



Government of Lao People's Democratic Republic

*Ministry of Natural Resources and Environment, Department of
Disaster Management and Climate Change*

UNDP and UNCDF

... 2nd Quarterly Progress Report
(QPR)

Project ID: 00084024

*Effective Governance for Small-Scale Rural Infrastructure and
Disaster Preparedness in a Changing Climate (LDCF II)*

Reporting Period: April to June 2014

July 2014

I. PROJECT INFORMATION AND RESOURCES

| | |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project Number & Title: | 00084024 Effective Governance for Small-Scale Rural Infrastructure and Disaster Preparedness in a Changing Climate |
| Implementing Partner: | Department of Natural Resources and Environment, MONRE |
| Additional Collaborating Parties (as per project document) | MAF, MPI, MoPW, Non Profit Organizations (NPOs), iNGOs, Mass Organizations, and Private Sector and other Development Partners (WB, ADB, UNDP, UNCDF, GIZ, Government of Finland) |
| Responsible Parties (if applicable): | MoNRE, MOHA, UNDP, UNCDF |
| Donors: | LDCF (GEF) (in-cash) Government (in-kind, parallel) IUCN (parallel) UNDP (in-cash and parallel) |

| Project Starting Date | | Project Completion Date | |
|-----------------------|----------|-------------------------|------------------|
| Originally Planned | Actual | Originally Planned | Current Estimate |
| Jan 2013 | May 2013 | Jan 2017 | May 2017 |

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|--------------------------------------------------------------|--------------------|
| Period Covered by this report | April to June 2014 |
| Date of annual review [Indicate if planned or actual] | 23 November 2013 |

| Total Budget | Original Budget (US\$) | Latest Signed Revision (USD) |
|--------------|----------------------------------|----------------------------------|
| | \$ 35,572,896 (incl. co-Finance) | \$ 35,541,160 (incl. co-Finance) |

| Resources | Donor | Amount (USD) |
|-----------|---------------------|----------------------|
| | LDCF/GEF (in-cash): | \$ 4,700,000 |
| | GoL (in-kind): | \$ 375,000 |
| | GoL (Parallel): | \$ 4,210,000 |
| | IUCN (Parallel): | \$ 4,150,000 |
| | UNDP (Parallel): | \$ 21,857,896 |
| | UNDP (in-cash): | \$ 248,264 |
| | TOTAL | \$ 35,541,160 |

LIST OF ACRONYMS

| | |
|---------|-------------------------------------------------------------|
| ADB | Asian Development Bank |
| AMAT | Adaptation Monitoring and Assessment Tool |
| APAN | Asian Pacific Adaptation Network |
| APR | Annual Project Review |
| BTOR | Back to Office Report |
| CBO | Community-based Organization |
| CC | Climate Change |
| CCA | Climate Change Adaptation |
| CFCCA | Community Forest Cover and Change Analysis |
| COP | Conference of Parties |
| CPAP | Country Program Action Plan |
| CPD | Country Program Document |
| CRVA | Community Risk and Vulnerability Analysis |
| DDF | District Development Fund |
| DDSC | District Development Support Committee |
| DONRE | Department of Natural Resources and Environment |
| DPH | Department of Public Health |
| DPWT | Department of Public Works and Transport |
| DRM | Disaster Risk Management |
| DRR | Disaster Risk Reduction |
| EbA | Ecosystem-based Adaptation |
| EIRR | Economic Internal Rate of Return |
| ELAN | Ecosystem and Livelihoods Adaptation Network |
| ESCO | Energy Service Company |
| EWS | Early Warning System |
| GDP | Gross Domestic Product |
| GEF | Global Environmental Facility |
| GOL | Gift of Life International |
| GPAP | Governance and Public Administration Reform |
| HDI | Human Development Index |
| IISD | International Institute for Sustainable Development |
| INGO | International Non-governmental Organization |
| IUCN | International Union for Conservation of Nature |
| IWRM | Integrated Water Resources Management |
| KfW | Kreditanstalt für Wiederaufbau/German Development Bank |
| Lao PDR | Lao Peoples Democratic Republic |
| LDC | Least Developed Countries |
| LDCF | Least Developed Countries Fund |
| LuxDEV | Luxembourg Agency for Development Cooperation |
| M&E | Monitoring and Evaluation |
| MAF | Ministry of Agriculture and Forestry |
| MCTPC | Ministry of Communication, Transport, Post and Construction |
| MDG | Millennium Development Goal |
| MOE | Ministry of Education |
| MOH | Ministry of Health |
| MOHA | Ministry of Home Affairs |
| MONRE | Ministry of Natural Resources and Environment |
| MPWT | Ministry of Public Works and Transport |
| MRC | Mekong River Commission |
| MWD | Mekong Water Dialogue |
| NAFRI | National Agriculture and Forestry Research Institute |
| NAMA | National Appropriate Mitigation Action |

