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PROJECT PERFORMANCE ASSESSMENT REPORT



LAO PEOPLE'S DEMOCRATIC REPUBLIC  
**Poverty Reduction Fund Project**

**Report No. 106387**

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**Report No.: 106387**

**PROJECT PERFORMANCE ASSESSMENT REPORT**

**LAO PEOPLE'S DEMOCRATIC REPUBLIC**

**POVERTY REDUCTION FUND PROJECT  
(IDA-H4180 AND IDA-36750)**

**June 29, 2016**

**IEG Economic Management and Country Program**  
*Independent Evaluation Group*

## Currency Equivalents (annual averages)

*Currency Unit = Lao kip (KN)*

2002	US\$1.00	KN 10.77
2003	US\$1.00	KN 10.47
2004	US\$1.00	KN 10.80
2005	US\$1.00	KN 10.28
2006	US\$1.00	KN 10.82
2007	US\$1.00	KN 9.38
2008	US\$1.00	KN 8.48
2009	US\$1.00	KN 8.48
2010	US\$1.00	KN 8.03
2011	US\$1.00	KN 8.01
2012	US\$1.00	KN 8.00

## Abbreviations and Acronyms

AF	additional financing
CAS	country assistance strategy
CDD	community-driven development
CPC	Committee for Planning and Co-operation
FA	financing agreement
FGD	focus group discussion
ICR	implementation completion report
ISR	implementation status and results
IEG	Independent Evaluation Group
IEGEC	IEG Economic Management and Country Program
IFSA	integrated fiduciary and safeguard assessment
LECS	Lao Expenditure and Consumption Survey
M&E	monitoring and evaluation
MIS	management information system
MTR	mid-term review
NGPES	National Growth and Poverty Eradication Strategy
NSEDP	National Socio-Economic Development Plan
NT2	Nam Theun 2
PDO	project development objective
PDR	People's Democratic Republic
PRF	Poverty Reduction Fund
PPAR	Project Performance Assessment Report
QALP-2	Quality Assessment of Lending Portfolio
SDC	Swiss Agency for Development and Cooperation
VNPA	Village Needs and Priorities Assessment

## Fiscal Year

Government: October 1 – September 30

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Director, IEG Human Development and Economic Management	: Mr. Nicholas York
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This report was prepared by Elena Bardasi, who assessed the project in June 2015. The report was peer reviewed by Lauren Kelly and panel reviewed by Judith Twigg. Carla Fabiola Chacaltana provided administrative support.

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## Principal Ratings

	ICR*	ICR Review*	PPAR
Outcome	Satisfactory	Unsatisfactory	Moderately Unsatisfactory
Risk to Development Outcome	Moderate	Moderate	Moderate
Bank Performance	Moderately Satisfactory	Moderately Unsatisfactory	Moderately Unsatisfactory
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	Moderately Satisfactory

\* The Implementation Completion Report (ICR) is a self-evaluation by the responsible World Bank department. The ICR Review is an intermediate Independent Evaluation Group product that seeks to independently verify the findings of the ICR.

## Key Staff Responsible

Project	Task Manager/Leader	Division Chief/ Sector Director	Country Director
Appraisal	Christopher Chamberlin	Julia Fraser	Annette Dixon
Completion	Ingo Wiederhofer /Helene Carlson Rex	Emmanuel Y. Jimenez	Ian C. Porter



**Independent Evaluation Group Mission: Improving World Bank Group development results through excellence in evaluation.**

### About this Report

The Independent Evaluation Group (IEG) assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the World Bank's self-evaluation process and to verify that the World Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEG annually assesses 20-25 percent of the World Bank's lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEG staff examine project files and other documents, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEG peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. The PPAR is also sent to the borrower for review. IEG incorporates both Bank and borrower comments as appropriate, and the borrowers' comments are attached to the document that is sent to the World Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

### About the IEG Rating System for Public Sector Evaluations

IEG's use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEG evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEG website: <http://ieg.worldbankgroup.org>).

**Outcome:** The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

**Risk to Development Outcome:** The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High, Significant, Moderate, Negligible to Low, Not Evaluable.

**Bank Performance:** The extent to which services provided by the World Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

**Borrower Performance:** The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

## Preface

This report is the Project Performance Assessment Report (PPAR) of the Poverty Reduction Fund (PRF) I (including additional financing) in the Lao People's Democratic Republic (PDR) (PRF I, P077326). The PRF I was approved by the World Bank's Board of Executive Directors on June 25, 2002. The total project cost at appraisal was US\$19.34 million in International Development Association (IDA) credits, followed by an additional financing credit of US\$15 million, approved on July 15, 2008. The actual project cost was US\$43.51 million, which includes US\$2.37 million in counterpart funding from the Government of Lao PDR and US\$7.27 co-financing from the Swiss Agency for Development and Cooperation (SDC). The project closed on September 30, 2011.

This report was prepared by Elena Bardasi, senior economist, Independent Evaluation Group (IEG). The findings are largely based on a three-week mission to Lao PDR from May 23, 2013 to June 10, 2015, conducted by Elena Bardasi, Javier Bronfman, and Gisela Garcia. The evaluation methodology included the use of evidence collected through focus group discussions (FGDs), in addition to the examination of World Bank project files; project-related reporting documents and evaluations, including data provided by the World Bank team and PRF staff; studies produced by the government, the Lao PDR Statistics Bureau, and other development partners; relevant research literature; and interviews with government authorities, World Bank colleagues, PRF staff, and other stakeholders. The list of persons met is in Appendix C.

Twenty-two FGDs were conducted in 14 villages in 3 provinces (Houaphanh, Luang Namtha, and Savannakhet) to assess the impact of the project at the village level and explore issues of participation and decision making, and of female empowerment. The results were also meant to contribute to an IEG learning product, entitled *The Impacts of Community-Driven Development Interventions on Women's Empowerment*. Appendix B provides details on the methodology used to conduct FGDs.

During the field visits, the mission was accompanied by four local consultants that conducted FGDs, Mrs. Viengxong Chitavong, Mrs. Ny Luangkhot, Ms. Syviengkeo Bounlutay, and Ms. Vanthavy Souphanouvong. Mark Sundberg, IEGEC manager, joined part of the mission and attended interviews and FGDs with the team in Houaphanh.

IEG acknowledges the collaboration, support, and help of colleagues at the World Bank in Washington and in Vientiane: Satoshi Ishihara, Ingo Wiederhofer, Susan Wong, and Sally Burningham. Vatthana Singharaj provided amazing assistance to the mission in Vientiane, and Yezena Yimer in Washington, DC. IEG also gratefully acknowledges the collaboration and logistical assistance of the PRF team in Vientiane (Hatthachan and Julien) and in the field (provincial and district staff in Houaphanh, Luang Namtha, and Savannakhet). Finally, the IEG team is especially grateful to the drivers, who endured long trips and accompanied the mission to very remote locations, even helping occasionally to communicate with villagers.

Following standard IEG procedures, a copy of the draft report was sent to the relevant government officials and agencies for their review and feedback. No comments were received.

## Summary

This is a Project Performance Assessment Report (PPAR) of the Poverty Reduction Fund (PRF) Project that was approved on June 25, 2002, and ended on the extended closing date of September 30, 2011. Total estimated project costs, including one additional financing (AF), were US\$34.34 million. Actual project costs were US\$43.51 million, including US\$2.37 million in counterpart funding from the Government of the Lao People's Democratic Republic (PDR) and US\$7.27 co-financing from the Swiss Agency for Development and Cooperation (SDC).

The objectives of the project (based on the development credit agreement, reiterated at AF) was to assist the borrower in its ongoing efforts to alleviate poverty throughout its territory by: (a) financing community infrastructure activities and other community public capital investment endeavors at the village level; (b) building local capacity at the village level in poor districts to manage public investment planning and implementation; and (c) strengthening the capacity of local institutions to support participatory decision making at the village, *kum ban*, and district levels.

The relevance of the project development objective (PDO) is **Substantial**. Reducing poverty, especially in rural areas, has consistently been a top priority of the government during the life of the project, justified by the country conditions. Poverty reduction in rural and remote areas was mostly understood as closely related to isolation and lack of access to basic services, which explains the government's priority for providing rural infrastructure. The adoption of a community-based approach to "empower the grassroots level to master their own socio-economic development in view of permanent poverty reduction" was coherent with the government vision of the role of participation and decentralization originally expressed in the 2001 Interim Poverty Reduction Strategy paper. There are however two caveats. First, the project internalizes a simplified view of what poverty is, while the World Bank's own analysis shows that poverty is a much more complex and multi-dimensional phenomenon. Second, there was a fundamental incoherence between the "true spirit" of a community-driven development (CDD) approach and the highly centralized nature of government policies.

The relevance of the project design is **Modest**, as the theory of change was not sufficiently developed and the results framework was very weak. Corrections occurred at the time of AF, but this was already five years into implementation, and even so those corrections did not strengthen substantially the CDD approach.

The project suffered from poor targeting, due to the limitations of poverty data available at appraisal, but also to deficiencies in the management information system, which resulted in the World Bank's slow response in addressing the issue. It was only five years into implementation that targeting was improved. As a result, during the first part of the project (until AF, in 2008), the percentage of sub-projects assigned to the poorest villages ranged between 30 and 49 percent; by the end of the project it had been raised to about 78 percent. Group targeting was also problematic. Women were targeted by monitoring the number of women "participating" and the number of proposals presented by women's groups, but there is no information on the quality of participation. Even more problematic

was the inclusion of ethnic minorities, due to discrimination and language barriers that were also partially addressed only at restructuring.

The objective of improving access to local infrastructure was **Substantial**. The project supported 3,179 sub-projects in seven provinces (28 districts, 309 *kum ban*)—616 schools, 86 bridges, 65 health dispensaries, 669 clean water systems, and 156 irrigation schemes. Over 3,000 km of rural roads were upgraded. A tiny minority of sub-projects (less than 6 percent) supported training. A technical assessment carried out at the end of the project indicates that quality varied: 50 percent of irrigation systems and wells were of unacceptable quality, while 33 percent of roads and 20 percent of health and school infrastructure were of poor quality. Overall, only 71.2 percent of all sub-projects met technical specification. A more recent technical audit, however, documented higher rates of sub-projects meeting specification (76 percent) and 22 percent of sub-projects slightly below specification. Rates of use were high, 96 percent on average, with wide variations depending on the type of infrastructure. Data on how this infrastructure contributed to improving the life of the communities and to poverty reduction are scarce. The implementation completion report (ICR) chronicles high enrolment rates in villages that had constructed schools and classrooms; and that 81 percent of health clinics offered a minimum package of health services. Eighty percent of villages that had implemented a water sub-project actually had access to clear water, but only 50 percent of the roads constructed could be used year round by small vehicles. Plans were made for maintaining the works, but particularly for roads sustainability was found to be an issue, as repairs were often beyond the village's ability to support them.

The objective of building local capacity was rated as **Modest**. The development of local capacity to manage public investment was limited and very slow, due to both a lack of tradition of involving communities and a simplistic interpretation assigned to the CDD approach. Communities were not given full responsibility for selection, procurement, implementation, supervision, payment, and assessment of sub-projects and were only given the possibility of indicating their priority from a closed menu of sub-projects and without full information about the implication of the option chosen. The project introduced interesting innovations for increasing the participation of women, such as separate meetings for men and women (to facilitate women's free communication) and the rule that at least one-third of selected village priorities had to come from the women's group. That said, the focus group discussions organized by IEG revealed a mixed picture regarding women's participation, as decision making was still very much male dominated. The integration of non-Lao speaking groups and the poor was also problematic.

The objective of strengthening local institutions was also rated as **Modest**. Despite a large number of training events delivered at the provincial, district, and *kum ban* level, it is not clear that the participatory approach was fully internalized.

The efficiency of achieving the PDO is rated **Modest**. An average rate of return of 21 percent, estimated for the ICR, was actually extrapolated by applying the sector-specific internal rate of return developed for the Vietnam Community-Based Rural Investment Project to the PRF sector composition. The unit costs of infrastructure was found to be

between 35 and 88 percent lower than government-provided infrastructure, but quality was also lower.

The development outcome rating is **Moderately Unsatisfactory**. The relevance of the objective is rated Substantial, warranted by the critical importance of addressing poverty reduction in rural areas, but undermined by a simplistic interpretation of the CDD approach and of how poverty was conceived. Design is rated **Modest**, since the theory of change was not sufficiently developed and the results framework was very weak. Efficacy is rated **Modest**, due to substantial achievement in terms of infrastructure built, but little evidence on its contribution to the improvement of the well-being of rural communities, and the limited achievements regarding the community's participation, empowerment, and internalization of the CDD approach. Efficiency is rated **Modest**, due to the uncertain rate of return and poor quality of a non-negligible part of the infrastructure.

Overall risk to development outcome is rated **Modest**. Despite the difficulties faced by communities to sustain the repair of roads, the project was well established at closure, strongly supported by the government, and receiving the continuous engagement and commitment of communities.

## Lessons

**Engagement of communities is critical in CDD and it is as important as the provision of infrastructure.** A CDD project can only achieve its goals if it succeeds in generating the participation and empowerment to secure local ownership, commitment, and, ultimately, sustainability. PRF I was extremely prudent and chose a very conservative route, focusing much more on provision of infrastructure than nurturing of participatory processes. There were reasons for this choice: the top-down centralized government planning approach was not immediately compatible with broad and deep participation of local communities; local capacity was low; many hard-to-integrate ethnic groups speaking different languages presented unique challenges. In making this choice, however, the PRF made very little progress during the nine years PRF I operated.

