partially achieved</p> <p>The PIP budget norm was agreed on by the National Assembly in June 2010. However, further follow-up is necessary so that the budget ceilings are announced at the appropriate timing. The Project will further discuss with the MPI-DOP the announcement of the PIP budget norm at the annual PIP budget procedure 2011/12.</p>
The amount and ratio of debts in annual PIP budgets decrease.	<p style="text-align: center;">To be confirmed</p> <p>The Project has developed a comprehensive PIP financial management tool to monitor the financial situations in the provinces. The MPI and PCAP2 are compiling the results</p>

	of the annual PIP budget request for 2010/11.
The MPI and sector ministries develop sector programs with specific annual and regional targets, and develop the distribution of domestically funded PIP projects and ODA projects.	<p style="text-align: center;">Partially achieved</p> <p>The Project has developed a program management approach for the selection of appropriate PIP projects at the provincial level. Provincial sector departments are beginning to utilize the tools as the criteria for the comparative assessment of PIP projects. This approach needs validation in the annual PIP budget request 2011/12 procedure.</p>

4. Impact

The achievement progress of the Overall Goal, namely, i.e., “Sector ministries and provincial sector departments effectively and efficiently implement PIP projects on schedule and in accordance with the planned budget execution under an upgraded sector program” is difficult to judge as supported by the following indicators at this stage. However, since the Project is conducting activities to improve the performance of PIP projects as part of the component of improving assessment quality, it is progressing toward its achievement goals.

Table 14: Overall Goal Indicators

Proposed Indicators
<u>An increase</u> in the number and ratio of domestically funded PIP projects and ODA projects <u>that are completed as initially scheduled.</u>
<u>An increase</u> in the number and ratio of domestically funded PIP projects and ODA projects <u>that are properly maintained after completion.</u>
<u>An increase</u> in the number and ratio of domestically funded PIP projects and ODA projects are <u>that are utilized and operated as originally planned.</u>
<u>In sectors and provinces,</u> target indicators are utilized as <u>PIP project selection criteria.</u>

5. Outstanding Issues

The planned Third Country Training activity was not conducted this year. In its planning stages, PCAP2 considered the possibility of conducting a series of training sessions in Malaysia; hosted by the National Institute of Public Administration (INTAN); jointly with a JICA technical cooperation project in Malawi named the Capacity Enhancement for Public Sector Investment Plan (PSIP). It was initially agreed that this training session would be conducted in May 2010, but due to scheduling reasons, INTAN requested that the training be delayed until September 2010. However, September is a period in which PCAP2 cannot conduct any activities. As a result, PCAP2 cancelled its participation.

6. Dispatch of Japanese Experts

Position	Name	Third Year											JICA M/M
		2009			2010								
		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	
Chief Advisor	Ichiro Okumura	(10/19-1/21)					(3/20-6/22)			(6/23-30)		(8/1-30)	7.33
				95					95	(8)		30	
Program Management	Hiromi Osada		(11/16-1/14)						(5/23-6/22)		(6/22-24)		3.00
				60					30	(3)			
Financial Management/Budget Planning	Atsushi Tokura		(11/24-12/8)						(5/29-6/12)				1.00
				15					15				
Public Accounting/Budget Execution	Hirofumi Azeta		(11/29-12/5)		(1/4-1/30)		(3/21-3/24)		(5/29-6/19)				2.00
			SOE				SOE						
				7		27		4		22			
Meta Evaluation/Training Development	Tomoe Taira		(11/8-2/5)						(5/6-6/20)		(7/3-8/25)		6.33
					90					46		54	
Project Coordination	Kazumi Nakamura/ Mana Ishigaki	(11/9-11/23)		(11/24-12/26)		(1/7-1/21)		(1/22-4/4)				(8/1-30)	(2.00)
				15	(33)	15	(73)					30	
		Self Funding Period			IC Net Funding Period			JICA other assignment			TOTAL M/M	19.66	

7. Equipment Purchased for Project Usage

The following is the list of equipment purchased for use in the project.

Name of Equipment	Purpose
Adobe Acrobat 9.0	To enhance efficiency of documentation work in the office
Microsoft Publisher 2007	To produce newsletters and project PR documents

Appendix

“Manual for Public Investment Program (PIP) Project Management”

(Attached Cover Page and Table of Contents)



Lao People's Democratic Republic
Peace, Independence, Democracy, Unity, Prosperity

Manual
For
Public Investment Program (PIP)
Project Management
(Version 3.0)

Ministry of Planning and Investment
August, 2010



Manual for PIP Project Management (Version 3.0)