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|-------------|-------------------------------------------------------------------------|
| NAPA | National Adaptation Program for Action |
| NBSAP | National Biodiversity Strategy and Action Plan |
| NCSA | National Capacity Self-Assessment |
| NDMC | National Disaster Management Committee |
| NDMO | National Disaster Management Office |
| NGO | Non-governmental Organization |
| NPA | National Protected Area |
| NSEDP | National Socio Economic Development Plan |
| NTFP | Non-timber Forest Product |
| NTPC | Nam Theun II Power Company |
| PAFO | Provincial Agriculture and Forestry Office |
| PBSAP | Provincial Biodiversity Strategy and Action Plan |
| PIF | Project Information File |
| PIMS | Project Information Management System |
| PIR | Project Implementation Reports |
| PMU | Project Management Unit |
| POHA | Provincial Office of Home Affairs |
| PONRE | Provincial Office of Natural Resources and Environment |
| PPG | Project Preparation Grant |
| PPR | Project Progress Report |
| PRF | Project Results Framework |
| RBC | River Basin Committee |
| RBD | River Basin District |
| REDD | Reducing Emissions from Deforestation and Degradation |
| SBAA | Standard Basic Assistance Agreement |
| SCCF | Special Climate Change Fund |
| SDC | Swiss Agency for Development and Cooperation |
| SEI | Stockholm Environment Institute |
| SIDA | Swedish International Development Cooperation Agency |
| SNC | Second National Communication Project |
| TVET | Technical and Vocational Education and Training |
| UN HABITAT | United Nations Human Settlements Program |
| UNCDF | United Nations Capital Development Fund |
| UNDAF | United Nations Development Assistance Framework |
| UNDP | United Nations Development Programme |
| UNDP CO | UNDP Country Office |
| UNDP EEG | UNDP Environment and Energy Group |
| UNDP ERC | UNDP Evaluation Resource Centre |
| UNDP PEMSEA | UNDP Partnerships in Environmental Management for the Seas of East Asia |
| UNDP RCU | UNDP Regional Coordination Unit |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNICEF | United Nations International Children's Emergency Fund |
| V&A | Vulnerability and Adaptation |
| WATSAN | Water and Sanitation |
| WB | World Bank |
| WHO | World Health Organization |
| WREA | Water Resources and Environment Administration |

II. PURPOSE

1. Main Objectives of the Project: (as per the approved UNDP Country Programme Document and Country Programme Action Plan and/or Project Document)

A. LDCF2 long term solution and Objective

The long term solution of the project: The key to adaptation in most instances is competent, capable, accountable local administrations that understand how to incorporate adaptation measures into most aspects of their works and departments (after Satterthwaite, D. 2007). This requires improved knowledge of climate risks together the ability to analyze the nature of that risk and to develop solutions, both from technical and managerial perspective.

The project objective is to improve local administrative systems affecting the provision and maintenance of small scale rural infrastructure (including water and disaster preparedness) through participatory decision making that reflects the genuine needs of communities and natural systems vulnerable to climate risk.

B. GEF Strategic objectives and Outcome

GEF-4 Second Strategic Objective and Program (SO2):

GEF (Fourth) Strategic Program (SP-4): GEF Expected Outcome:

C. UNDP

UNDP Strategic Plan Secondary Outcome: National, regional and local levels of governance expand their capacities to manage the equitable delivery of public services and support conflict resolution.

Country Programme (CP) Outcome (s): By 2015, better climate change adaptation and mitigation implemented by government and communities and natural disaster vulnerabilities reduced in priority sectors.

III. PROJECT PERFORMANCE AND RESULTS

1. Contribution to the strategic goals [To be completed in cooperation with UNDP Programme Analyst]

UNDAF Outcome (s): By 2015, the Government and communities better adapt to and mitigate climate change and reduce natural disaster vulnerabilities in priority sectors (Outcome 8).

UNDP Country Programme Outcome

UNDP Strategic Plan Secondary Outcome: National, regional and local levels of governance expand their capacities to manage the equitable delivery of public services and support conflict resolution.

Country Programme (CP) Outcome (s): By 2015, better climate change adaptation and mitigation implemented by government and communities and natural disaster vulnerabilities reduced in priority sectors.

Progress towards achieving GEF and UNDP outcome *[A brief analysis of the status of the situation and any observed change (s) made possible by the project contribution, at a higher development result level. Make reference to the applicable MDGs and NSEDP goals/targets.]*

After 13 months duration and three quarters of implementation (*1st funds installment mid Nov 2013, 2nd funds inst. 23rd Jan 2014 & 3rd funds inst. 11th June 2014*), the project cannot claim to have contributed to fulfilling the above GEF and UNDP outcomes. However, collaborating projects, GOL and other project stakeholders are continuously contributing to the achievement of the outcomes. Much time was spent on a key number of recruitments and administration of the project.