**CDD projects fostering participation and group formation may achieve better results if they build on existing mutual support systems at the village level.** This requires an anthropological understanding of the social context and relationships that may differ between regions, but such an approach may lead to more sustainable results. Communities typically have informal systems in place to make decisions, help each other, and even build village infrastructure. It seems that PRF did not investigate and take existing informal systems of mutual support into consideration as assets to build on. Rather than develop artificial mechanisms for participation and management of community resources, the World Bank could leverage existing local institutions, but work to make these more transparent, inclusive, and efficient over the implementation period.

**Early assessment of linguistic and cultural barriers to engagement is necessary to ensure inclusion.** The challenges in integrating minority ethnic groups were well known at the start of the project; yet it was only at AF, five years after the project started, that it was realized “that language barriers tend to disfavor ethnic groups that do not speak Lao,

mostly because all meetings are conducted in Lao” (AF paper, p. 5)—language being only one of the barriers to inclusion of ethnic minorities. An early assessment of the (linguistic, cultural, geographic, and socio-economic) barriers to integration of ethnic minorities could have better informed the project of how to adopt more effective inclusion strategies in its design.

**Early tests of the accuracy of targeting systems could have improved targeting much earlier in the process.** Poverty data were limited when the project started. However, a set of poverty criteria had been developed by the government in 2001 and the “first priority” districts were defined in 2004. The poverty definition used by the government was very infrastructure-centric and less-than-perfectly correlated with the traditional income- or consumption-based poverty definition; yet, when the World Bank re-focused the project to first priority districts it was able to drastically improve targeting. This could have been done much earlier than 2008.

**CDD projects require a solid and comprehensive monitoring and evaluation (M&E) framework and management information system (MIS) at the start of the project.** M&E is typically a weak element in all projects. It presents special challenges in CDD interventions, which require multidimensional and somewhat intangible outcomes, such as community empowerment, participation, and decision making to be measured alongside more tangible technical outputs (creation of infrastructure, correct process implementation) and benefits generated by increased access to services. Yet, exactly because of the complexities and challenges of CDD interventions, it is important to have a complete and robust M&E system at the onset to guide project implementation and monitor the realization of hundreds or thousands of sub-projects. Substantial shortcomings in the PRF I M&E system caused serious problems, such as poor targeting, difficulties in understanding that limited involvement of communities was even a problem, and delays in addressing procedural issues at the procurement level. It took five years to bring M&E to a better level and to address the issues that were finally diagnosed at AF. Including indicators to meaningfully measure local institutions’ increased awareness and internalization of the CDD approach is also crucially important. Similarly, indicators of inclusion (of women, the poor, and ethnic minorities) can help monitor and address in a timely manner the progress of participatory and empowerment processes and assess achievements in this regard.

Nicholas York  
Director  
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# 1. Background and Context

1.1 This report is the Project Performance Assessment Report (PPAR) of the Poverty Reduction Fund (PRF) I (including additional financing) in the Lao People's Democratic Republic (PDR) (PRF I, P077326). The PRF I was approved by the World Bank's Board of Executive Directors on June 25, 2002. The total project cost at appraisal was US\$19.34 million in International Development Association (IDA) credit, followed by an additional financing credit of US\$15 million approved on July 15, 2008. The project also received US\$7.27 million co-financing from the Swiss Agency for Development and Cooperation (SDC) and US\$2.37 counterpart funding from the Government of Lao PDR. The project closed on September 30, 2011, and the actual costs at closure were US\$43.98 million.

1.2 The project was established in a challenging environment, under both the political and socio-economic profile. Since 1975, Lao PDR has been ruled by one political party (the Lao People's Revolutionary Party, LPRP). The party is the "government engine" at all levels, from the capital Vientiane to the remote villages across the country. The country is based on the principle of democratic centralism; a well-organized administrative structure carries out the government's policy over its territory. The LPRP executive body operates through several organizations: the Lao Front for National Construction, the Lao Federation of Trade Unions, the Lao Youth Organization, and the Lao Women's Union. The highest body of the LPRP is the Politburo of the Central Committee LPRP, comprising 11 members elected by the Central Committee. It directs the general orientation of the government and enacts policies approved by the Party Congress and the Central Committee.

1.3 The Lao PDR population is composed of multiple ethnicities. Its population (5.6 million in 2005, 6.9 million estimated in 2015) can be grouped into four broad ethno-linguistic families: the Lao-Tai (66% of the population), the Mon-Khmer (24%), the Hmong-Iu Mien (8%), and the Chine-Tibetan (3%). These categories further comprise 49 distinct ethnicities and about 200 ethnic subgroups (World Bank 2006).<sup>1</sup> This heterogeneous population makes it especially challenging for the government and the development community to put in place successful policies that can reduce poverty and broaden the base of prosperity. In addition to the diverse ethnic composition of the population, the country is geographically divided into 16 provinces<sup>2</sup> and one municipality, Vientiane. Each of the provinces is divided into districts and subdivided into villages (*ban*). Villages are grouped into clusters (*kum ban*) largely following a pre-existing structure called *khet*.<sup>3</sup>

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<sup>1</sup> The Lao-Tai, also referred to as "ethnic Lao," is the major lowland group, inhabiting valleys and river plains, along the well-connected Mekong corridor or in Northern lowland. Most of the non-Lao-Tai live in upland areas. Based on the calculations presented in the Lao PDR Poverty Assessment (World Bank, 2006), there is a wide disparity in socio-economic living conditions and poverty rates across ethnic groups. The Mon-Khmer is the poorest group, with a headcount of 55 percent, followed by the Hmong-Iu Mien (45 percent), the Chine-Tibet (40 percent), and the Lao-Tai (28 percent).

<sup>2</sup> Before the dissolution of Xaisomboun in 2006 there were 17 provinces.

<sup>3</sup> The *kum ban* is used to organize political meetings among groups of village leaders. For clarity, this report refers to *kum ban* even when the PAD refers to *khet* (as the administrative reform that created the *kum ban* happened after the project started).

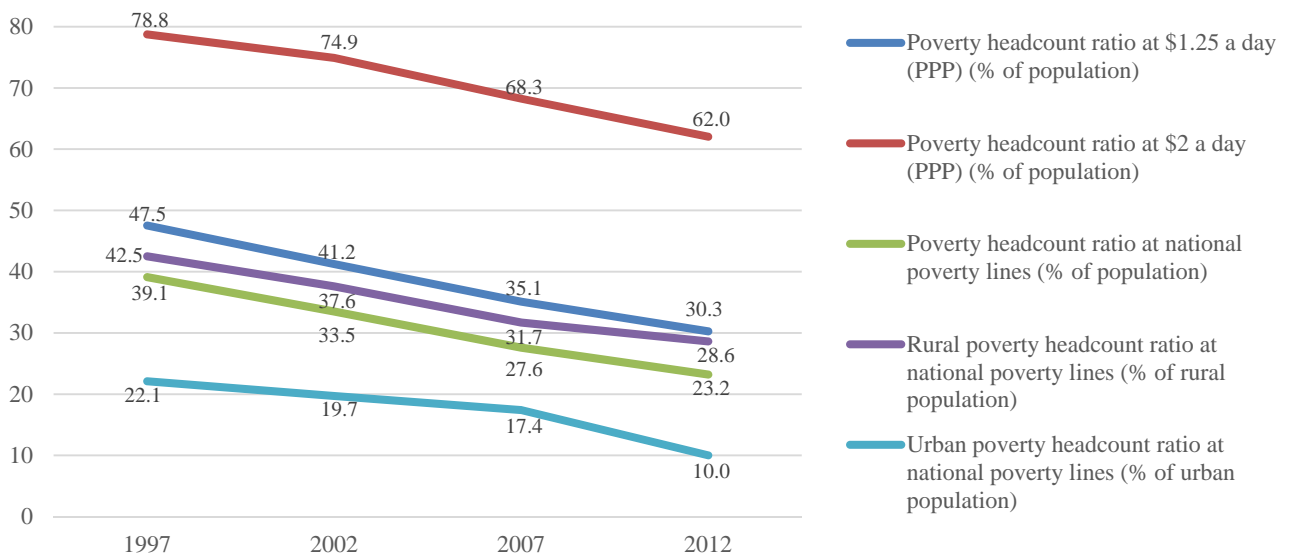


## Growth, poverty and human development

1.4 Over the past decade Lao PDR has experienced steady economic growth. Annual GDP growth has averaged 7.7 percent since the year 2000. However, poverty has only declined gradually. Lao PDR had one of the lowest growth elasticities of poverty in the South East Asia region, as growth has been driven by hydro-electricity generation and mining, sectors that did not generate many jobs (World Bank, 2015). It took two decades to halve poverty (based on the national poverty line), from 46 percent in 1992 to 23 percent in 2012. Although Lao PDR met its Millennium Development Goal target of reducing poverty to below 24 percent by 2015, poverty reduction could have been much higher if growth had been more equitably distributed.<sup>4</sup> Large differences in poverty rates exist within and across districts, which makes proper geographic targeting of paramount importance for the effectiveness of poverty interventions.

1.5 At the time of project appraisal, Lao PDR was one of the poorest countries in East Asia, lagging behind in most development indicators. According to the 1997/8 Lao Expenditure and Consumption Survey (LECS 2) the national poverty rate was 39.1 percent; when using the \$1.25 dollar a day poverty line the poverty rate reached 47.5 percent (Figure 1.1).

**Figure 1.1. Lao PDR poverty statistics (1997-2012)**



Source: World Development Indicators, World Bank (2015).

1.6 Similarly, in terms of human development indicators Lao PDR has lagged behind other countries in the region (Table 1.1). In 2001, the median mortality rate was 113 per 1000

<sup>4</sup> Between 2002/3 and 2012/13 average consumption per capita grew by 2.2 percent per year, almost four percentage points less than the rate of economic growth. Consumption growth was even lower for the bottom 40 percent of the population, just 1.3 percent per year (World Bank, 2015). Increase in inequality is also documented by the 2006 poverty assessment (World Bank, 2006).

live births vs. 39 in the whole East Asia and Pacific region, and still as high as 74 in 2012 vs. 21 in the region. Similar discrepancies existed for the infant mortality rate (80 per 1,000 live births vs. a regional rate of 31 in 2001, and 55 vs. 17 in 2012). The maternal mortality rate was also much higher than regional averages (516 vs. 118 per 100,000 live births in 2001; 294 vs. 78 in 2010), while access to improved water sources was considerably lower than other countries in East Asia and Pacific (48 percent of the population vs. 80 percent in 2001 and 72 vs. 90 percent a decade later).<sup>5</sup>

1.7 Poverty reduction has clearly been a priority for the government. In the 5<sup>th</sup> National Socio-Economic Development Plan and, later on, in the 2004 National Growth and Poverty Eradication Strategy (NGPES), the Government of Lao PDR articulated a comprehensive poverty reduction plan and identified priority districts in which to direct its poverty alleviation efforts. It defined poverty lines and poverty criteria to guide local authorities to identify and monitor poverty at the district, village, and household level. Poverty was defined as “*the lack of ability to fulfil basic human needs such as not having enough food, lacking adequate clothing, not having permanent housing and lacking access to health, education and transportation services*” (Instruction No 010/PM, June 25, 2001).

**Table 1.1. Lao PDR select human development indicators (1990-2012)**

<b>Development Indicator</b>	<b>1990</b>	<b>1997</b>	<b>2001</b>	<b>2005</b>	<b>2012</b>
Mortality rate, under-5 (per 1,000 live births)	162	130.4	113.2	97	74
Mortality rate, under-5, female (per 1,000)	151.7	..	..	..	65*
Mortality rate, under-5, male (per 1,000)	171.9	..	..	..	77.4*
Mortality rate, infant (per 1,000 live births)	110.9	91.2	80.3	70	55.4
Mortality rate, infant, female (per 1,000 live births)	100.2	..	..	..	47.8*
Mortality rate, infant, male (per 1,000 live births)	121.1	..	..	..	59.5*
Maternal mortality ratio (per 100,000 live births)	..	..	546	418	294**
Malnutrition prevalence, height for age (% of under 5)	..	..	..	..	..
Malnutrition prevalence, height for age, female (% of under 5)	..	..	..	..	..
Malnutrition prevalence, height for age, male (% of under 5)	..	..	..	..	..
Improved water source (% of population with access)	..	40.5	47.8	56.8	71.5
Improved water source, rural (% of rural pop. with access)	..	33.5	40.2	49.2	64.9
Improved water source, urban (% of urban pop. with access)	..	70.3	73.2	77	83.7
Literacy rate, adult total (% of people ages 15 and above)	..	..	68.7	72.7	..
Literacy rate, adult female (% of females ages 15 and above)	..	..	60.9	63.2	..
Literacy rate, adult male (% of males ages 15 and above)	..	..	77.0	82.5	..
Contraceptive prevalence (% of women ages 15-49)	..	..	..	38.4	49.8
Adjusted net enrollment rate, primary (% of primary school age children)	64.9	70.9	74.1	78.7	95.9
Adjusted net enrollment rate, primary, female (% of primary school age children)	..	67.1	71.0	76.3	94.9
Adjusted net enrollment rate, primary, male (% of primary school age children)	..	74.5	77.1	81.0	96.8
Fertility rate, total (births per woman)	6.2	4.9	4.0	3.6	3.1

Source: World Development Indicators, World Bank (2015)

Note: \* data for 2013; \*\* data for 2010.