Main Contents

Abbreviation

Preface

Section 0 General Background of the Manual

Section I Definition and Flow of PIP Management

Section II PIP Budget Management Method

Section III PIP Project Preparation for Project Owners

Section IV PIP Project Assessment and Evaluation

Section V Technical Approaches in PIP Management

Section VI Formats for PIP Project Management

Manual for PIP Project Management
Section I Definition and Flow of PIP Management

Contents

1.	Definition of Public Investment in Lao PDR.....	2
1.1	Definition of Program and Project.....	2
1.2	Definition of Public Investment Program.....	2
1.3	Classification of PIP Projects.....	3
1.4	Tasks of Organizations in PIP Management.....	4
1.5	Development Plans and PIP.....	10
1.6	Management of PIP as a Program and a Project.....	11
1.7	Definition of PIP Project Management.....	12
1.8	PIP Management and Decision Making Roles.....	15
2.	ODA Projects and National Contribution Budget.....	15
2.1	Definition of ODA.....	15
2.2	Classification of ODA.....	17
2.3	Prerequisite of ODA.....	17
2.4	Definition of ODA National Contribution Budget.....	17
2.5	Tasks of Organizations in ODA National Contribution Budget Management.....	18
3.	Village/Kum-Ban/District Development and PIP Projects.....	22
3.1	Definition of Districts in PIP Management.....	22
3.2	Definitions of Villages and Kum-bans in PIP Management.....	23
3.3	PIP Projects through Provincial Requests.....	25
3.4	PIP Projects through Central Government Organizations.....	26
3.5	Poverty Reduction Fund Projects through NLBRDPA.....	26
3.6	Kum-ban Development Plans.....	27
3.7	ODA Projects Directly Supporting Rural Development / Poverty Reduction.....	28
3.8	ODA Projects Supporting Sectors.....	28
3.9	Budget Request Routes for Village/Kum-ban Development PIP Projects.....	29
4.	PIP Project Management Flow from the Project Perspective.....	31
4.1	PIP Project Management Flow.....	31
4.2	Project Planning.....	32
4.3	Project Monitoring for Implementation.....	35
4.4	Project Completion.....	38
4.5	Operation and Maintenance.....	40
5.	PIP Project Management in the Annual Flow.....	42
5.1	PIP Management Annual Flow.....	42
5.2	Overview of PIP Management Process.....	42
6.	Summarize.....	63
6.1	Summarize Individual Projects.....	63
6.2	Summarize List of Projects.....	63
7.	Approval.....	63
7.1	Suggestion to the Decision Maker(s).....	64
7.2	Approval Procedure.....	64
8.	Feedback.....	64

Manual for PIP Project Management

Section II PIP Budget Management Method

Contents

1.	Overview of PIP Budget Allocation and Financial Management Method	2
1.1.	Objectives	2
1.2.	Definition of “PIP budget Management”	2
1.3.	Overview of PIP budget management process	2
2.	Guidelines on PIP budget formulation	6
2.1.	Overview and objectives of guidelines on PIP budget formulation	6
2.2.	Contents of budget guidelines	6
3.	PIP financial management method	10
3.1.	Overview of PIP financial management method	10
3.2.	Nationwide PIP financial analysis and budget planning by MPI-DOP.....	18
3.3.	Provincial PIP financial analysis and budget planning by DPI	31
3.4.	Formulation of Mid-term PIP Financial Outlook.....	48

Manual for PIP Project Management (Version 3.0)
Section III PIP Project Preparation for Project Owners
Contents

1. Project Framework	2
1.1 Narrative Summary	3
(1) Project Purpose	3
(2) Overall Goal	4
(3) Outputs	5
(4) Activities	6
(5) Inputs	6
1.2 Project Indicators	7
(1) Objectively Verifiable Indicators	7
(2) Means of Verification	9
2. Project Proposal for New Projects	11
2.1 Project Proposals for Sector Projects (formats I-1, I-2, I-3, I-4)	13
2.2 Project Proposal for Revival Projects (Format I-5)	16
2.3 Project Proposal for Kum-ban Development Projects (Format I-6)	19
3. Progress Report for Ongoing Projects	23
3.1 Progress Reports for Sector Projects (II-1, II-2, II-3)	25
3.2 Progress Report for Kum-ban Development Projects (II-6)	28
3.3 Project Payment Process Report (II-7)	30
4. Project Completion Report	33

Manual for PIP Project Management

Section IV PIP Project Assessment and Evaluation

Contents

1. Project Evaluation in General	2
1.1. Evaluation in General Terms	2
1.2. The 5 Evaluation Criteria	2
2. Project Assessment and Evaluation	5
3. Absolute Assessment / Evaluation	5
3.1. Definition of Absolute Assessment and Evaluation	5
3.2. Absolute Assessment and Evaluation Forms	6
3.3. Absolute Assessment and Evaluation Methods	8
3.4 Evaluation of a Completed Project	14
4. Comparative Assessment	15
4.1. Definition of Comparative Assessment (CompAss)	15
4.2. Comparative Assessment Workshop	15
5. Comprehensive Results and Recommendations	26
5.1 Comprehensive Rating Results	26

Manual for PIP Project Management
Section V Technical Approaches in PIP Management

Section III explains the technical approaches that are required when planning, monitoring and evaluating a PIP project. Technical approaches; Economic / Financial analysis, social analysis and environmental analysis are important to PIP management, and expertise is required to fully understand these aspects. However, for all staff related to PIP management, it is necessary to understand at least the basic knowledge for these aspects.