2. Progress towards achieving project objectives and outcomes

2.1 Context

The Government requests the LDCF to finance the additional costs of enhancing the resilience of small rural infrastructure and ecosystem services to climate risks, within the context of inclusive local planning and investments in some of the poorest districts of Lao PDR. The impacts of climate change will affect small-scale rural infrastructure through the increased risks associated with more frequent and severe droughts and dry periods, floods, landslides and extreme weather events, as well as more fundamental shifts in the hydrological regime undermining the ecosystem services that provide a buffer between the climate and the built infrastructure.

The project is centered on four interrelated components, in short: a) Inclusive planning, budgeting and capacity development for reducing climate and disaster related risks, b) Local investment for reducing climate risks, c) Securing ecosystem services & assets, and d) Project management.

2.2 Component/Outcome 1: Inclusive planning, budgeting and capacity development for reducing climate and disaster related risks

The key to adaptation in most instances is competent, capable, accountable local administrations that understand how to incorporate adaptation measures into most aspects of their works and departments. Building primarily on GPAR, the project will ensure that local planning, budgeting, and execution, including investments in small-scale rural infrastructure (Component 2) and related management of critical ecosystem (Component 3), are climate resilient.

Outcome/component 1

Indicator

Capacities provided for local administrative institutions to integrate climate risks into participatory planning and financing of small scale rural infrastructure provision

50% of sub-national officials and 10% of national officials are able to analyse climate risks for their districts on a macro level (V&A analysis) and are able to identify specific vulnerabilities and adaptation options at village level (CRVA).

All 12 target districts are applying a climate resilient planning mechanism including project identification, site assessment, approval, execution and M&E.

All annual district investment plans include evidence of incremental CCA costing for water sector projects by year 4 and at least 4 provide this evidence by year 2.

Component one will be pursued by emphasizing the following thematic areas:

- 1) Develop training materials based on the initial capacity assessment, the V&A tool of the Prodoc, and the CRVA tool, also building on similar materials being developed under the ADB-IWRM project.
- 2) Develop a 4 year detailed climate change capacity development plan for DDSCs based on the findings of the initial capacity assessment carried out during the PPG phase
- 3) Conduct initial and follow-up training and awareness raising workshops at province and district level in all 12 districts, in collaboration with the ADB-IWRM project.
- 4) Provide on the job coaching of target institutions in conducting CRVA assessments.
- 5) Engage GIS database specialists to develop a simple climate change adaptation information databank at PONREs in Sekong and Saravane.
- 6) Develop a priority list of at least four projects per district including at least one initial investment project per district, with a priority focus on the water sector and climate change adaptation.
- 7) Develop indicative budgets for each project.
- 8) Approval of priority list of climate resilient investments by the respective DDSC.
- 9) Develop and field test the CRVA tool.
- 10) Carry out CRVA analysis for at least 48 potential project sites and provide final recommendations to the DDSCs on feasibility and relevance to CCA.
- 11) Integrate information gathered from CRVA into awareness-raising and training materials.
- 12) Integrate CRVA findings into CCA information databank.
- 13) Integrate the CRVA tested projects as an agenda item for regular meetings of the province planning and investment departments, the DDSCs and the village-level planning consultations.
- 14) According to CRVA findings, support district officials to develop detailed budgets for each selected climate resilient investment project, including in-kind community contributions.
- 15) Provide technical support and advice to DDSCs in reviewing and approving climate resilient infrastructure investments.
- 16) Support development of tender documentation and procedures for climate resilient infrastructure investments and oversight of construction company selection processes.
- 17) Organize two day excursions (4 per year) to best practice project sites for district and provincial officials as well as community representatives to promote learning and facilitate climate resilient planning.
- 18) Develop climate resilient construction guidelines for each sector of small-scale rural infrastructure development.

- 19) Conduct trainings for local construction companies in the area of climate resilient construction.
- 20) Presentations and discussion of guidelines to national and provincial levels of the Ministry of Infrastructure and other relevant ministries as an input to wider discussions on necessary revisions to national standards and guidelines.

2.3 Component/Outcome 2: Local investment for reducing climate risks

Local communities will be supported in identifying and investing in small-scale rural infrastructure that builds climate resilience. Investments may be in the form of new infrastructure or enhancing (“climate-proofing”) existing infrastructure. Investment decisions will be guided by climate vulnerability and disaster risk assessments carried out under Component 1

| Outcome/component 2 | Indicator |
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| Incentives in place for small scale rural infrastructure to be protected and diversified against climate change induce risks (droughts, floods, erosion and landslides) benefiting at least 50,000 people in the 12 districts of Sekong and Saravane provinces | <p>By the end of the project all target districts are investing at least 2 projects per year in village level climate resilient water harvesting, storage and distribution systems, which are informed by CRVA.</p> <p>At least 50,000 people across 12 districts are benefitting from climate change resilient small-scale irrigation infrastructure, which has been informed by CRVA.</p> <p>At least 25% in additional CCA funds (annual average) expended over and above baseline District Development Funding in at least 12 districts, based on a system that rewards districts that perform well against predetermined criteria.</p> |