1.8 The districts identified by the government as priority districts were those with 51 percent or more poor villages. Moreover, districts were also considered to be poor if 40

<sup>5</sup> The access to improved water sources statistics are for East Asia and Pacific excluding China.

percent or more villages were without a school (in the village itself or the village close by), or lacked a dispensary or pharmacy, or if over 60 percent of the villages lacked access to roads or clean water. Based on Instruction No 010/PM, the Committee for Planning and Co-operation (CPC) and the Lao provinces identified 72 districts as poor; the 47 poorest districts were selected for priority investments during the first phase of the development plan. The average incidence of poverty in the 72 poor districts was 55 percent, significantly higher than the 23 percent poverty incidence in the remaining districts. When the project started the list of priority districts had not yet been defined, but it was clear that rural and isolated areas with limited access to roads and services such as education and health were much more likely to be poor. This logic led to the government's request for IDA to support its efforts to direct development resources to the poorest districts, focusing on service delivery and investment in infrastructure.

## 2. Objectives, Design, and their Relevance

### Project Development Objectives

2.1 Approved on June 25, 2002, the Lao PDR PRF project states different project development objectives depending on the document consulted. According to the Project Appraisal Document (PAD, World Bank 2002, p. 2), the project was to *“support the Government’s efforts to deliver development resources at the village level, targeted to the poorest districts in the country and mediated through strong participatory processes and decentralized decision making. The agreed objectives of the project are therefore to: (i) assist villagers to develop community public infrastructure and gain improved access to services; (ii) build capacity and empower villages in poor districts to manage their own public investment planning and sub-project implementation in a decentralized and transparent manner; and (iii) strengthen local institutions to support participatory decision-making and conflict resolution processes at the village, khet, and district levels, involving a broad range of villagers, including women and the poor.”*

2.2 According to the Development Credit Agreement (DCA, World Bank 2002, p. 15), the objective of the project was *“to assist the borrower in its ongoing efforts to alleviate poverty throughout its territory by, inter alia: (a) financing community infrastructure activities, and other community public capital investment endeavors at the village level; and (b) building local capacity at the village level in poor districts to manage public investment planning and implementation.”*

2.3 While both formulations indicate that the expected benefits of the project are at the level of supporting public infrastructure in the poorest districts and increased capacity of local communities to manage their own investment planning, the DCA mentions *poverty reduction* as an overarching objective, while the PAD emphasizes the *“strong participatory processes”*, the *“decentralized decision making”*, the *“empowerment of villages”*, the *“decentralized and transparent manner [to manage sub-projects]”*, the *“strengthening of local institutions”*, and the inclusion of *“a broad range of villagers, including women and the poor”*, thus stressing the beneficiaries’ perspective as opposed to the provision of infrastructure and capacity building as the DCA does. In its narrative, the PAD highlights

expected benefits in terms of “improvements in the array of opportunities open to poor Lao families to rise out of poverty; and enhancement of the voice and power of poor communities to manage for themselves public resources made available to them, thus increasing their stock of “social capital” and their participation in the development process” (PAD, p. 10).

2.4 On the other hand, the DCA sets up a very ambitious objective — “alleviate poverty throughout [the borrower’s] territory” — which cannot be adopted as a goal of the project, due to its grand overarching nature and the difficulties in assessing attribution.<sup>6</sup> The Financing Agreement (FA) for Additional Financing (AF), approved in July, 2008, adheres more closely to the original DCA, and states that the objective of the project was “*to assist the Recipient in its ongoing efforts to alleviate poverty throughout its territory by, inter alia: (a) financing community infrastructure activities, and other community public capital investment endeavors and training activities at the village level; (b) building local capacity at the village level in poor districts to manage public investment planning and implementation; and (c) strengthening the capacity of local institutions to support participatory decision making at the village, Kum Banh, and district levels*” (FA, World Bank 2008, p. 5). In addition to restating the DCA objective, the FA for AF adds explicitly an objective previously included in the PAD (but not in the DCA), and has to be interpreted as a formal correction to a PDO that was already defined as such.

2.5 As specified in the PAD, (p. 13) the CDD (“village based development”) approach was chosen “to allow villagers to manage the resources themselves — thus providing them with the benefits of the investments but just as importantly building their capacity to make the necessary choices on investments and how the funds should be spent”. The CDD approach is therefore the means to alleviate poverty in targeted villages, where improving access to services through delivery of infrastructure defines the scope of poverty alleviation efforts. This PPAR focuses therefore on the three DCA objectives (the last one made explicit only in the PAD), which were reiterated unchanged at the time of the AF:

- (a) financing community infrastructure activities and community public investments; *through*
- (b) building local capacity at the village level; and
- (c) strengthening local institutions to support participatory decision-making and conflict resolution processes at the village, *khet*, and district levels, involving a broad range of villagers, including women and the poor.

2.6 The three objectives (a), (b), and (c) are pursued *towards* the overarching, ultimate goal of reducing poverty, which provides an ideal trajectory to the whole project, although not a goal that can be attributed to the project. As typical for CDD projects, (b) and (c) are functional (pre-conditions) to achieving (a).

2.7 Project components. There were three components, which were all revised during the duration of the project:

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<sup>6</sup> In this respect, this PPAR departs from the decision of the ICRR to define poverty reduction as the main goal of the project (the ICRR downgraded the project rating on the ground of not having been able to document its impact on poverty reduction).

**(i) Component 1: Grants for village-level infrastructure and training projects.**

(Appraised US\$ 14.98 million IDA; Additional Financing US\$ 8.37 million IDA; Actual US\$ 30.96 million, including US\$7.27 million from the Swiss Agency for Development and Cooperation). This component financed sub-grants to implement small village-level infrastructure in 21 districts in 5 provinces. A closed menu, pre-defined list of allowed village infrastructure included transport infrastructure, schools and nurseries, clinics, community halls, water supply systems, irrigation and drainage systems, and local markets. Training in subjects identified by villagers was also eligible as a sub-project. The maximum cost of any sub-project was set at US\$25,000. The selection of sub-projects was to happen through a district-based, inter-*khet* (*kum ban*) deliberation and negotiation process, with project staff — in cooperation with local government — providing villagers information to make informed choices. With **additional financing** this component was re-focused on poorer districts. In the original provinces, seven districts that were not considered by the government as “first priority” districts<sup>7</sup> for poverty reduction were removed, and nine were added. Three districts in a new province were also added. This resulted in a new list of 19 districts in 6 provinces. The project did not expand in terms of number of beneficiaries, but intensified its activities in districts considered to be in greatest need. Moreover, at restructuring, the possibility of supporting income-generating activities was explicitly excluded (the original component opened the door to the introduction of these activities at a later stage of implementation).

**(ii) Component 2: Local capacity building.** (Appraised US\$ 2.17 million IDA; Additional Financing US\$ 2.93 million IDA; Actual US\$ 5.50 million). This component financed the creation of decentralized support to the villages, at the provincial, district, and *kum ban* level. In particular, the component financed the hiring of provincial technical support teams, district facilitators, and *kum ban* facilitators, as well as operational, office, and travel costs to support the outreach to villages. With **additional financing**, a new sub-component (Capacity Building for Local Institutions) was introduced to strengthen the dialogue of province and district officials with local communities (awareness of the benefits of participatory planning; training in participatory planning methods; more frequent visits to villages; etc.).

**(ii) Component 3: National project management.** (Appraised US\$ 2.19 million IDA; Additional Financing US\$ 3.69 million IDA; Actual US\$ 7.05 million). This component financed the costs of staffing, managing, monitoring, reporting, and operating the PRF at the central level, including operational costs and technical assistance. This component received additional financing, but the scope of the activities remained unchanged.

## Relevance of objectives

2.8 The relevance of the project objectives is **Substantial**. The overarching goal of the project — alleviating poverty in poor districts, which required improved access to services such as education, health, roads, and irrigation — was relevant to country conditions, the government strategy, and World Bank strategy at both start and closing of the project. There

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<sup>7</sup> See more below on targeting.

is also evidence that the government had increasingly committed to decentralization as a means to create a conducive environment for poverty reduction operations at the local level.

2.9 According to LECS Surveys the poverty rate was 33.5 percent in 2002-2003, a rate reflecting both a high rural poverty rate (37.6 percent) and, especially, the high concentration of the population in rural areas. There were dramatic differences across provinces, with poverty rates higher than 50 percent in Houaphanh, Phongsaly, and Saravane. At project closing the overall poverty rate had declined, but was still at 27.6 percent. In some provinces (such as Houaphanh and Xiengkhuang) poverty had not declined and remained at alarmingly high levels; in others (such as Sekong) the poverty rate actually increased.

2.10 Poverty reduction, particularly in the rural and multi-ethnic areas, was one of the three overarching objectives guiding the 4<sup>th</sup> National Socio-Economic Development Plan, NSEDP, for 1996-2000, which the government intended to pursue through socioeconomic development programs and concentrating on rural infrastructure (roads, irrigation, clean water supply and rural electricity, provision of food, social services, and increased income from commercial production). The Bank's Country Assistance Strategy (CAS) FY1999-FY2002 was directing IDA funds coherently to support the government goals of poverty reduction, infrastructure development, and human resource development and had social service delivery and investments in infrastructure as one of its objectives.

2.11 The CAS did not mention, however, the *community-driven development* (CDD) approach as a key route to address rural poverty, but instead highlighted the need to support the government's hydropower development program — with the construction of the Nam Theun 2 hydropower project (NT2) at its core — in order to generate revenues for poverty reduction.<sup>8</sup> Quite interestingly, in the CAS 1999-2002 the importance of “community participation in developing and implementing programs” was highlighted as part of the efforts to address *urban* development and *urban* poverty issues. The strategy for increasing social services and reducing poverty in rural areas was centered instead on providing more all-weather roads and better connections to markets, schools, and health clinics as well as on supporting farmers to adopt more intensified agricultural practices to improve the livelihoods of local communities.

2.12 In the Interim Poverty Reduction Strategy Paper (Government of Laos PDR 2001), the government clearly articulates an approach to national planning through *participation* and *decentralization*. According to this strategic document, participation by village, district, and province authorities contributes — through the “bottom-up” identification of local needs — to the formulation of the Lao PDR's five-year development plans within the framework of guidelines from the Prime Minister's Office and national priorities (“top-down”). The decentralization policy was meant to guide the national planning context, with provinces

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<sup>8</sup> The possibility of establishing a potential channel for the utilization of revenues from the NT2 hydropower scheme for poverty reduction purposes was, according to the ICR, one reason for the World Bank's engagement in the project. However, revenue mobilization from NT2 to PRF for poverty reduction never happened. The Khammouane Rural Livelihoods Project started in 2008 in the Khammouane province (the site of the NT2 hydropower project) and had a very explicit link to NT2 as its goal was to support complementary activities in an area that was impacted but could also benefit from NT2. The Khammouane Rural Livelihoods Project followed a similar approach to PRF and was therefore deliberately excluded from PRF II.

understood as strategic units, districts as planning and budgeting units, and villages as implementing units. The participatory planning was to be supported by mass organizations, which are seen as the expression of grassroots empowerment (GoL, 2001, p. 21): the Lao Women's Union, the Lao Youth Organization, the Lao Front for National Reconstruction; and the Lao Federation of Trade Unions.

2.13 With the 2004 National Growth and Poverty Eradication Strategy (NGPES, the PRSP, Government of Lao PDR 2004) the government emphasized the centrality of a community-driven and access-oriented rural development strategy as the basis of poor-district development. According to the NGPES, rural development “is central to the government’s poverty eradication efforts as rural poverty is of prime concern and a *community-based approach to its eradication is essential*” (p. 9, italics is mine). The rural development strategy articulated in the NGPES had two main components: improving access to human, social, financial, and productive resources, and strengthening district-level planning to ensure that all initiatives were coordinated and mutually supportive. The CDD approach (the ability of the “rural poor to attack their own poverty”, p. 9) was conceived as the means to attain effective coordination across initiatives as well as an empowerment catalyst — to support modernization of agriculture, effective natural resource management, and better access to services.

2.14 The Country Assistance Strategy 2005-2010<sup>9</sup> reiterated the key messages of the NGSEP with respect to the community development approach, which was framed as a means to build “capacity at the field level to prepare, implement and monitor outcomes of local investments”, and as an option “for service delivery to remote communities (...) and taking an integrated approach to improving upland rural livelihood” (CAS 2005-2010, p. 11). Community-driven development for remote and vulnerable communities was identified as essential to reduce poverty, increase food security, strengthen the rural sector strategy, and improve the enabling environment for rural growth. The PRF, three years into implementation when the CAS was approved, was seen as supporting CAS objective 1 (Sustain growth, [...including...] rural development), CAS objective 2 (Improve social outcomes and reduce vulnerability, through strengthened [...] service delivery capacities and targeted poverty reduction programs) and CAS objective 3 (Adopt a strategic approach to capacity development [...]).

2.15 The project objectives remained relevant, and became more relevant, at project closure. In the 7th Five-year National Socio-Economic Development Plan, 2011-2015 (2011), the Lao government defined poverty reduction as “the main mission, and a priority” (p. 56) and identified accelerating rural development through *ban* and *kum ban* development in the whole country as the main channel to attack poverty. The PRF was included among the main initiatives receiving support by the government to tackle poverty in poor districts.

2.16 While improving infrastructure and management of natural resources was among the main objectives of the CAS 2012-2016, the community participation approach was mostly linked to the objective of improving access to basic services (such as clean water) and

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<sup>9</sup> The CAS 2005-2010 was delayed with respect to the previous one (covering the period FY1999-FY2002) to align it with the NGPES, discussed by the Board of Directors in December 2004.

markets in rural areas (under strategic objective 3, Inclusive Development). The PRF was identified as a main building block of the “community driven platforms”,<sup>10</sup> which could deliver “high quality services and livelihood improvements in poor remote areas using participatory, gender-sensitive bottom-up planning approaches, whilst also building community capacity to be more in charge of their own development” (p. 28). PRF II was introduced as a follow up to PRF I to focus on the most vulnerable segments of the population, such as women and non-Lao Thai ethnic groups.

