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**LAO PEOPLE'S DEMOCRATIC REPUBLIC
COUNTRY PORTFOLIO PERFORMANCE REVIEW**

March 26, 1998

PLAN OF ACTION

South East Asia Country Unit
East Asia and Pacific Region



April 30, 1998

Document of the World Bank

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PLAN OF ACTION
COUNTRY PORTFOLIO PERFORMANCE REVIEW
LAO PDR
VIENTIANE, MARCH 26, 1998

INTRODUCTION

1. This report describes the Plan of Action adopted during the CPPR Meeting held on March 26, 1998, with a view to resolving the portfolio issues.
2. The Bank (IDA) has lent a total of US\$546 million to Lao PDR, for 25 operations. The current portfolio consists of 11 investment projects and one adjustment operation. There is substantial scope for improvement in portfolio performance, particularly given the fact that several of the problems were raised at the first two portfolio reviews (June 1993 and June 1995).
3. It is within this context that the Government and the Bank laid the groundwork during this CPPR Meeting for making real improvements in the portfolio's performance over the next 2 years. Following a consultative process involving a Working Group of national project managers on the Lao PDR side and the Lao Country Team on the Bank side, the Government and the Bank decided to focus the discussion on: (i) the generic issues linked to financial management and their possible solutions; (ii) two projects in detail--Education and Health--from which to draw lessons for other projects; (iii) ways to design projects so as to make them less vulnerable in the future; and (iv) a plan of action and a timetable to help address portfolio performance issues over the next 2 years. Very little time was spent describing the issues as they were well known to all and had been fully discussed during the first two Portfolio Reviews.

**LAO PDR
COUNTRY PORTFOLIO PERFORMANCE REVIEW
VIENTIANE, MARCH 26, 1998**

I - PLAN OF ACTION, 1998-99

During the Meeting, a series of recommendations and a timetable were adopted with a view to resolving the issues identified during the CPPR discussions. These recommendations and timetable were later confirmed by the Government and the Bank and gave birth to the 1998-99 Plan of Action. The key measures of the Plan are outlined in Section A below. Section B provides details on all the issues discussed during the Review, and the corrective measures and deadlines agreed to by the two parties.

A. Key Measures of the Plan of Action

CPPR Follow-up

- The Government will maintain the Lao Working Group of National Project Directors (WG of NPDs) established as counterpart to the World Bank's Country Team to conduct the Review. The WG will follow up on the recommendations of the CPPR and suggest further actions needed for implementation of those recommendations. It will meet quarterly, in synchronization with the Bank's own portfolio review cycle.
- Starting end-April 1998, the Bank will strengthen its presence in Vientiane. This will help ensure satisfactory follow-up of the CPPR recommendations. Also, from Washington, the Bank's Lao Country Team will maintain close contact with the WG.

Procurement

- By December 31, 1998: (i) the Government will standardize NCB documents and seek donors' comments to facilitate donors compliance; and (ii) the Government will send draft of NCB documents to the Bank for comments.
- By October 1, 1998: (i) the WG will make recommendations regarding amounts below which NPDs will be responsible for signing off; and (ii) the Government will start acting on the WG recommendations.
- From May 1, 1998: (i) all IDA project procurement and disbursement documents will be sent to Washington through the Bank Office in Vientiane; (ii) pre-screening will be done; and (iii)

the Bank Office will start issuing no-objection letters (the Bank will have added a certified official to the Office by then).

Disbursement

- By October 31, 1998, the Government will start eliminating some of the prior authorizations for Withdrawal Applications and payments to contractors. This will be done as follows: (i) MoF will initiate the process by sending a letter to instruct NPDs to review the steps and suggest cuts (by May 1, 1998); (ii) all NPDs will review their authorization requirements, and determine which of them are unnecessary (by July 31, 1998); (iii) MoF and the WG will act on the recommendations of NPDs (by October 31, 1998). With regard to Withdrawal Applications, ministers will delegate signing off.