In support of the component two the following outputs/ thematic areas will be pursued:

- 1) Establish an incentive mechanism based on the principle of an additional 25% increment to baseline development budgets to fund climate resilient investments.
- 2) Develop an audit methodology to annually track district performance in the area of climate resilient, ecosystem based small-scale water infrastructure.
- 3) Adjust annual budgetary envelopes for district investment plans to include CCA grants according to measured district performance.
- 4) Amend standard local development funding operating manuals, instructions and regulations to include climate resilient infrastructure, in order to fully mainstream climate financing into existing systems.
- 5) Codify lessons learned from a climate finance and public expenditure management perspective.
- 6) Support and ensure establishment of district level bank accounts in line with MoF rules.
- 7) Deliver climate resilient infrastructure grants to district accounts, aligned with existing local development funding.
- 8) Track, monitor and report on fiscal transfers for climate resilient infrastructure.

- 9) Evaluate and report on climate resilient grant performance against relevant MCs standards on an annual basis.

The introductory field visit to Saravane and Sekong provinces (end of Dec 2013) confirmed the high priority to small-scale irrigation, groundwater wells, water storage facilities, community water supply and sanitation, sustainable natural resources and wetlands management. Thus, timing and focus need to be carefully planned and scheduled to year 2.

A follow-up field visit of LDCF2 Specialists was conducted during 28 Apr to 22 May 2014. The aims were to meet with local key partners and discuss DDF priority lists and visit possible project intervention areas in the targeted districts of Saravane and Sekong provinces. The field debriefing meeting was conducted in Saravane on 19 May and in Sekong on 20 May 2014, and the draft field visit prepared and finalized.

A joint LDCF2-DDF workshop has been scheduled for July 2, 2014. The aims are to discuss how best to integrate climate change in all related elements of the present Performance Based Basic Block Grant system under the DDF, including the possibility for development of indicators for local adaptation planning, climate resilient design, quality construction and operation & maintenance. Proposed participants included GPAR DDF team and the LDCF project management and team, as well as appropriate government staff. Key resource person: UNCDF consultant Hendrik Visser (GPAR DDF and LDCF)

2.4 Component/Outcome: 3: Securing ecosystem services and assets

Specific physical measures will be implemented to enhance and sustain critical ecosystem functions for reducing vulnerability to climate-induced floods and droughts. Measures to increase surface water retention capacity in order to encourage gradual release of water during the dry season and extend to year round supply will be designed, integrated into district plans and implemented with strong community involvement

| Outcome/component 3 | Indicator |
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| Natural assets (wetlands, forests, etc.) over at least 60,000 ha are managed to ensure maintenance of critical ecosystem services to sustain critical rural infrastructure, especially water provisioning, and flood control under increasing climate change stresses | At least 6 management and action plans covering at least 48 climate resilience small-scale infrastructure investments under implementation across both Sekong & Saravane provinces. At least 250 national, provincial and district planners have received knowledge and learning approaches and materials produced by the project on ecosystem based management linkages to infrastructure provision. |

In support of the component three the following outputs/thematic areas will be pursued:

- 1) Prepare tender documentation for the delivery of up to nine climate resilient ecosystem management and action plans.
- 2) Develop ecosystem management and action plans that support climate-resilience of rural infrastructure in up to nine locations building on the existing ADB-IWRM approach for Sekong, as well as the location specific interventions and capacities provided under the IUCN baseline projects, as indicated above.

- 3) Implementation of up to nine ecosystem management and action plans through community driven measures with contractual service support.
- 4) Apply the ecosystem management monitoring and evaluation system on a regular basis.
- 5) Develop and disseminate best practice guidelines based on M&E reports provided under output 3.1. MONRE, with support from subcontractors, will develop best practice guidelines for the area of small-scale ecosystem management that support or protects small-scale rural infrastructure.
- 6) Organize site visits for district, provincial and national officials.
- 7) Organize roundtable meetings to share experiences on EbA infrastructure solutions building on existing networks and capabilities provided by the IUCN baseline projects.

2.5 Component/Outcome 4: Project management

The purpose of this component is to ensure that the project is implemented in a timely manner and is cost effective under the principles of adaptive management (plan-do-evaluate-adjust) & learn, whereby lessons learnt during its implementation as well as lessons from other initiatives/projects are fed into a refined and cost-effective project implementation. The project document underlines a general need for upgrading implementation capacities and special emphasis should be paid to enhancing national capacity building.

| Outcome/component 4 | Indicator |
|------------------------------|----------------------------------------------------------------|
| Effective project management | Number of strategic recommendations from the Project Board (4) |

There is only one Output under this component, i.e. improved capacity of implementing partners for integrated planning, management, monitoring and evaluation of programmes. Activities under this component/ outcome have centered on up-start activities, i.e.:

- 1) Announcements, interviews and recruitment of Chief Technica Advisor (CTA) and other International and National Experts/Specialists
- 2) Announcements, interviews and recruitment of project support personnel (Assistant PM, Senior Finance & Administration Offer (SFAO), Provincial Finance & Administration Assistants (PFAAs), National Specialist-Public Financial Management (PFMC), Translator, and Senior Project Driver)
- 3) UNDP NIM Training to the PM, Assistant PM, SFAO, and PFAAs
- 4) Collaboration potentials with UNDCF/MOHA and other projects, and
- 5) Assistance in preparation of MoU between MONRE and UNCDF

Draft Artworks and ToRs for the two National Specialists (NIS & NES) shared with UNDP and the announcement made in UNDP Website, VTE Times (21, 24, 26, 28 Feb 2014 and 3, 5, Mar 2014). The NIS & NES interview took place on 20 Mar 2014 and the selection report completed. These two specialists already started their jobs with the LDCF2 in beginning of Apr 2014

Draft Artwork and ToR for Public Financial Management Coordinator (PFMC) prepared, shared with UNDP and advertised in UNDP Website, VTE Times (5, 7, 10, 12 & 18, 20, 25, 27, Mar 2014) and the interview took place on 9 Apr. The selection report prepared/shared with UNDP + UNCDF/MOHA-GPAR and finalized. The PFMC Ms. Souphavanh started her job with the LDCF2 on 2 Jun 2014

MONRE sent an official letter to UNDP in Jan 2014 requesting for transfer of assets (12 motorcycles) to LDCF2/GIDCC project, MONRE to support project activities implementation, and UNDP transferred of title of assets to the GoL on 17 Feb 2014

All LDCF2 staff participated in the NIM Manual (SOP) for UNDP Supported Programme/ Projects Training at Lao Plaza Hotel in Vientiane Capital during 19 – 20 June 2014

| Project Performance and Results Progress towards achieving outcome | | | | |
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| Outcome 1: Capacities provided for local administrative institutions to integrate climate risks into participatory planning and financing of small-scale rural water infrastructure provision. (equivalent to activity in ATLAS) | | | | |
| Impact indicator 1: 50% of sub-national officials and 10% of national officials are able to analyze climate risks for their districts on a macro level (V&A analysis) and are able to identify specific vulnerabilities and adaptation options at village level (CRVA); all 12 target districts are applying a climate resilient planning mechanism including project identification, site assessment, approval, execution and M&E; and all annual district investment plans include evidence of incremental CCA costing for water sector projects by yr 4 and at least 4 provide this evidence by Yr 2. | | | | |
| Progress towards achieving outcome: Initial activities have started, but too early to report on significant progress. | | | | |
| Annual outputs and indicators [<i>According to project document and/or annual work plan</i>] | Key activities completed during reporting period | Expenditures [<i>Actual expenditures against activities completed</i>] | Progress towards achieving outputs & targets achieved against indicators | Reasons if progress below target & response strategies |
| Output 1.1: Technical capacity in climate resilient planning and managing ecosystem risks, focusing on links between improved ecosystem management and sustainability of investments in small-scale rural water infrastructure, enhanced for at least 250 national, province, district and village officials, including watsan committee members and disaster management committee members. | 2 project orientation workshop conducted in SRV & SEK and recommended for CR small-scale infrast. formulated by prov and dist participants. | 28,895,837,555 | CNA will be done for prov and dist. staff and will follow up by CNA at district offices, when project interventions have been identified. | Delays from previous reporting periods, particularly the prolonged delays during this reporting period. However, the project is now almost fully staffed, and projects have been selected under both Outcome 2 and Outcome 3, which will be used as the entry point for capacity development activities |
| Output 1.2: Village level water harvesting, storage and distribution infrastructure adaptation solutions and related ecosystem management options identified, prioritized and integrated into district development plans. | Preliminary lists of 16 infrastructure projects, and 4 ecosystem projects originally from the V&A Report from project formulation, have been prioritized | 10,221,637,555 | See above | The V&A report from project formulation was used as "short-cut" for identification and selection of projects for first-year funding and implementation. Subsequent projects for year 2 and 3 will be based on thorough CRVA processes |
| Output 1.3: Climate risk, vulnerability and adaptation assessments (CRVA) carried out at 48 project sites in 12 districts of Sekong and Saravane provinces and proposed climate resilient investments adjusted to take account of site-specific adaptation concerns. | None yet | 3,698,277,555 | See above | See above |