2.17 From this analysis of the strategic documents, it is evident that: (1) reducing poverty, especially in rural areas, has been articulated as a top priority of the government, due to the country conditions; (2) poverty reduction in rural and remote areas was understood as closely related to isolation and lack of access to basic services,<sup>11</sup> which explains why the government’s priority for alleviating rural poverty was to direct resources to rural infrastructure; and (3) the adoption of a community-based approach to “empower the grassroots level to master their own socio-economic development in view of permanent poverty reduction” is coherent with the government vision of the role of participation and decentralization originally expressed in the 2001 Interim Poverty Reduction Strategy paper. In this sense, the PRF project’s objectives are definitely relevant to these goals.

2.18 The meaning assigned by the government to the CDD approach, however, is not necessarily coherent with the conception of this same approach in other countries, due to strong centralized control and little space allowed to genuine grass-roots voice and participation. In this regard, the government strategy documents suggest that the intention was not primarily to strengthen the voice of rural communities, but rather to improve the government’s ability to deliver services in hard-to-reach areas, channeling participation through mass organizations subjected to the party’s discipline. The issue was not one of ownership (the government has been very much committed to the project since the start), but rather one of “conceptual ambiguity”, where the emphasis was disproportionately placed on the provision of infrastructure as opposed to the CDD approach (as it is commonly understood). As a matter of fact, progress in terms of participation and decision-making was extremely slow over almost 15 years of implementation of the program, and definitely slower than the provision of basic services, as discussed below.

## Relevance of design

2.19 The relevance of design of the project is **Modest**. The project design links the implementation of sub-projects aimed at the creation of infrastructure to removing obstacles to development and household well-being. The restricted menu of allowed infrastructure focuses on alleviating the main human development constraints (by improving access to water, education, health, and road connections). The components of the project were

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<sup>10</sup> Alongside the Lao Food Security Improvement Project (LUFSIP), Khammouane Development Project, Sustainable Forestry and Rural Development (SUFORD) and Rice Productivity Improvement Project (RPIP).

<sup>11</sup> At the time the project started, not only the government but also the people themselves identified lack of basic services and lack of access to roads and markets as one of the main drivers of poverty in rural areas. The 2001 Interim Poverty Reduction Strategy Paper reports the result of a Participatory Poverty Assessment funded by the Asian Development Banks indicating that the lack of all-weather roads was “the problem most cited by villagers as preventing economic growth” (GoL, 2001, p. 13).



coherently structured to support the achievement of these goals, through the creation of an implementing agency (the PRF) to provide grants and capacity building to villages to realize community infrastructure.

2.20 However, the result chain does not persuasively explain how the sub-projects could ultimately contribute to poverty reduction. Poverty has multiple drivers, and the focus group discussions (FGDs) and the interviews conducted by IEG in the field suggest that the communities' needs were much broader and deep than those addressed by the project. Indeed, the original project design was open to the possibility of introducing sub-projects supporting livelihoods. This option was suppressed at restructuring; this decision was wise in the light of the limited local capacity. However, even if focusing on infrastructure was the correct priority, the project was still required to articulate how the infrastructure to be built was supposed to impact the beneficiaries' well-being and select outcome indicators to measure those impacts.<sup>12</sup> This part is not sufficiently developed in the project's results chain.

2.21 The CDD approach was not central to the result framework. By design, participation and decision-making were given a very reductive interpretation, and there was no provision to strengthen community *management* capacity. Communities could only signal a preference among four or five categories of sub-projects, without being given meaningful information on their costs, implementation, management, and maintenance implications. In essence, there was little provision for informed participatory decision-making, and the plan for growing local capacity was very unambitious.

### 3. Achievement of objectives (Efficacy)

3.1 This PPAR evaluates the three objectives of the project: improving access to community infrastructure; building local capacity; and strengthening local institutions, with the ultimate goal of supporting the government to reduce poverty over time.

#### TARGETING

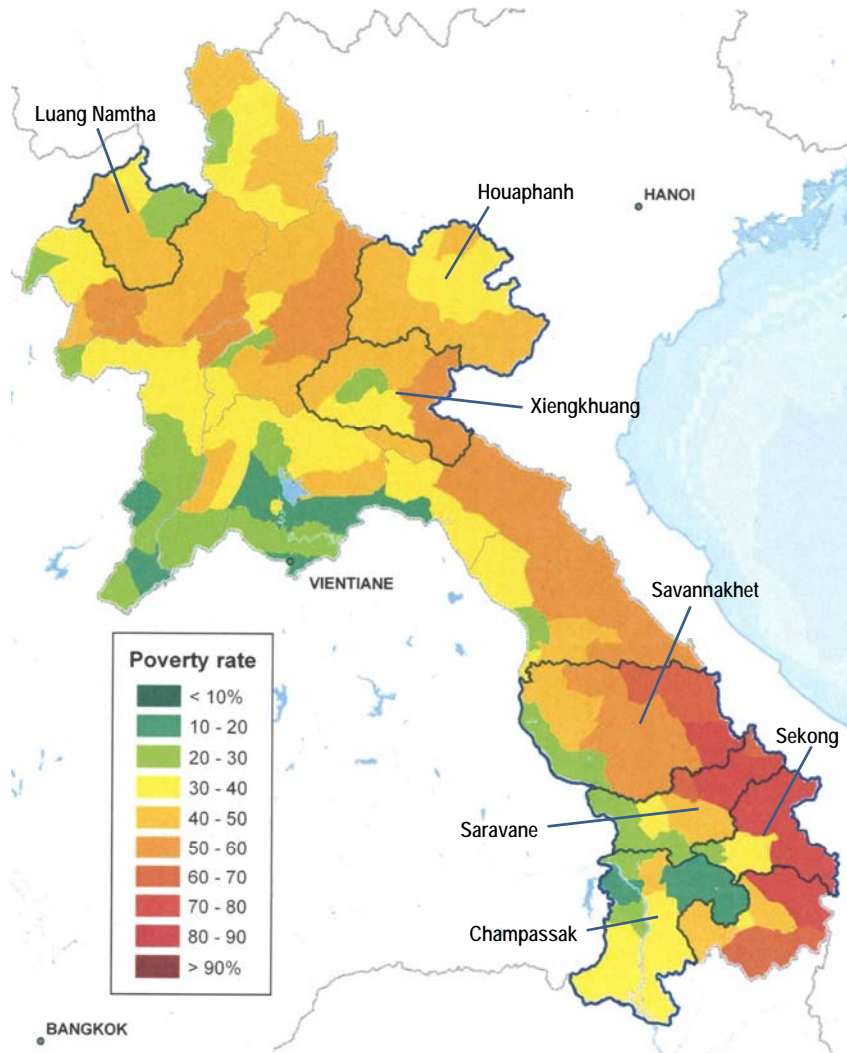
3.2 **Geographical targeting.** The project was targeted to communities in poor districts in select provinces. The project was originally introduced in three *provinces* — Houaphanh in the North, Savannakhet in Central Lao PDR, and Champassak in the South. Another two provinces, Xiengkhuang and Saravane, were added in 2005 and a sixth, Luang Namtha, in 2008. The final province, Sekong, was added in 2009 (Figure 3.1). The provinces were chosen “for their regional diversity, varying poverty levels, population density, and varying level of infrastructure and communications development” (PAD, p. 10). Out of the three provinces originally targeted, Savannakhet and especially Houaphanh were among the poorest provinces. Even if poverty were not the main criterion for province selection, it is unclear why Champassak was included at all, as it had one of the lowest poverty rates,

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<sup>12</sup> Lack of evidence of a causal link between sub-projects and poverty reduction resulted in the project downgrading to an unsatisfactory outcome rating (ICR, posted in January 24<sup>th</sup> of 2013). While this evaluation disagrees in using the poverty reduction metric to rate the project, it still considers important to assess whether the *trajectory* set by the project goes in the direction of reducing poverty, as this was ultimately the reason to put in place the PRF program, and how the infrastructure contributed to it.

including in rural areas, even based on the 1997/98 statistics. Champassak was subsequently dropped from PRF II. According to the PAD (p. 10), the choice of including relatively well-off areas was motivated by ensuring early start-up of operations in areas “with adequate communication and local capacity”. This criterion, however, contributed to make the initial targeting very approximate.

**Figure 3.1. Map of poverty incidence at the district level and provinces in PRF I.**



Source: “The Geography of Poverty and Inequality in the Lao PDR” Epprecht et al. (2008).

Note: Based on the third Lao Expenditure and Consumption Survey (LECS III 2002/03) and the 2005 Population and Housing Census.

3.3 The main targeting units within the province were the poorest *districts*. At the time of appraisal poverty data were limited and not up-to-date, making accurate targeting at that level a challenge. It was decided to target poor districts on the basis of population-weighted poverty incidence according to statistical methods that were still to be developed by the Lao National Statistical Center when the PAD was approved.

3.4 Targeting based on district-level poverty rates is not uncontroversial. As discussed in the 2006 Poverty Assessment (World Bank, 2006) and in Epprecht et al. (2008), districts with higher poverty rates do not necessarily house more poor people; conversely, very densely populated districts may have a high number of poor residents even if the overall poverty rate is low. Indeed, in Lao PDR there is a clear geographical mismatch between poverty headcount (how many residents are poor) and poverty headcount rates (percentage of residents who are poor). Remote areas — especially highlands — tend to be very poor, but are sparsely populated, so that the absolute number of poor people living there is relatively small. In contrast, cities as well as the Mekong corridor are very densely populated, and they account for the majority of poor people, despite their lower poverty rates.

3.5 These poverty data were not yet available when implementation started<sup>13</sup> and it is not fully clear which alternative method was used to initially select the districts. The Manual of Operation (updated to June 2008) indicates that “Poor districts have been chosen on the basis of a population-weighted poverty index, consumption and expenditure data, local knowledge and participatory processes” (Operational Manual, p. 10), which suggests that the poverty criteria defined in the 2001 Interim PRSP may have been used by the government. Based on those criteria, a district is considered poor if there are: (i) more than 50 per cent of poor villages in the district, (ii) no access to education (school), healthcare (health center), or clean water for more than 40 per cent of villages; (iii) more than 70 per cent of villages with no access to electricity; and (iv) more than 60 percent of the villages with no access to a road (for trucks). In turn, a poor village is one where: (i) more than 50 percent of households are poor<sup>14</sup>; and (ii) there is no school in the village or nearby and no dispensary or traditional health care, and people have to walk for more than 6 hours to reach a health center or the district hospital and have no access to clean water and no road (path) access to the village (Government of Lao PDR 2001).

3.6 In a targeted district all *villages* were eligible to participate, and proposals from poor villages were given higher priority. Sub-projects could be prepared by the village or jointly by more than one village, but could be presented to the district level only by the *kum ban* (an inter-village cluster of 5 to 10 villages). The plan was for each *kum ban* in the participating districts to receive funding for at least one proposal during the life of the project (this implies that repeated participation of the *kum ban* in presenting proposals would have increased the chance of each village to have one proposal funded, with some villages probably left without sub-projects).

3.7 In practice, geographical targeting was very imprecise. It was only at restructuring, in 2008, that the project was re-focused on “first priority” districts only (the poorest ones, as defined by the government). Seven districts that were not considered first priority were

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<sup>13</sup> Interestingly, the World Bank Lao PDR poverty assessment carried out in 2006 still did not provide enough information to improve the PRF targeting — if one were to choose a targeting criteria based on household consumption. Moreover, it did not mention the PRF project at all, although it recommended a community-based approach to tackle poverty (p. 30, vol. I and p. 120, vol. II). It is not until the analysis conducted by the Swiss Development Agency (Epprecht et al. 2008) that poverty information with enough granularity was produced and made available.

<sup>14</sup> Poor households were identified by villagers, and it was also suggested to include among other poverty criteria “no access to 16 kg of rice per head per month” (Government of Lao PDR 2001).

removed and 9 were added in the target provinces, as well as 3 new districts in a new province (Luang Namtha). It is unclear, however, why this happened in 2008 when the government had defined the priority districts in the 2004 NGPES.<sup>15</sup>

3.8 As a result, targeting improved from AF on, but it was very imprecise for the first five years of project implementation. According to the ICR (p. 16), in cycles I-V<sup>16</sup> the percentage of sub-projects assigned to the poorest villages ranged between 30 and 49 percent. During the last two cycles (VII and VIII) this percentage had increased to about 78 percent. The reasons for poor targeting were lack of poverty data, lack of targets, and weak capacity of PRF staff — elements that slowly improved over time, and were explicitly addressed at AF.

3.9 There is no clear evidence of how the process of adjudication of sub-projects worked in practice and what was effectively done to minimize elite capture. Interviews in the field highlighted the need of improving local control as well as transparency in the selection of sub-projects, to avoid capture from those with more information about the process.<sup>17</sup> It also emerged in interviews and FGDs that villages within a *kum ban* did not necessarily share any affinity in terms of sub-project allocation, implementation, and use.

3.10 **Group targeting.** In addition to targeting poor districts, the project was also meant to “involve a broad set of villagers, including women and the poor” (PAD, p. 2). However, group targeting ended up being more problematic than geographic targeting. Women were targeted by monitoring the number of women “participating” (although no qualitative standard was provided to measure the quality of their participation) and the number of proposals presented by women’s groups. Many districts where the project was implemented were populated by ethnic minorities; however, the project did not adequately recognize until mid-term that it was essential to ensure that enough facilitators could communicate and run meetings in the languages spoken by the local ethnic groups. IEG also found that, in situations where the population in the village included different ethnic groups (typically a prevalent ethnicity in the main hamlet and two-three other minor groups in peripheral hamlets), it was difficult to integrate them in the decision-making process.