Basic knowledge required for personnel involved in PIP management are introduced in this manual. By understanding these approaches in the level as described in this manual, it would be possible to understand the outline of analysis results that a person with expertise has compiled. In order to obtain knowledge as to a level that can commit the analysis by its own, it is recommended to study more deeply with specialized books and training.

Contents

V-1 Reference Material for Social Analysis

V-2 Reference Material for Environmental Analysis

**V-3 Reference Material for Economic and Financial
Analysis**

Manual for PIP Project Management
Section VI Formats for PIP Project Management

Section VI provides sheets and formats that are utilized in PIP project management. The sheets and formats can be divided in 2 objectives; firstly application of PIP projects and its budget, and secondly assessment and evaluation of the PIP projects.

1. Project Proposal / Progress Report / Completion Report Formats

Application of PIP projects and its budget are done by the Project Owner. Details of application are indicated in *Section III*. The application form varies depending on the project type and its current status. There are 15 formats in total;

[PIP Format Numbers for Application]

Project Type	New Projects	Ongoing Projects		Project Completion
		Implementation	Payment Only	
Report Type	Project Proposal	Progress Report	Payment Report	Completion Report
Technical Promotion	I-1	II-1	II-7	III-1
F/S and Design	I-2	II-2		III-2
Construction	I-3	II-3		III-3
F/S & Construction	I-4	-	-	-
Revival	I-5	-	-	-
Kum-ban Devt.	I-6	II-6	II-7	III-6

2. Project Assessment and Evaluation Formats

Absolute assessment through Simplified Project Assessment Sheet (SPAS) formats, and evaluation through Simplified Project Evaluation Sheet (SPES) formats are conducted by MPI/DPI and sector planning departments. Details of assessment and evaluation are indicated in *Section IV*. The sheet varies depending on the project type and its status, and it synchronizes to the abovementioned application forms. There are 15 forms in total.

[SPAS & SPES Format Numbers for Assessment and Evaluation]

Project Type	New Projects	Ongoing Projects	Project Completion	Operation Post Eva.
		Implementation		
Format Type	SPAS		SPES	
Technical Promotion	I-1	II-1	III-1	IV
F/S and Design	I-2	II-2	III-2	
Construction	I-3	II-3	III-3	
F/S & Construction	I-4	-	-	
Revival	I-5	-	-	
Kum-ban Devt.	I-6	II-6	III-6	

As an extra feature, a blank sheet of a comparative assessment chart is attached.

Contents

1. Forms for Application of PIP Projects

- **Flowchart for Application Format Selection (New projects)**
 - I-1 Project Proposal for Technical Promotion
 - I-2 Project Proposal for F/S and Designing
 - I-3 Project Proposal for Construction
 - I-4 Project Proposal for F/S and Construction
 - I-5 Project Proposal for Revival Projects
 - I-6 Project Proposal for Kum-ban Development
- **Flowchart for Application Format Selection (Ongoing projects)**
 - II-1 Progress Report for Technical Promotion
 - II-2 Progress Report for F/S and Designing
 - II-3 Progress Report for Construction
 - II-6 Progress Report for Kum-ban Development
 - II-7 Project Payment Progress Report
 - III-1 Completion Report for Technical Promotion
 - III-2 Completion Report for F/S and Design
 - III-3 Completion Report for Construction
 - III-6 Completion Report for Kum-ban Development

2. Forms for Assessment and Evaluation of PIP Projects

- I-1 SPAS for NEW Technical Promotion
- I-2 SPAS for NEW Feasibility Study and Designing
- I-3 SPAS for NEW Construction
- I-4 SPAS for NEW F/S and Construction
- I-5 SPAS for Revival Projects
- I-6 SPAS for NEW Kum-ban Development
- II-1 SPAS for ONGOING Technical Promotion
- II-2 SPAS for ONGOING F/S and Designing
- II-3 SPAS for ONGOING Construction
- II-6 SPAS for ONGOING Kum-ban Development
- III-1 SPES for Technical Promotion
- III-2 SPES for F/S and Designing
- III-3 SPES for Construction
- III-6 SPES for Kum-ban Development
- IV SPES for ex-post evaluation

3. Comparative Assessment Chart