Counterpart Funds

- By July 1, 1998, the WG will seek a solution with the Budget Department. The National Budget will be amended at mid-year.

Accounting, Auditing, and other Financial Management Issues

- To improve project level accounting and financial management, the GoL and the Bank will not launch a new project if a core of essential staff-trained accountants--are not in place.
- From now, new NPDs will ensure that books of accounts for their projects are properly kept and maintained in order that project activities are properly accounted for.
- From now, NPDs and Bank Task Managers will pay more attention to preparation of auditors' terms of reference.
- By December 31, 1998, the Government will license more private auditing firms in addition to the one firm previously licensed to operate in the country.

Turnover of Bank Task Managers

- The Bank will: (i) appoint a Task Manager by May 31, 1998 for the Health Project; and (ii) from now on, request proper hand-over notes from outgoing TM to incoming TM. To the extent feasible a final joint handover mission will be conducted by the outgoing and incoming Task Managers of any project slated for change in task management.

B. Issues, Measures, and Deadlines of the Plan of Action

Procurement

<i>Issues</i>	<i>Actions already taken</i>	<i>1998-99 Plan of Action</i>	
		<i>Measures</i>	<i>Time table</i>
• shortcomings in public procurement policies and contracting services	<ul style="list-style-type: none"> • Decree No. 95/PM, December 1995, to: create <u>basis</u> of a public procurement system; enhance government capacity; provide a standard procurement code; and modernize procurement process. • Procurement Decree to ensure transparency of public procurement and achieve regularity and uniformity of procurement procedures • Implementing rules and regulations to clarify provisions of Procurement Decree. • Procurement Monitoring Office within MoF established in March 1997. 	<ul style="list-style-type: none"> • pursue legislative efforts to lay out sound procurement guidelines • GoL will standardize NCB documents and seek donors' comments to facilitate donors compliance. • GoL will send draft of NCB documents to the Bank for comments 	<ul style="list-style-type: none"> - ongoing by Dec. 31, 1998 by Dec. 31, 1998
• Threshold for prior review	<ul style="list-style-type: none"> • GoL is seeking to delegate signing authority below the level of minister. Threshold may vary from project to project. 	<ul style="list-style-type: none"> • WG will make recommendations regarding amounts below which NPDs will be responsible for signing off. • GoL will act on WG recommendations. 	<ul style="list-style-type: none"> by Oct. 1, 1998
• Procurement process is slow and difficult; too many steps involved, between the line ministries, the Ministry of Finance (MOF), and the Bank		<ul style="list-style-type: none"> • All documents will be sent to Washington through the WB Office in Vientiane (same for disbursement documents). Pre-screening will be done. • Bank Office will start issuing no-objection letters when certified official is in place. • There must be better procurement plans that take into account constraints such multiple clearance and long 	<ul style="list-style-type: none"> from May 1, 1998 from May 1, 1998 from now on
• Guidelines are unclear, unnecessarily burdensome			

<i>Issues</i>	<i>Actions already taken</i>	<i>1998-99 Plan of Action</i>	
		<i>Measures</i>	<i>Time table</i>
• Lack of staff with sufficient procurement training and experience		processing time. • There must be annual implementation plans in place so that project resources are well used. In particular, training programs must be planned adequately in order to be implemented in timely fashion.	from now on

Disbursement

<i>Issues</i>	<i>Actions already taken</i>	<i>1998-99 Plan of Action</i>	
		<i>Measures</i>	<i>Timetable</i>
<ul style="list-style-type: none"> Elapsed time on disbursement applications is getting longer. <p>Main reasons are:</p> <ul style="list-style-type: none"> - too many steps required before sending Withdrawal Applications; - most projects have long processes for approving payments to contractors (5-7 signatures, sometimes even line minister must sign) - NPDs have difficulty reconciling Bank and Gov rules. 	<ul style="list-style-type: none"> - measures by MoF to reduce process time of disbursement applications from 2 weeks to 5 days have been <u>impeded</u> by shifts in responsibilities, and shortage of qualified staff to review disbursement applications - rules on "Foreign Loan and Grant Management" issued by MoF in 1995 will ensure more accurate documentation and timely processing 	<ul style="list-style-type: none"> • eliminate some of the authorizations (e.g., EDP). - All NPDs will review their authorization requirements, and determine which of them are unnecessary. MoF will initiate this process by sending letter to instruct NPDs to review the steps and suggest cuts. - then, MoF and WG will act on the recommendations of NPDs 	by Oct. 1, 1998