3.11 Moreover, the government definition of poverty was heavily centered on lack of infrastructure and access to services. This definition allowed for easier identification of target villages, but as a downside greatly emphasized geographical targeting over group targeting. Quite tautologically, building infrastructure was going to be poverty reducing by definition, but only at the village level, not necessarily at the household level, i.e. it did not necessarily address critical household-level issues that most villagers identified as poverty drivers in the

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<sup>15</sup> It can obviously be questioned whether targeting the first priority districts was the best criteria. The first priority districts do not correspond to the poorest districts based on poverty rates, although they are *on average* much poorer than the other districts (World Bank, 2006).

<sup>16</sup> The project disbursed funding to *kum ban* in annual sub-project cycles for a total of 8 cycles.

<sup>17</sup> Clear guidelines existed for prioritizing villages. Each year, the PRF administrative board was to approve the list of provinces and districts that could participate, alongside the grant budget ceiling for each participating district. In each district identified as eligible, priority was given to villages evaluated locally as poor, recognizing the high level of heterogeneity in terms of living conditions and access to services within districts (villages without road access were given priority).

interviews we carried out in the field.<sup>18</sup> IEG found that the infrastructure-centered notion of poverty permeated the PRF activities during the life of the project although, as previously discussed, lack of infrastructure was only one of many drivers of poverty.

## RESULTS

3.12 The IEG team used FGDs to collect evidence on results and their potential explanations. FGDs, involving men and women in separate groups, were carried out in 14 villages in six districts and three provinces (see Appendix B). While the discussions also touched upon the type, benefits, and condition of the infrastructure created in the village, the findings of the FGDs have been used exclusively to assess the project goal of building local capacity, due to the sample size of sub-projects being too small to extrapolate to all the infrastructure built by the project.

### ***OBJECTIVE 1: COMMUNITY INFRASTRUCTURE***

**Figure 3.2. Water head in Houaphanh**



Source: photo by Elena Bardasi

training (6 percent).

3.13 Achievement of the first objective is rated **Substantial**. The project supported 3179 sub-projects in 7 provinces (28 districts, 309 *kum ban*), 94 percent of the revised target of 3,373 sub-projects. The sub-projects were implemented in 2185 villages, covering more than 900,000 estimated population in total. The project disbursed about US\$31 million for this component (including more than US\$7 million cofinancing by the Swiss Agency for Development and Cooperation), and more than US\$5 million was provided by community contributions.

3.14 Almost all sub-projects consisted of building infrastructure: 616 schools, 86 bridges, 65 health dispensaries, 669 clean water systems, and 156 irrigation schemes. Over 3,000 km of rural roads were upgraded. Only a tiny minority of sub-projects (less than 6 percent) supported training. Budget-wise, education and roads received about one third of the budget each, with the remaining distributed between health (including water systems, 22 percent of the total), irrigation (4 percent), and

<sup>18</sup> Such as lack of access to land or access to poor land; having been resettled; having too many children; being widow; having no or poor livelihoods.

3.15 The project completion documents offer some evidence on the quality of infrastructure, its maintenance status, and community satisfaction. Data are provided by the ICR on the rate of utilization of the infrastructure, 96 percent overall, but with wide variations depending on the type (the lowest being the utilization rate of wells, irrigation systems, and dams, 78 percent, and the highest being schools, 99.7 percent). Quality also varied across type of infrastructure. A technical assessment in 2010-11 examined 1,051 sub-projects and found that 50 percent of irrigation systems and wells were of unacceptable quality, while 33 percent of roads and 20 percent of health and school infrastructure were of poor quality. A calculation produced for the ICR indicates that (only) 71.2 percent of all sub-projects met technical specification. These rates are very low, especially for simple infrastructure like wells. The cyclone Ketsana in September 2009 was partially responsible for damaging some of the infrastructure.

3.16 A more recent technical audit analyzed 60 sub-projects randomly sampled from those completed in cycles 7, 8, and 9 in 6 provinces and found that the infrastructure built was overall of good technical quality. The sub-projects selected included buildings, bridges, water supply and irrigation infrastructure, and roads. The audit determined that 76 percent of the sub-projects had been constructed in accordance with the plans and specifications contained in the sub-project proposals and were considered to meet specification. A further 22 percent were rated slightly below specification in terms of meeting the intent of the sub-project proposal. Only 2 percent of technical ratings were below specification (Poverty Reduction Fund 2016).

3.17 An assessment conducted at the end of the project indicates that services were being provided (ICR, p. 15). Schools had on average 46 students per teacher (with large variations across villages, in the range of 6 to 83), with an enrolment rate of 90 percent in the village visited. Eighty-one percent of health clinics offered a minimum package of health services. Most villages (80 percent) that had implemented a water sub-project actually had access to clear water; however, only 50 percent of the roads constructed could be used year round by small vehicles (based on a small sample of 12).

## ***GOAL 2: BUILDING LOCAL CAPACITY***

3.18 Achievement of the second objective is rated **Modest**. The development of local capacity to manage public investments was limited and very slow. Several factors contributed to this outcome. First, the initial capacity (at the start of the project) was essentially non-existent, as there was no tradition of the government involving communities in planning and managing projects. Second, the CDD approach was interpreted in a very simplistic way. Elements of empowerment and participation were not as full-fledged as in CDD interventions in other countries. The ICR recognizes that the project “did not pursue the more rigorous empowerment ends of the CDD model” (ICR, p. 6) and states that this was “appropriate, given the highly centralized system [...] and also the low capacity of remote communities”. The low initial capacity, however, led to the choice of not giving full responsibility to communities (*kum ban* teams, but also village need and priority assessment meetings) for the selection, procurement, implementation and supervision, payment, and assessment of sub-projects, which further slowed down learning-by-doing. During IEG field visits, villagers occasionally pointed out that they were not involved in making decisions on

the design of some construction, even when they felt they could provide a valuable contribution. Moreover, IEG noticed that some aspects of sub-projects were not fully transparent; for example, another donor’s project publicly provided a list of expenses related to specific infrastructure, but this was not the case with PRF.

**Figure 3.3. Women in FGDs**



Source: photo by Elena Bardasi

3.19 Based on IEG field visits and FGDs results, communities were only partially involved in the process of executing sub-projects. First, communities’ decisions were based on a given short, positive list of options — only five or six types of infrastructures were allowed without the possibility of proposing anything different. Moreover, the communities were not provided with knowledge of the implications (in terms of costs, time, and maintenance) and of how the assignment of the sub-projects would work in practice to help them make an informed choice. The screening of village priorities was (and still is) done at the *kum ban* and district level, which often resulted in a discrepancy between the type of sub-project selected and the priorities expressed (data from the M&E show that this was the case for a quarter of all sub-projects) or in giving priority to the neighboring village B when the preference of village A was too expensive or less in line with *kum ban* or district priorities (which was not fully understood and perceived as fair by village A). Moreover, the *kum ban* team was not given full responsibility for the selection, design, implementation, management, and evaluation of sub-projects, an issue noted also by the 2007

beneficiary assessment (Souvannavong et al., 2007).

3.20 One important innovation introduced by PRF was separate meetings for men and women to encourage women’s participation. This method was appreciated by most men and all women who took part in the FGDs organized by IEG.<sup>19</sup> Moreover, a very clever voting system was introduced to facilitate participation in the voting by everybody, including illiterate villagers (disproportionately women). Villagers were invited to deposit in a box three seeds for the most preferred option, two seeds for the second best, and one seed for the third best. These participation modalities, however, did not find much traction beyond PRF, which raises interesting questions about the meaning of “empowering communities” and increasing their capacity and participation in managing their own development processes.

<sup>19</sup> Some men indicated that there were really no advantages in organizing separate meetings by sex. Interestingly, no man mentioned during FGDs that separating meetings by sex was good to strengthen men’s voice as well.

Some participants in FGDs indicated that each development program had its own modalities to organize meetings and voting procedures, so “villagers just follow them”. Rather than developing and internalizing more participatory modalities, communities seemed merely to comply with the rules of the game.

3.21 At the same time, the PRF did not leverage existing strengths of the communities, in particular the mechanisms of decision-making; the traditional mutual support systems made of men’s and women’s self-help groups providing assistance to community members in need; the ability of villagers to identify situations and drivers of poverty within the specific village. Traditional systems and networks have been well described to IEG by the FGD participants (see Box 3.1), but the project documents do not mention any assessment that analyzed them with the purpose to integrate them in the approach. While traditional informal institutions can be exclusive, working with communities to make systems that villagers already know and trust more equalitarian and transparent can achieve results that are more sustainable and owned by the communities themselves.

### **Box 3.1. Communities’ Mutual Support Networks**

The participants in FGDs well described the traditional mutual support system operating in villages. Women and men organize themselves in self-help groups to provide assistance to families and households in need. Women help each other in farming activities – with weeding, transplanting, and harvesting rice. Men groups provide labor to help families build their house, while women provide meals during the construction period. Basic aid is given to households with ill people, such as providing rice and caring for the children, the elderly, and the sick. Villagers know well who are those in need and neighbors spontaneously step in to offer rice and food. Large expenses (such as transporting ill people to health centers, helping with funeral expenses, or providing basic help for long periods) are dealt with at the village level – the village authority chief would call for a meeting and agree with villagers how costs can be split across all households, except the poorest ones.

Another traditional system of collaboration consists of self-help groups organized for building temples, village schools, and communal weirs and organizing village celebrations and ritual and religious ceremonies.

These traditional mutual support networks operate informally and are not recognized or supported to evolve into a stronger and more stable system.

Source: Focus groups discussions, June 2015.

3.22 That said, there is no doubt that many efforts were made to strengthen women’s participation, including in expressing preferences for sub-projects. In addition to the already mentioned separate voting system, PRF introduced the rule that (at least) one of the three selected village priorities had to come from the women’s group. The number of proposals submitted by women and the number funded was monitored in the project M&E system. Based on these data, about 90 percent of sub-projects funded reflected women’s priorities, but men and women’s priorities very often coincided (9 out of 10 times). It is not possible to determine if this is because *preferences* coincided, maybe because community needs transcended gender and also due to the very limited set of options offered to villagers, or because men were able to influence women’s preferences.



3.23 In general, the FGDs provided a mixed picture of the achievements regarding women’s participation. On the one hand, it was noted that PRF made progress in involving women in participating in meetings, and in planning and implementing activities. At the same time, many participants in FGDs remarked that decision making was still male-dominated and that women are often told by the men what to say at group discussions.<sup>20</sup> Moreover, it was also remarked that PRF focused on creating groups of women but not on developing their communication ability. Finally, it was clear from the field observations that “women” were very heterogeneous, and some had more influence than others — on the whole group of women and on the “village affairs”. This was the case for women who were very active members of the Lao Women’s Union, but also for older women (for example, at meetings the daughter-in-law spoke after the mother-in-law, if she spoke at all). This aspect of “capture” within groups of villagers was not recognized by the project.

3.24 The integration of non-Lao-speaking groups was particularly problematic. In almost all 15 villages visited by IEG, the FGDs confirmed that it was very hard for villagers who could not read and speak Lao to follow the discussions and express their votes. Women of minority ethnic group were particularly penalized, as they were much more likely to be illiterate than men and women of the main ethnic group.

3.25 Integration of the poor may have been also problematic, but the project documents provide no evidence in this respect. Delivery of infrastructure to poor villages meant that PRF emphasized geographic targeting and downplayed the importance of targeting the poor *within* villages. IEG noticed that the presence of poor individuals in the focus groups was extremely limited, even in villages with a high number of poor households.<sup>21</sup> The project documents do not discuss how the poor were involved and whether elite capture was an issue and how it was addressed.

### ***GOAL 3: STRENGTHENING LOCAL INSTITUTIONS***

3.26 Achievement of the third objective is rated **Modest**. As the ICR recognizes, it is unclear to what extent PRF determined a change of formal institutions (of government, district, and province officials) to support participatory decision-making. In terms of output, PRF I delivered a large number of training events: 23 at the provincial level, 55 at district level, and 103 at *kum ban* and village levels. In total, more than 300,000 participants took part in training. The M&E also indicates that 622 government officials attended district decision meetings in the last three cycles (VI to VIII). In practice, it is debatable whether the

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<sup>20</sup> This came up in LongNgua village, Na Chak Samtai district, Tayong and in all villages visited in Nong District.

<sup>21</sup> IEG did not have control over the composition of the focus groups, which were organized by PRF staff, quite likely with the help of the village head. IEG was able to separate out of focus groups “influential individuals” who could have manipulated the conversation (current and previous headmen; women who were active members of the Lao Women’s Union; individuals with other official roles) and conduct separate interviews with them, but could not control other aspects of the focus groups’ composition. IEG asked during every FGD for the number and the profile of poor households. Every group was able to provide accurate information in this respect.

participatory approach was fully internalized. This quite likely did not occur with PRF I, and probably it would have been unrealistic to expect otherwise.

3.27 The experience of PRF I did not modify, by the time it closed, the government approach in tackling poverty. In October 2012, after PRF I closed, the government introduced the new Sam Sang (or Party's Three Builds) directive as a strategic development policy. According to Sam Sang, villages are proposed as the development unit, districts as the integration unit, and provinces as the strategic unit. However, Sam Sang identifies a number of districts and villages as priority areas for development, based on centrally-determined parameters, which is not fully coherent with the principle of self-determination of local communities. Moreover, it emerged from interviews that, as the budget is consolidated at the provincial level, very little discretionary power is left to districts to allocate resources according to local needs and priorities.

3.28 However, during the life of the project, government officials increasingly accepted and recognized PRF to represent a powerful infrastructure capable to reach remote communities and channel basic services. This was not always the case during the first phase of the project, when there were issues of inter-ministerial collaboration, with some ministries dismissing the CDD approach altogether. Unfortunately, however, no indicators were set up to measure the level of understanding of participatory approaches by local officials.