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| <p>Output 1.4: Detailed climate resilient project investments and tender documents finalized as well as associated dialogues to facilitate implementation of annual investment plans in 12 districts.</p> | None yet | 5,918,067,555 | | |
| <p>Output 1.5: Guidelines, codes and best practices for climate resilient construction developed, applied and revised for small-scale rural infrastructure sectors (irrigation, water supply, rural roads, education, and health), including technical training in climate resilient design for local engineers and contractors.</p> | None yet | . | | . |

| Project Performance and Results Progress towards achieving outcome | | | | |
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| Outcome 2. Incentives in place for small scale rural infrastructure to be protected and diversified against climate change induced risks (droughts, floods, erosion and landslides) benefiting at least 50,000 people in 12 districts of Sekong and Saravane (equivalent to activity in AILAS) | | | | |
| Impact indicator 2: By the end of the project all target districts are investing at least 2 projects per year in village level climate resilient water harvesting, storage and distribution systems, which are informed by CRVA; at least 50,000 people across 12 districts are benefiting from climate change resilient small-scale irrigation infrastructure, which has been informed by CRVA; and at least 25% in additional CCA funds (annual average) expended over and above baseline District Development Funding in at least 12 districts; based on a system that rewards districts that perform well against predetermined criteria. | | | | |
| Progress towards achieving outcome: Initial planning has started, but too early to report on significant progress. | | | | |
| Annual outputs and indicators [<i>According to project document and/or annual work plan</i>] | Key activities completed during reporting period | Expenditures [<i>Actual expenditures against activities completed</i>] | Progress towards achieving outputs and targets achieved against indicators | Reasons if progress below target & response strategies |
| <p>Output 2.1: An incentive mechanism, rewarding districts performing well in planning, budgeting and implementation of climate resilient, ecosystem based small-scale water infrastructure is developed, tested and under operation.</p> | <p>First installment of funds was transferred to UNCDF based on previously agreed MOU The follow-up visit of LDCAF2 Specialist conducted during 28 Apr – 22 May and report produced</p> | 2,177,945,555 | <p>Project identification has started with strong participation of provincial and district staff. A total of 16 CR infrastructures were identified during the follow-up visit, based on the CRVA project formulation. Based on in-depth assessment by infrastructure specialist, at least 4 out of these can be immediately implemented.</p> | <p>Although the project is now almost fully staffed, delays from previous reporting periods still cause delays in this reporting period. The Response strategy is to use the V&A report from project formulation as short-cut for identification and selection of projects for first-year funding and implementation</p> |

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| <p>Output 2.2: At least 48 small-scale infrastructure investment projects (1 per district and year), including components of water harvesting, storage, distribution and/ or irrigation of the priority lists that have been CRVA assessed are implemented.</p> | <p>LDCF2-DDF workshop scheduled for July 2, 2014. Participants include GPAR DDF & LDCF project management and team, as well as appropriate gov. staff. Key resource person: UNCDF consultant Hendrik Visser (GPAR DDF & LDCF)</p> | <p>See above</p> | <p>Output will be done together with UNCDF/MOHA. Awaiting selection of project interventions</p> <p>The workshop aims to discuss how best to integrate CC in all related elements of the present Performance Based Basic Block Grant system under the DDF, including the possibility for development of indicators for local adaptation planning, CR design, quality construction and operation & maintenance.</p> | <p>See above</p> |
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| <p>Project Performance and Results Progress towards achieving outcome</p> <p>Outcome 3: Natural assets (such as wetlands, forests and other ecosystems in sub-catchments) over at least 60,000 ha are managed to ensure maintenance of critical ecosystem services, especially water provisioning, flood control and protection under increasing climate change induced stresses, in Sekong & Saravane provinces. (equivalent to activity in ATLAS)</p> <p>Impact indicator 3: At least 6 management and action plans covering at least 48 climate resilience small-scale infrastructure investments under implementation across both Sekong and Saravane provinces; and at least 250 national, provincial and district planners have received knowledge and learning approaches and materials produced by the project on ecosystem based management linkages to infrastructure provision.</p> <p>Progress towards achieving outcome: Initial activities have started, but too early to report on significant progress.</p> | | | | |
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| <p>Annual outputs and indicators [According to project document and/or annual work plan]</p> | <p>Key activities completed during reporting period</p> | <p>Expenditures [Actual expenditures against activities completed]</p> | <p>Progress towards achieving outputs and targets achieved against indicators</p> | <p>Reasons if progress below target & response strategies</p> |
| <p>Output 3.1: Up to 9 ecosystem management and action plans to protect the 48 small-scale infrastructure projects (including physical measures to increase natural water retention and storage, as well as increase ground water infiltration and recharge) are designed, implemented and monitored for effectiveness</p> | <p>The follow-up visit of LDCF2 Specialist conducted during 28 Apr – 22 May and report produced. Together with the provincial teams, two (2) ecosystem areas have been identified as target areas for first-year activities: Phu Ta Yeuan (Sekong Province) and Sa U Wetland (Saravane Province)</p> | <p>18,080,600 US\$</p> | <p>Project identification has started with strong participation of provincial and district participants.</p> <p>A total of 6 ecosystem based-management protection areas identified of which two will be initiated in 2014</p> | |

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| <p>Output 3.2: Awareness-raising activities implemented, learning materials developed and disseminated and regular dialogues established between communities and all local administrative tiers on linkages between ecosystems management and small-scale infrastructure solutions.</p> | | 18,605,357,555 | Awaiting initiation of the selected projects from Output 3.1 | |
| <p>Project Performance and Results Progress towards achieving outcome</p> | | | | |
| <p>Outcome 4: Effective Project Management</p> | | | | |
| <p>Impact indicator 4: Number of MONRE-organized crosses project meetings (Target:?)</p> | | | | |
| <p>Progress towards achieving outcome: Initial activities have started, but too early to report on significant progress.</p> | | | | |
| <p>Annual outputs and indicators [According to project document and/or annual work plan]</p> | <p>Key activities completed during reporting period</p> | <p>Expenditures [Actual expenditures against activities completed]</p> | <p>Progress towards achieving outputs and targets achieved against indicators</p> | <p>Reasons if progress below target & response strategies</p> |
| <p>Output 4.1: Capacity of Implementing Partner for integrated planning, management, monitoring and evaluation of programmes</p> | <p>Refurbishment of PSU VTE completed</p> <p>The does clearance e.g. tax exemption for 3 project cars and 12 motorbikes completed.</p> <p>Recruitment of National and International Experts such as NES & NIS in Apr. PFMC in Jun & CTA in mid-Jun 2014</p> <p>Updated roles & responsibilities for PST, DDSC & DDST with inputs from UNDP & MOHA/ UNCDF completed. The Project Board establishment was done and completed in May 2014</p> <p>Project monthly meetings with UNDP and UNCDF/MOHA-GPAR</p> | <p>3,518,075,555</p> | <p>Office space at DDMCC/MONRE is sufficient and now well-functioning</p> <p>Project vehicles' Gov. blue plates registration being processed.</p> <p>National and International Experts have been oriented in project and UNDP NIM by LDCF2 and UNDP</p> <p>Several short dialogue meetings with key partners organized such as UNDP & MOHA to seek their views and inputs on programme, roles & responsibilities of project key partners.</p> | <p>Procurement of IT equipment and vehicles through UNDP CO not in place in Vientiane and the 2 provinces</p> <p>Delay in recruitment of National and International Experts have caused delays in project interventions</p> <p>Delayed follow-up on Vice Minister's guidance on establishing PB at central level</p> |

| | | | | | |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
| | conducted during the month of Apr - Jun 2014 | | | | |
| | All LDCF2 staff participated in the NIM Manual (SOP) for UNDP Supported Programme/. Projects Training at Lao Plaza Hotel in Vientiane Capital during 19 - 20 June 2014 | | | | |
| | LDCF2-DDF workshop is scheduled for July 2. | | | | |
| | PM, APM & Gov.APM will be participating the regional workshop on project management in BKK scheduled for Sep 2014 | | | | |

2. Contribution to aid effectiveness, i.e. update on implementation of the Vientiane Declaration and its Action Plan, HACT, etc. *[Brief update on any achievement and/or problem related to the implementation of the Vientiane Declaration. It should also include issues related to the introduction of HACT and actions planned for the following period]*

At this early stage of implementation, it is difficult to assess project contribution to the principles of Vientiane Declaration. The project design, the NIM and encouragement to inter-project and inter/intra-agency collaboration, however, are important elements to support the principles.

3. Update on partnerships *[Brief update on any achievement and/or problem in developing partnerships and inter-agency collaboration. It should also include strategies for south-south cooperation]*

The project intends to participate in a number of climate resilient related activities and other development projects important for the project and has already made a number of contacts to projects relevant to the project

UNCDF received the first Disbursement from UNDP (550,000 US\$), in accordance with the MOU between MONRE and UNCDF witnessed by MOHA and UNDP

PST, DDST, and DDSC established and roles/responsibilities of all project implementation bodies revised

The LDCF2 Project Board has officially been established and endorsed by the MONRE Minister in May 2014.

The project design does not specifically mention south-south cooperation. However, contacts have been made with similar projects (WWF, ADB, etc.) in China and if other opportunities emerge - they will be pursued. UNDP and UNCDF may also facilitate such cooperation.

4. Update on gender mainstreaming *[Brief update on any achievement and/or problem in terms of mainstreaming gender within the project activities. Strategy for the following period]*

Gender issues have been included in the overall work plan. Further, the project will carefully assess gender issues¹ and will promote gender equity in policies, strategies and programmes as well as in field implementation, while respecting cultural and ethnic gender roles and traditions. Where possible, women's interest and economic contribution to household economy will be supported and at least 50% of direct beneficiaries will be female. Further, TA and staff gender equity has been pursued, project data will be gender segregated and gender issues will be included TORs.

¹ Lao PDR is signatory to Convention on the Elimination of All Forms of Discrimination against Women, which states, among others, that: "Parties shall take into account the particular problems faced by rural women and the significant roles which rural women play in the economic survival of their families, including their work in the non-monetized sectors of the economy...take all appropriate measures to eliminate discrimination against women in rural areas in order to ensure, on a basis of equality of men and women, that they participate in and benefit from rural development and, in particular, shall ensure to such women the right to participate in the elaboration and implementation of development planning at all levels"

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

Spot-check will be conducted by Department of International Cooperation (DIC) of MPI and UNDP Country Office on the 26 of September, 2014. Project has prepared for the spot check by going through all the spot check checklist. UNDP and project staff have planned to go through the list again before the actual spot check takes place in September 2014.