3.29 The feedback and conflict resolution mechanism established by PRF was essentially not utilized by the communities. IEG found during the field visits that boxes to collect feedback by villagers (see Figure 3.4) were secured to every PRF public board, but nobody was using this channel. The ICR reports that only 32 relevant complaints were received in eight years. The ICR does not comment on why such a poor rate of feedback was received for a project aimed at increasing participation.

## **POVERTY REDUCTION**

3.30 Although poverty reduction is not assessed as an objective of the intervention — due to difficulties in assigning attribution — the project was put in place with the ultimate, overarching goal of decreasing poverty in rural areas. For a project that is called the *Poverty Reduction* Fund project, this represents, as previously stated, the ideal trajectory that should guide the intervention. Signs that the project is heading in this direction exist, but they are still very tenuous. The PRF project internalizes a simplified view of what poverty is — lack of infrastructure, especially all-weather roads, and poor access to basic services — in line with the government's view. However, it is clear even from the World Bank's own analysis produced during the life of the project (World Bank, 2006) that poverty is a much more complex and multi-dimensional phenomenon. While a project cannot tackle all roots of poverty — and PRF I wisely decided to take a cautious approach by excluding more technically and politically complicated interventions such as support to livelihoods — it also cannot take the position that providing infrastructure is automatically poverty reducing. PRF I did not articulate sufficiently in which way the sub-projects provided could have contributed to poverty reduction and did not set up mechanisms to measure those impacts (through indicators in the M&E and specific assessments and evaluations, for example). Moreover, PRF I still did not leverage the community-driven approach to poverty reduction.

In the CDD approach, communities are involved in identifying their own needs and priorities and manage activities to address them. As the options provided were very limited and had to be compatible with central planning, there was little space to adequately explore and link community needs in terms of poverty reduction and the potential that sub-projects had to offer.

**Figure 3.4. PRF Village Board with explanation on how to provide feedback**



Source: photo by Elena Bardasi

## 4. Efficiency

4.1 The efficiency of achieving the PDOs is rated **Modest**. No measure of efficiency was estimated at appraisal. A study commissioned by the ICR estimated an average rate of return of 21 percent, but this figure was extrapolated by applying the sector-specific internal rate of return developed for the Vietnam Community-Based Rural Investment Project to the PRF sector composition, and it therefore cannot be considered a meaningful rate of return. PRF unit costs of infrastructure were found to be between 35 and 88 percent lower than government-provided infrastructure (depending on type of infrastructure and geographical area), but the comparison does not take into account the lower quality of PRF infrastructure and the less-than-100 percent utilization rates (see Efficacy section). In particular, about 25 percent of wells in several provinces (Savannakhet, Attapeu, Saravanh, and Sekong) were damaged and made unusable by flooding caused by the Ketsana cyclone in September 2009. Also, the PRF unit costs do not factor in the in-kind contribution of communities, which according to the ICR represented 17.5 percent of the cost of sub-projects on average. The operational cost ratio was 15 percent, lower than anticipated at appraisal (25 percent). If training and facilitation costs are considered to be costs of delivering infrastructure, rather than outcomes measuring empowerment and participation, this ratio increases to 27 percent.

4.2 Efficiency was likely not impacted by procurement and financial management, which were fairly smooth, nor by the performance of the implementing agency, despite staff turnover.

4.3 The sub-projects implemented likely brought benefits to communities in terms of time saved in collecting water, time and cost savings in travelling, and time and cost savings in accessing better education and health infrastructures. There were probably productivity gains, and for those contractors and community members carrying out works, returns in terms of income, albeit for short periods. These (measurable) benefits have not been captured in the M&E or in an ad-hoc assessment.

## 5. Ratings

### Outcome

5.1 The rating of Development Outcome is **Moderately Unsatisfactory**. The relevance of the objective is **Substantial**, because of the undisputable importance of improving access to basic services in remote areas as a means to support poverty reduction (a key priority of the government), but undermined by potential incompatibility between the spirit of a CDD approach and the highly centralized nature of government policies. Design is rated **Modest**, as the theory of change was not sufficiently developed and the result framework was very weak. Corrections occurred at the time of AF, but this was already five years into implementation, and even so those corrections did not strengthen substantially the CDD approach. Efficacy of the first objective (provision of community infrastructure) is rated **Modest**. PRF was able to support the completion of a large number of sub-projects, although for a too-high of a percentage of sub-projects quality was identified as poor or even unacceptable, especially in the case of roads and wells. There were positive impacts for communities, who signaled high levels of utilization and satisfaction. There is some evidence of positive impacts on education and health, although not much detail is available on how these were measured and how important this could have been for poverty reduction. Efficacy of the second objective (building local capacity) is also rated **Modest**. The CDD approach was interpreted in a very simplistic way, and communities were not fully engaged in the identification, management, and implementation of sub-projects. Women were involved, but the quality of their participation was not measured; based on field observation and document analysis, it appeared to be quite low.<sup>22</sup> Ethnic minorities were insufficiently integrated. Efficacy of the third objective (strengthening local institutions) is rated **Modest**. Although engagement of local officials grew over time, and many underwent training in participatory decision-making, it is debatable whether the participatory approach was fully internalized. Efficiency is rated **Modest**. The operational cost ratio was between 15 and 27 percent, depending on assumptions related to training and facilitation costs. A cost-benefit analysis was not provided, but the data presented by the ICR indicates that the infrastructure built, while cheaper than government-provided infrastructure, was of poorer quality. The utilization rates and satisfaction rates, however, were quite high, and better access to infrastructure

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<sup>22</sup> This element was identified as one to strengthen in PRF II.

plausibly generated important benefits and time and cost savings, although there is no data on these benefits.

## **Risk to Development Outcome**

5.2 The overall Risk to Development Outcome is rated **Moderate**.

5.3 **Sustainability of infrastructure.** The technical assessment carried out for the ICR indicated high level of operations and maintenance participation for the infrastructure built under the PRF. This aspect was strengthened at AF when the requirement was introduced that all proposals had to include Operation and Maintenance plans detailing division of responsibilities and financial plans, as well as agreements with relevant district-level line agencies when the local government was involved. According to the 2011 PRF Technical Utilization and Beneficiary Satisfaction Assessment, whose findings are reported in the ICR, about 95 percent of the sub-projects had established committees for operations and maintenance, and 63 percent of O&M committees collected maintenance funds and practiced maintenance three years after completion of the sub-project. A recent audit report confirms that O&M committees had been formed and were functioning at 93 percent of the sub-projects evaluated (60 sub-projects randomly selected in 6 provinces), with road sub-projects being an outlier at only 75 percent (Poverty Reduction Fund 2016). The ICR also indicates that all infrastructure built was recorded in line ministries' books. That said, IEG field visits highlighted that in many cases it was not possible for the communities to undertake maintenance without the assistance of district authorities.<sup>23</sup> This was quite evident in the case of roads, exposed to serious damage during the rainy season with little ability of the community alone to undertake needed repairs. Villagers claimed that when communities cannot maintain or upgrade the infrastructure created, it is very difficult to get PRF support. The ICR confirms that sustainability of the project depends on the buy-in of line ministries for the maintenance of infrastructure, especially in the case of roads sub-projects. In general, however, the communities visited expressed a sense of ownership of the sub-projects that were built.

5.4 **Sustainability of government support.** The government had always shown a very high level of commitment to the project, confirmed by the decision of continuing PRF under PRF II, supported financially by the World Bank but also by other development partners and the government itself as co-financier.

5.5 **Continuous engagement and commitment of communities.** PRF II integrated elements meant to strengthen community engagement, such as multi-year investment plans (four rounds of grants per *kum ban* were introduced), and a greater focus on gender.

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<sup>23</sup> The ICR recognizes that this remains as a challenge, and that limited sector budgets affect the levels of maintenance, especially in the case of roads.

## Bank Performance

### QUALITY AT ENTRY

5.6 The Quality at Entry is rated **Moderately Unsatisfactory**.

5.7 While poverty reduction was a top priority of the Government of Lao PDR the choice of a large CDD intervention as the tool to reduce poverty was unprecedented in a country with a strong centralized planning tradition. A key principle of a CDD project is to rely on and generate even more participation and initiative in decision-making at the community level, which is logically challenging in a highly centralized system. The potential contradiction between the bottom-up approach of a CDD project and the top-down principles traditionally applied by the government was not explicitly addressed at entry. As a result, institutional buy-in was initially only secured at the level of the Prime Minister's Office, leaving some line ministries unconvinced of the importance of the participatory approach, or questioning the autonomy of the PRF. At the same time, the project adopted a prudent design that included, for example, only a restricted variety of sub-projects and provided for a phased implementation — starting with only three provinces to then extend its coverage up to seven by the last cycles. The inclusion of micro loans sub-projects, as per experience of the *Kecamatan Development Project*, was wisely rejected in order to reduce implementation difficulties.

5.8 That said, some critical risks were not properly considered and addressed during preparation. It was assumed that it would be easy to find and train facilitators to work with communities, but this risk was understated, and language barriers and staff shortcomings in understanding and embracing participatory methods were not properly anticipated and addressed. Activities included in the original design were meant to increase *technical* local capacity, but the importance of generating and supporting participation and engagement was underplayed.

5.9 Insufficient attention was devoted to preparing a complete and robust M&E framework and management information system (MIS). Indicators were not properly defined, with an emphasis on outputs over outcomes and a lack of indicators of empowerment and participation. Baselines were missing. The MIS was not properly set up to provide data to regularly inform implementation. Another issue was the lack of poverty data to allow proper targeting of interventions. This problem did not receive due attention during preparation; the PAD indicates that targeting was to have been based on a poverty mapping exercise to be undertaken by the National Statistical Office, but does not flag this step as a critical one. In reality, it was only five years after implementation started, with the 2008 AF, that targeting was made more accurate.

### QUALITY OF SUPERVISION

5.10 The Quality of Supervision is rated **Moderately Satisfactory**. The project changed four task team leaders over its life, but this did not impact the project negatively, according to the ICR. Supervision missions were undertaken less than twice a year, which was too infrequent for a project that was so complex and so new for the country context. In addition

to ensuring that project activities had been properly implemented before adding new districts, there were issues that were apparent from the very beginning and could have received stronger attention, such as the finalization of the MIS and preparation of baselines. Other issues that were occasionally signaled in implementation status reports (ISRs) but were not properly emphasized (and were only addressed at AF) related to targeting, financial management, environmental and social safeguards, and capacity building. Risks were also consistently rated modest, including of finding qualified facilitators, interference of government officials (at the central and local level), and low capacity of community groups of formulating proposals, probably an understatement. Overall, in the initial phase (before 2007-2008), the ISRs provide very positive ratings and a satisfactory picture of implementation progress, which does not correspond to the full reality, as the ex-post assessments would reveal.

5.11 Supervision became stronger starting from the end of cycle V, in 2007, when a Bank-led assessment in preparation of the AF highlighted the implementation issues specified above. A number of modifications were introduced, to achieve better targeting, delivery of more capacity building for government officials, and M&E improvements. The implementation performance improved during this last phase. A functional MIS system was finally put in place. These improvements led to a successful and smooth transition to PRF II.

5.12 Overall Bank Performance is rated **Moderately Unsatisfactory**.

## **Borrower Performance**

### **GOVERNMENT PERFORMANCE**

5.13 Government performance is rated **Moderately Satisfactory**.

5.14 The government showed a high level of commitment (both at the level of the Prime Minister — where the project was anchored — and the Ministry of Finance) throughout the project. There was, however, a more tepid engagement of line ministries, with some questioning the independence of PRF and others the significance of the bottom-up approach. This translated into a low level of collaboration with line ministries, which did not affect progress in implementation of sub-projects, but affected progress in local capacity building. The 2010 Quality Assessment of Lending Portfolio (QALP-2) highlighted issues with weak buy-in and capacity of local government, which created some implementation issues.

5.15 The government continues to show a strong commitment to the project, demonstrated by its decision to sustain the program and commit US\$10 million to PRF II from the national budget.

### **IMPLEMENTING AGENCY PERFORMANCE**

5.16 The Implementing Agency Performance is rated **Satisfactory**.

5.17 The implementing agency — the Poverty Reduction Fund, PRF — was established as an independent agency and operated under the leadership of an influential executive director, who always enjoyed the government's respect. PRF demonstrated strong commitment to the

project and overall was successful in meeting its obligations. In the early phase (until 2005), high turnover of staff (35 percent in 2005), especially in key senior positions, impacted the quality of implementation. During this first phase PRF faced major difficulties in attracting and keeping qualified staff due to inadequate compensation. Salary adjustments established in early 2007 to align salaries to market wages addressed this issue.

5.18 The National Management Unit satisfactorily handled financial management and procurement, despite some issues with procurement (see below) that did not, however, impact overall project outcomes. M&E was weak, but there was some improvement over time, though not as rapid as one would have desired.

5.19 At the local level, teams suffered from capacity constraints. Staff recruitment for district-level positions was challenging in some cases due to the remoteness of many locations. Despite staff was generally commitment, their capacity to implement truly participatory approaches was limited. To some extent, this was also due to poor resources and insufficient training devoted to this objective.

5.20 Despite these challenges, PRF was able to grow into a robust implementing agency, with a stable cadre of mid-level management.

5.21 Overall borrower Performance is rated **Moderately Satisfactory**.

## **Monitoring and Evaluation**

### **M&E DESIGN, IMPLEMENTATION, AND UTILIZATION**

5.22 Monitoring and Evaluation Design, Implementation and Utilization is overall rated as **Modest**, owing to a number of weaknesses as highlighted below.

5.23 **M&E Design:** The Monitoring and Evaluation framework set up at entry was vague and meager. Some indicators were not precisely defined and did not have metrics (training outputs; procurement outcomes; percentage of beneficiaries enjoying access; access and service coverage indicators) or were missing altogether (there were no indicators to measure empowerment and increased community capacity to manage public investment planning and sub-project implementation); baselines were missing; and there were no targets. Most indicators referred to inputs or outputs at best, not to outcomes, with the exception of “poverty incidence by district and national incidence of poverty”, which was, however, too overarching and therefore too weak for PRF to claim attribution. There were some indicators to measure aspects of inclusion, especially of women (number of proposals submitted by women and number funded; percentage of women participating; percentage of male and female facilitators trained). The M&E framework was strengthened at AF, in 2008, five years into project implementation, with the introduction of more specific indicators and targets for type of sub-projects. Many of the indicators added were still very much focused on the infrastructure (utilization rates and beneficiary satisfaction) rather than on the impact of infrastructure on the villagers’ lives. Other indicators were still missing, especially indicators measuring empowerment and increased capacity of communities. Part of the problem lies in the consideration (explicitly expressed by the AF paper) that, in the case of CDD



interventions, it is not possible to set quantitative targets for sub-projects that are selected by communities in a demand-driven participatory planning process. This is not a persuasive argument, however, to explain the absence of indicators measuring progress in the participatory planning process itself. Quite remarkably, no efforts were made to link the project investments and the capacity building with outcomes at the community and household level that could have allowed to track improvements in people's well-being thanks to the project activities.

**5.24 M&E Implementation.** M&E implementation suffered from a number of issues. First, the M&E system was initially very weak (a “low-cost in-house system”, as defined by the ICR, p. 10) and unable to ensure consistency of data quality across time and space. The system became more robust over time, especially after the upgrade introduced in 2006. Second, during implementation villages were merged and relocated, which created discrepancies between the M&E system (based on the original village definition) and the evolving reality on the ground. The issue was addressed; in 2008, Village Poverty Profiles were also adopted to improve targeting. Third, the M&E framework, weak at the start of the project, was revised at AF, which made it more robust, but some targets were still not set, and most baselines were also not defined.

**5.25 M&E Utilization.** The importance of improving the *real time* use of monitoring findings was raised in almost every Aide Memoire document, indicating that teams were not well positioned to use information to promptly identify and correct implementation issues. Three assessments, agreed at AF, were all completed in 2011: (i) a *Technical, Utilization and Beneficiary Satisfaction Assessment*, to evaluate the quality of completed sub-projects and progress in terms of increased access to public goods and services; (ii) a *Participatory Planning Assessment* to compare the PRF approach with similar approaches; and (iii) a *Building of Local Institutions Assessment*, to evaluate progress in establishing sustainable participatory approaches. These reports were able to inform the preparation of PRF II, but were delivered too late to support improvements in PRF I.

## 6. Compliance with World Bank Policies

### Safeguards

6.1 The project was designated as Category B. Two safeguards were triggered: (1) Environmental Assessment (OP/BP 4.01) and (2) Indigenous Peoples (OP/BP 4.10). The Involuntary Resettlement safeguard (OP/BP 4.12) was not triggered by the project.

6.2 The **Environmental Assessment** safeguard was triggered because civil work was involved in sub-projects, although the impacts were expected to be small given the small size of the sub-projects, and highly localized. The project put in place guidelines prescribing a screening and review process for all sub-projects that could cause adverse impacts on the environment. The ICR (p. 11) indicates that compliance with OP 4.01 was rated satisfactory throughout the project and that the environmental impacts were modest. However, the QALP-2 signaled insufficient monitoring of project compliance; a follow-up mission found no significant negative impacts, but a lack of proper reporting and limited understanding of

safeguard issues and procedures (ICR, p. 11). The issue was resolved with increased monitoring and additional training.

6.3 The **Indigenous Peoples** safeguard was triggered due to the presence of many ethnic groups in the project areas.<sup>24</sup> A social assessment was undertaken in the preparation phase to help design sensible strategies to ensure participation of ethnic minorities. The PAD notices that concerns related to ethnic minorities were intended to be met primarily through the design of the project itself (p. 73), which was to operate based on participatory processes at every stage of the sub-project cycle; consultations at the village level with all sub-groups, to ensure broadly representative decision meetings; and adoption of inclusive decision-making mechanisms where ethnic minorities were marginalized. The ICR notes (p. 11) that compliance with this safeguard policy was satisfactory and that ethnic minorities comprised on average 36 percent of project beneficiaries. It was found, however, that language barriers did not allow proper integration of ethnic groups that did not speak Lao in the first cycles of the project, as all meetings were conducted in Lao. This issue was addressed at the AF, when it was decided to hire translators to assist in meetings and add graphical communication tools. IEG's field visit highlighted that integration of ethnic minorities was still a problem around the end of PRF II.

6.4 The **Involuntary Resettlement** safeguard was not triggered because no involuntary resettlement and land acquisition was to be allowed under the project. Guidelines were prepared to lay out procedures to ensure that all resettlement or land acquisition was voluntary. The project defined very detailed guidelines for cases of resettlement or land acquisition that could have occurred on a voluntary basis, to provide adequate compensation paid by the villages' own funds. The ICR comments (p. 11) that the project was, however, affected by the government's consolidation policy.<sup>25</sup> PRF did not support the government policy of resettling groups of villagers, although this policy was implemented in some of the districts covered by the project. The AF paper indicates that several elements of PRF dissociated the project from this policy, namely universal coverage in the villages reached, decentralized planning, and a participatory approach. Moreover, PRF adopted stricter criteria for poverty targeting at the AF, which called for providing infrastructure only in villages with strong deficiencies in infrastructure. Also, the government agreed that the project would not support government programs involving village consolidation or resettlement that were in contrast with World Bank policies.<sup>26</sup>

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<sup>24</sup> The PAD specifies that ethnic minorities in Lao PDR are ethnic groups such as the Mon-Khmer, Hmong-Mien and Tibeto-Burman ethno-linguistic groups inhabiting the highlands, who are vulnerable to the development process and who meet the characteristics used in the World Bank's policy (PAD, p. 20). 'Ethnic minorities' represented about 80 percent, 40 percent and 15 percent of the population in the three initial project provinces, Houaphanh, Savannakhet and Champassak.

<sup>25</sup> The government strategy for reducing poverty in rural and remote areas includes resettlement and consolidation of villages. The government is pursuing a "stabilization strategy" to discourage extensive agricultural practices in favor of paddy cultivation; amalgamation of small villages, hamlets and settlements into villages where services can be provided cost-effectively; and establishment of small rural townships, with a minimum population threshold. These policies imply administrative reorganization but also physical movement of the population (Fargher, 2014).

<sup>26</sup> In 2012, the '4+4' rule was adopted: PRF funds cannot be used in villages that have been resettled less than 4 years earlier or villages that are planned to be resettled within 4 years. This rule is meant to dissociate the

## Financial Management and Procurement

6.5 Financial management was reported as satisfactory by the ICR, as well as by the Integrated Fiduciary and Safeguard Assessment (IFSA) undertaken by the World Bank in 2011. Both quarterly Interim Financial Management Reports and Annual Audit Reports were submitted on time and were consistently unqualified. The risks identified at appraisal (misallocation of resources at the local level, the scale of the operation, and the weak capacity of the country) were controlled. The Bank conducted annual transaction reviews and an integrated fiduciary review that highlighted weaker areas and helped the project develop capacity. At the local level, financial management was more challenging due to low capacity and numeracy skills. The above-mentioned IFSA recommended strengthening of payment procedures at the community level, which resulted in the preparation of a checklist procedure for all community payments for PRF II.

6.6 National level procurement was evaluated as moderately satisfactory, with minimal deviations from procedures (ICR, p. 13). At the decentralized level, a few issues emerged, but mostly of minor relevance. Post reviews conducted during the duration of the project identified minor procedural non-compliance in 28 percent of the contracts reviewed. The 2010 QALP-2 review identified two main issues that led it to rate PRF as Moderately Unsatisfactory: (i) the practice of price negotiation with winning bidders to obtain a lower final price, and (ii) instances of contracts awarded even with fewer than 3 contractors bidding. The Project Implementation Unit explained that these practices stemmed from difficulties finding contractors in remote rural areas and claimed that they did not generate inflated prices. Enhanced supervision and corrective actions were taken following the QALP-2 review. The 2011 IFSA did not find any major issues with a (small) number of contracts randomly selected.

## 7. Lessons

7.1 **Engagement of communities is critical in CDD, and it is as important as the provision of infrastructure.** A CDD project can only achieve its goals if it succeeds in generating participation and empowerment to secure local ownership, commitment, and ultimately sustainability. PRF I was extremely prudent and chose a very conservative route, focusing much more on provision of infrastructure than nurturing of participatory processes. There were reasons for this choice: the top-down centralized government planning approach was not immediately compatible with broad and deep participation of local communities; local capacity was low; many hard-to-integrate ethnic groups speaking different languages presented unique challenges. In choosing to play down the community involvement, however, the PRF made very little progress during the nine years PRF I operated. IEG found that, in 2015 – about thirteen years since the start of the PRF program, and almost at the end

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project from the government policy, and avoids making a case-by-case distinction between voluntary and involuntary resettlements, but does not really address the problem, especially as the project expands nationwide. It has also been noted that avoiding operation in resettled villages *de facto* prevents the project from benefiting very poor communities, which are the ones involved in resettlements. Needless to say, this is a very controversial issue, and the World Bank and donors want to avoid the risk of being associated with relocation projects that do not apply internationally accepted safeguard standards for resettlement.

of PRF II – community participation, decision-making, and empowerment were still extremely limited. The Bank and the PRF agency are, step-by-step, introducing design elements (in PRF II and currently in PRF III) to enhance this essential contribution of the project. Yet the question arises of whether more could have been done earlier on; only with the AF did the team seem to realize how little progress had been made during the first five years in terms of participation, inclusion, and empowerment.

**7.2 CDD projects fostering participation and group formation may achieve better results if they build on existing mutual support networks at the village level.** This requires an anthropological understanding of the social context and relationships that may differ between regions, but such an approach may lead to more sustainable results. Communities typically have informal systems in place to make decisions, help each other, and even build village infrastructure. Villagers know who the poor are and are able to identify the main drivers of poverty. The FGDs conducted by IEG provided some hints on the scope and richness of local mutual support systems (Box 1). It seems that PRF did not investigate those networks and did not take these existing systems into consideration as assets to build on. Rather than develop artificial mechanisms for participation and management of community resources, the World Bank should leverage existing local institutions, but work to make these more transparent, inclusive, and efficient over the implementation period.

**7.3 Early assessment of linguistic and cultural barriers to engagement is necessary to ensure inclusion.** Despite the complex ethnic situation and the challenges in integrating minority ethnic groups were well known at the start of the project, it was only at AF, five years after the project started, that it was realized “that language barriers tend to disfavor ethnic groups that do not speak Lao, mostly because all meetings are conducted in Lao” (AF paper, p. 5) — language being only one of the barriers to inclusion of ethnic minorities. An early assessment of the (linguistic, cultural, geographic, and socio-economic) barriers to integration of ethnic minorities could have better informed the project of how to adopt more effective inclusion strategies in its design.

**7.4 Early tests of accuracy of targeting systems could have improved targeting much earlier in the process.** Poverty data were limited when the project started. However, a set of poverty criteria had been developed by the government in 2001 and the “first priority” districts were defined in 2004. The poverty definition used by the government was very infrastructure-centric and less-than-perfectly correlated with the traditional income- or consumption-based poverty definition; yet, when the World Bank re-focused the project to first priority districts it was able to drastically improve targeting. This could have done much earlier than 2008.

**7.5 Community-driven development projects require a solid and comprehensive M&E framework and MIS at the start of the project.** M&E is typically a weak element in all projects, but it presents special challenges in CDD interventions, which require multidimensional and somewhat intangible outcomes such as community empowerment, participation, and decision-making to be measured alongside more tangible technical outputs (creation of infrastructure, correct process implementation) and benefits generated by increased access to services. Yet, exactly because of the complexities and challenges of CDD

interventions, it is important to have a complete and robust M&E system at the onset to guide project implementation and monitor the realization of hundreds or thousands of sub-projects. Substantial shortcomings in the PRF I M&E system caused serious problems such as poor targeting, difficulties in understanding that limited involvement of communities was even a problem, and delays in addressing procedural issues at the procurement level. It took five years to bring M&E to a better level, and to address the issues that were finally diagnosed at AF. Including indicators to meaningfully measure local institutions' increased awareness and internalization of the CDD approach is also crucially important. Similarly, indicators of inclusion (of women, the poor and ethnic minorities) can help monitor and address in a timely manner the progress of participatory and empowerment processes and assess achievements in this regard.