6. List main challenges and issues (if any) faced during reporting period *[as well as response strategies adopted]*

Challenges related to inception issues includes: Non establishment of Project Board, delay in recruitment of project team e.g. international and national experts, aligned work plans with UNCDF/MOHA, overall work plan for the four year period (as mentioned in ProDoc)

Challenge related to project financial management and administration mechanism include: all project payments to be approved by/with dual signature of MONRE Minister very slow, partly due to MoNRE's internal control and unfamiliarity with NIM procedures.

To overcome these challenges, UNDP and UNCDF have been very helpful in assisting with necessary paperwork, procedures and feedback. Thus, the setting-up of regular monthly meetings with UNDP and MONRE have been fruitful. Meetings with MOHA have also taken place on ad hoc basis and more formal collaboration and procedures are being worked out with the kind assistance of the Director General of Planning Department/MOHA, Mr. Nisith.

7. Rating on progress towards results

| Output: <i>[From table 1. Contribution to Strategic Goals]</i> | <input type="checkbox"/> Positive change | <input type="checkbox"/> Negative change | <input checked="" type="checkbox"/> Unchanged |
|-----------------------------------------------------------------------|------------------------------------------|------------------------------------------|-----------------------------------------------|
| Output 1.1. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Output 1.2 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Output 1.3 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Output 1.4 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Output 1.5 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Output 2.1 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Output 2.2 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Output 3.1 | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

| | | |
|------------|-------------------------------------|-----------------|
| Output 3.2 | <input type="checkbox"/> | Positive change |
| | <input type="checkbox"/> | Negative change |
| | <input checked="" type="checkbox"/> | Unchanged |
| Output 4.1 | <input type="checkbox"/> | Positive change |
| | <input type="checkbox"/> | Negative change |
| | <input checked="" type="checkbox"/> | Unchanged |

IV. ADDITIONAL ACTIVITIES WHICH CONTRIBUTE TO THE OUTCOME AND/ OR OUTPUTS

Provide information about any activities undertaken by the project that were NOT envisaged in the work plan but which contributed to the outcome and/or outputs? E.g. advocacy and policy dialogue.

None at this stage

V. FUTURE WORK PLAN

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

- 1) Recruitment of three Senior Project Drivers, M&E Specialist, a new infrastructure specialist, GIS database specialist
- 2) Regular project monthly meeting with UNDP & MOHA/UNCDF (Jul, Aug, & Sep 2014)
- 3) Registration of project vehicles gov. blue plates and delivery
- 4) Preparation and submission of 3rd QWP and annual procurement plan for 2014 to UNDP
- 5) Continue formalizing specific collaboration mechanism with other projects
- 6) Follow up field visit of LDCF2 specialists to Saravane and Sekong provinces
- 7) Continue refurbishing PPSU offices in Saravane and Sekong provinces
- 8) Formalize administration issues
- 9) Revision of Q/AWP cum budget (2014-16)
- 10) Conduct CNA and initiate the formulation of the project Capacity Development Plan
- 11) Select infrastructure projects to be initiated in 2014 in close collaboration with GPAR (MoHA and UNCDF)
- 12) Initiate the process of CRVA of infrastructure projects
- 13) Initiate the development of ecosystem management plans for two selected ecosystems
- 14) LDCF2 Spot-Check

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

N/A. Too early to tell.

3. Estimated total budget required for AWP 2014 is US\$1,308,217 of which US\$60,000 out of the total budget is TRAC Fund.
4. Estimated total budget required for 3rd QWP 2014 is US\$146,325.54 of which US\$25,310.07 out of the total budget is TRAC Fund

ANNEXES

1. Q2 Combined Delivery Report (CDR)
2. Internal Monitoring of Deadlines of Reports and other Deliverables
3. Risk Log for Reporting period
4. Issues Log for Reporting period
5. Lessons Learned Log (Accumulated)
6. Minutes of 9th Monthly Meeting, 6 May 2014
7. Minutes of 10th Monthly Meeting, 13 June 2014
8. 3rd QWP cum Budget for 2014
9. List of Project Inventory as of June 2014
10. ToR for PFMC & Selection Report
11. LDCF2 Specialist – Draft Field Visit Reports
12. Q2 Budget Analytical Review
13. Overall Progress

PREPARED BY:



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Souksavanh Sisouvong, APM

Date: 21-07-2014

APPROVED BY:



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Vanxay Bouttanavong, PM

Date:

ACKNOWLEDGED BY:



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Vichit Sayavongkhamdy, UNDP Programme Specialist

Date: 24/07/14