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*Project documents:*

- Project Appraisal Document (PAD)
- Implementation Status and Results reports (ISRs)
- Aide Memoires
- Mid-Term Review report
- Additional Financing paper
- Implementation Completion Report (ICR)
- Implementation Completion Report Review (ICRR)
- Legal and Financial Documents: Development Credit Agreement; Financing Agreement; Project Agreement; Amendment to Financial Agreement
- PRF Manual of Operations





## Appendix A. Basic Data Sheet

### LAO PEOPLE'S DEMOCRATIC REPUBLIC POVERTY REDUCTION FUND

#### Key Project Data (amounts in US\$ million)

	Appraisal estimate	Actual or current estimate	Actual as % of appraisal estimate
Total project costs	19.34	39.12	202.27
Loan amount	19.34	34.32	177.45
Cofinancing	0.00	4.8	480.00
Cancellation	0.00	0.00	0.00

#### Cumulative Estimated and Actual Disbursements

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Appraisal estimate (US\$M)	703.9	3.4	6.1	10.1	14.00	15.2	15.3	15.3	15.3	15.3
Actual (US\$M)	654.1	1.5	4.6	8.1	10.8	15.1	17.8	21.8	24.3	24.3
Actual as % of appraisal	93.00	44.1	75.4	80.1	77.1	99.3	116.3	142.5	159.00	159.00
Date of final disbursement: June 2012										

#### Project Dates

	Original	Actual
Negotiations	05/22/2002	05/28/2002
Board approval	06/25/2002	06/25/2002
Signing	08/19/2002	08/19/2002
Effectiveness	10/01/2002	02/03/2003
Closing date	03/31/2008	03/30/2011

#### Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including
<b>Lending</b>		
FY02	27	240.42
FY03	2	27.11
FY04	0	0.00
FY05	0	0.00

FY06	0	0.00
FY07	0	0.00
FY08	0	0.00
<b>Total</b>	<b>29</b>	<b>267.53</b>
<b>Supervision/ICR</b>		
FY02	0	0.00
FY03	12	105.61
FY04	13	99.84
FY05	18	85.53
FY06	11	68.70
FY07	16	97.22
FY08	8	49.12
FY09	12	57.46
FY10	30	129.91
FY11	24	98.76
FY12	13	75.86
<b>Total</b>	<b>145</b>	<b>868.01</b>

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## Appendix B. Methodology of field assessment

1. Focus group discussions (FGDs) were organized to assess the impact of the project at the village level and explore in particular where and how gender was addressed by the project, to what extent women participated in project activities, and more generally which gender issues and gender dynamics characterized each village.
2. The FGDs took place in three provinces of Lao PDR – Luang Namtha, Houaphanh and Savannakhet. Two of these provinces (Houaphanh and Savannakhet) received project intervention at the very early stages of PRF I, while Luang Namtha was included in the latest cycle. In each province, eight focus groups were organized, for a total of 24 focus groups in three provinces (five of the eight focus groups in each province were women-only, and three men-only). One village (Sa Mai in Luang Namtha province) had to be dropped because of time constraints, so altogether 22 FGDs were actually conducted (plus two additional ones in the piloting phase).
3. The villages were randomly selected among those that received both PRF I and II (see table below).

### Selected villages

Province	District	Kumban	Village	Ethnicity
Houaphanh	Xamtay	MuangKuang	Naaor	Tai Deng
	Viengthong	Thadhiem	LongNguapa	Hmong
	Viengthong	SonNeua	Chak	Hmong
	Viengxay	Hom Tong	Phieng Chia	Khmu Kuen
	Viengxay	Soi	Dan	Tai deng
Luang Namtha	Nalae	Phou Cha lae	Phou Cha lae	Khmu kuen Leu
	Viengphouka	Nam Pae	Ta Long	Khmu Yuan
	Nalae	LongMounsingxay	LongMounsingxay	Khmu Yuan
	<i>Long</i>	<i>Ban Sah</i>	<i>Sa Mai*</i>	<i>Lue</i>
	Viengphouka	Nam Pae	Nam Pae	Khmu Yuan
Savannakhet	Nong	Labeng	Ta Yong	Makong
	Nong	Thang a lai	Thang a lai kao	Makong
	Nong	Asing	A Sing A Li	Makong
	Nong	Along thate	A Lao Ngai	Makong
	Nong	Along thate	Keang Linh	Makong

\* This village had to be dropped because of time constraints.

4. Each focus group comprised between 10 and 12 participants. In total, 157 women and 94 men participated in FGDs.
5. The field work was carried out by independent consultants (Ms. Ny Luangkhot and Ms. Viengxong Chitavong, who facilitated the FGDs and prepared the final report, assisted by Ms. Syviengkeo Bounlutai and Ms. Vanthavy Souphanouvong in the role of note-

takers).<sup>27</sup> The field visits took place between May 26<sup>th</sup> and June 6<sup>th</sup>, 2015. The IEG team joined the local team during the visits in Houaphanh and Luang Namtha. A full day of training was initially provided by the IEG team to the local consultants to ensure adherence to the FGD script and the objectives of the evaluation. The FGD script was piloted in one village in the Houaphanh province to adjust the questions, translation, and protocol.

6. The field trips were very time consuming due to long distances between villages. This forced the team to drop one village in the Long district.

7. The FGDs were undertaken with men and women separately to ensure full participation of women. Individuals who could unduly influence the conversations (current and past village heads; active party members; women active in the Lao Women's Union; other local authorities) were filtered out to facilitate a frank conversation. Moreover, an attempt was made to limit the composition by age, in order to avoid older individuals influencing the very young (age limits could not always be enforced).

8. IEG did not have much control on the composition of focus groups, with the exceptions noted above. PRF staff from provincial and district offices obtained previous permission from the local authorities for the field visits and accompanied the team to the villages, making introductions to the village authorities.

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<sup>27</sup> All the local consultants were native of and resident in Lao PDR, and with experience in qualitative data collection methods and FGD methodology.

## Focus group discussion script

9. The FGDs centered on issues of community participation, networking, decision-making regarding community infrastructure, and empowerment. The participants were asked open-ended questions about the topics of interest following a script prepared by IEG and piloted in the field. The participants were compensated for their time and travel to the venue of the FGDs with a small in-kind gift. Each focus group session lasted approximately two hours.

### *Welcome and instructions*

10. “Hello everybody, my name is X and this is Y, we come from XXX “research group”. You have been selected to participate because of XXX and you volunteer. We are conducting a study on community participation and empowerment connected to the Poverty Reduction Fund. Your personal opinions and views are very important for our study, they will help us better understand how this project has impacted the lives of people in the community, especially of women.

11. I will ask you several open questions, for which there are no right or wrong answers, and there is no need to reach consensus or make decisions. Please express your opinions freely during the meeting.

12. I will moderate the discussion and Y will take notes. No names or personal information will be used in the study.

13. Practical issues: the discussion will last between an hour and a half and two hours. We ask you to please switch off your mobile phones. No smoking is allowed during the session. Please allow everyone time to express their opinion during our conversation, and talk one at a time. You can address each other when expressing your opinion, we are only here to assist in the discussion. If you need to use the restrooms feel free to do so now (point to restrooms).

Do you have any questions?

### *Introductions and warm up*

- Please introduce yourself, and tell us briefly why you decided to participate in our focus group today?
- Let’s begin our discussions today by talking a little bit about your community. In general, do you think this community is a good place for a woman/man to live? Why? [This question is designed simply to warm up the group. Please do not spend more than 5 minutes discussing]

*Exploring main topics*

<b>Description of the sub-project and how the group relates to it</b>	<b>Notes</b> <i>(during the whole discussion dig in particular into reasons/issues related to gender roles)</i>
<ul style="list-style-type: none"> <li>• Was any PRF sub-project implemented in your village? What happened, are you familiar?</li> </ul>	Reference to the project, connect the group with the activity. [Need specific information on the type of project in that village]
<ul style="list-style-type: none"> <li>• Was the infrastructure built the village priority?</li> <li>• Was it your priority?</li> </ul>	Intent is to understand whether the sub-project implemented meets the need of the participants
<ul style="list-style-type: none"> <li>• Did you participate in the decision about what to do? Who participated? How were/are priorities being set? How did they change over time?</li> </ul>	Try to understand if the group had a say in deciding on the sub-project, if they actively concur in making the decision (irrespective of whether they are happy with it). Also try to understand whether there was a change over time (i.e. whether participation has increased over time)
<ul style="list-style-type: none"> <li>• How did <b>you</b> participate in making the decision? In which capacity? How organized? Why?</li> </ul>	Did the individual participate in her/his own capacity? Or as a member of another association? Or representing the household or a category of individual? Did they participate because they felt obliged/compelled to do it, as this was an expectation or requirement?
<ul style="list-style-type: none"> <li>• Why not?</li> </ul>	Reasons for not participating (no time, no interest, not allowed, not useful, gender norms, interest already represented by somebody else, discouraged, belief they are uninfluential, etc.)
<ul style="list-style-type: none"> <li>• Do you wish you could be more involved?</li> </ul>	
<ul style="list-style-type: none"> <li>• Do you think that participation helps you in any way? Do you participate in other community organizations? Can you influence the decisions that are made?</li> </ul>	Try to tease out whether they feel participation is good or bad (positives and negatives)
<b>Community and intra household decisions</b>	
<ul style="list-style-type: none"> <li>• Are there specific people that generally participate in the selection of this type of projects (or not, if participation in these groups is generally low)?</li> </ul>	Dig into reasons
<ul style="list-style-type: none"> <li>• In general, how are decisions being made in this village? Who participates? Can women decide as much as the others? [excluded groups]</li> <li>• Was there a change over time?</li> </ul>	Tease out whether the exclusion is explicit (by written rules or instructions) or implicit (because of what happens in practice, e.g. only men gather traditionally)



<ul style="list-style-type: none"> <li>• What about decisions in the households?</li> </ul>	Try to understand women's role in decision making within the households. Is this different than in the community? Why? Why not?
<b>How community groups operate</b>	
<ul style="list-style-type: none"> <li>• Is there any type of association, group or club which holds regular meetings in your village? By association or group we mean things like: a. self-help group, non-credit related, b. rosca, sacco, or upatu, c. micro-finance group, d. school/education committee, e. women's organization, f. drama, music, dance, or sport club, g. cooperative, h. burial group, i. religious group, j. ward or village committee, k. political party or other political group, l. NGO (volunteer), m. labor union, n. community mobilizer.</li> </ul>	This question should help to also have a sense of the existence of community organizations and the level of participation of the community. [Please name only relevant community organizations]
<ul style="list-style-type: none"> <li>• What are the rules of participation and what is expected of the members in these groups?</li> </ul>	Try to understand what is the expected role of members, and specific norms around participation?
<ul style="list-style-type: none"> <li>• Do people like you have opportunities to assume a leadership roles? Of making their voice heard?</li> </ul>	Try to understand also to what extent individuals would engage more
<ul style="list-style-type: none"> <li>• Do you think there is some explicit or implicit exclusion of specific groups of people (such as women, second/third wives, minorities, etc.)? By exclusion we mean that someone is not welcomed or does not feel welcomed in the group</li> </ul>	Tease out whether the exclusion is explicit (by written rules or instructions) or implicit (because of what happens in practice, e.g. only men gather traditionally)
<ul style="list-style-type: none"> <li>• In your opinion, what are the reasons that could explain this exclusion?</li> <li>• What happens with these excluded groups, are they worse off? (any change over time?)</li> </ul>	Examples: written rules, social rules, lack of information; mobilization of social groups; leadership; exchange within social groups; etc.
<b>Efficacy of community action</b>	
<ul style="list-style-type: none"> <li>• Think about your community's experience with trying to improve the infrastructure and community services. What factors contributed to its success or failure? Give some examples.</li> </ul>	For example: ease of communication within the group / communication between group and the institution / conflicting or productive personalities, personal interactions / resources, including time and finances / level of interest, engagement, effort / scope for change allowed by the government 'structures'
<b>Externalities of community action</b>	
<ul style="list-style-type: none"> <li>• Do you think that participating in these types of groups impact your life in a positive or negative way? Why? How?</li> </ul>	Socialization / sense of contributing and adding value / personal benefit / self-confidence / social duty etc.

*Closure, wrap up questions*

- Identify key themes that emerged from the discussion and give participants an opportunity to refine (What are the key lessons we should take away from this discussion?)
- Summarize and test with the group the relative weight of certain categories of response
  - Identify differences of perspective, contrasting opinions, and areas of agreement
  - Signal that the group discussion will end soon and allow a round of final comments
  - Give thanks and request them to answer a few questions as they leave. The moderator or note-taker write down the answer to the questions below just before the participants leave the room. (Many thanks for being so generous with your time today and for sharing your views and experiences with us. Just before you exit the room, we will need one more minute for each of you to answer 3 questions for us, thanks!)

**Short questionnaire** is compiled in the end for each individual participant. While thanking each participant, record the following information for each:

- o Do you own land?
- o What is your highest level of education completed?
- o Age
- o Self-assessed poverty level using a scale from 1 to 5 (how poor is your household, 1 being the poorest and 5 the better off)

## Appendix C. List of Persons Met

Name	Designation
Mr. Chit Thavisay	Director General, Planning & International Relations office, NRDPE
Ms. Khampaseuth Kittiyavong	Deputy of Pre-primary Education Department and Project Director, Ministry of Education
Ms. Dulce Simmanivong	Senior Program Manager for Rural Development (DFAT) AusAID
Dr. Bounnack Saysanasingkham	Deputy Director General, Health care department, Ministry of Health
Dr. Kaisone	Department of Hygiene and Health Promotion, MOH
Mr. Samaychanh Boupha	Head of Lao Statistics Bureau, Ministry of Planning and Investment
Ms Sulaphanh Phimpaphongsavath	Deputy of Data Service Department, Lao Statistics Bureau
Ms. Phonesaly Souksavath	Deputy Head of Lao Statistics Bureau
Ms. Phetsamone Sone	Director General Administrative Department, Lao Statistics Bureau
Mrs. Vesna Roch	Head of Governance Programme, SDC
Mr. Nathanvong Nanthalath	Head of Rural Eradication Poverty Reduction Division, Planning Department, MPI
Mr. Khamlar Singvisay	Head Sector of Poverty Reduction Division, Planning Department, MPI
Ms. Soudathin Nanthalath	Technical Officer, Poverty Reduction Division, Planning Department, MPI
Mr. Lienthong Souphany	DDG, Planning Department, MPI
Ms. Kaisany	Lao Women's Union, DDG of Women Development Department
Mr. John Fargher	Independent consultant
PRF provincial and district officials in Houaphanh, Luang Namtha, and Savannakhet Villagers in the villages visited	