Special Accounts

- Most NPDs/projects do not have direct access to SAs.
- Under SPRE, EDL will have direct management of SA
- GoL will form 2 groups of projects:
 - one group with direct

<i>Issues</i>	<i>Actions already taken</i>	<i>1998-99 Plan of Action</i>	
		<i>Measures</i>	<i>Timetable</i>
They must submit request for payment to MoF. MoF reviews before providing clearance.	<ul style="list-style-type: none"> MoF is in favor of advancing money to projects. This would allow the projects to function until satisfactory solutions are implemented. 	<ul style="list-style-type: none"> management authority (MoF will only carry out ex-post reviews) - other group will remain under the current ex-ante control of MoF (MoF will allow payments below some pre-determined threshold without prior approval). MoF's post review authority will still be enforced by fact that all replenishment applications must be signed by MoF). 	immediately
<u>Withdrawal Applications</u>		<ul style="list-style-type: none"> MoF will make cash advances to projects. To avoid delays, ministers will delegate signing of Withdrawal Applications. 	immediately

Accounting and Auditing

<i>Issues</i>	<i>Actions already taken</i>	<i>1998-99 Plan of Action</i>	
		<i>Measures</i>	<i>Timetable</i>
<u>Generic Issues</u>	<ul style="list-style-type: none"> number of projects are audited by personnel from the MoF ⇒ conflict of interest ⇒ lack of independence - Enterprise accounting and reporting system legislation exists. If implemented, it will simplify review process and facilitate delegation of approval authority to line ministries. 	<ul style="list-style-type: none"> implement enterprise accounting and reporting system MoF will seek to establish standard book-keeping and accounting for all projects. World Bank will be asked to comment on proposed 	

<i>Issues</i>	<i>Actions already taken</i>	<i>1998-99 Plan of Action</i>	
		<i>Measures</i>	<i>Timetable</i>
		systems and procedures and assist in implementation.	
<ul style="list-style-type: none"> appropriate standards on accounting and auditing are lacking <p>⇒ project auditors are not complying with accounting and auditing standards as prescribed by World Bank</p> <ul style="list-style-type: none"> financial statements to be audited are not prepared because accounts are not properly summarized by project accountants 	<ul style="list-style-type: none"> NPDs and Bank task managers will pay more attention to preparation of auditors terms of reference. <ul style="list-style-type: none"> Bank task managers will pay more attention to interpretation and follow-up of audits. <ul style="list-style-type: none"> receipts and expenditures will be properly summarized and presented <ul style="list-style-type: none"> audited reports will include, at a minimum, sources and uses of funds for each project, reconciliation of the special accounts, a summary of the SOE <ul style="list-style-type: none"> GoL and Bank will ensure that management letters that highlight areas requiring attention of project management units accompany audit reports <ul style="list-style-type: none"> reduce delays gradually to zero 	immediately	
<ul style="list-style-type: none"> auditors do not give clear advice how financial management situation is to be improved important delays in submitting audit reports GoL has allowed only one international auditing firm to operate in Lao PDR 	<ul style="list-style-type: none"> GoL will license additional private auditing firms besides the one now operating in Lao PDR. The World Bank will support this action. 	by Dec. 31, 1998	

Issues	Actions already taken	1998-99 Plan of Action	
		Measures	Timetable
<u>Lack of qualified accountants</u>		<u>Measures in short run.</u>	
	<ul style="list-style-type: none">• Carry out project-specific training on procurement and other financial management subjects after orientation workshops. Modify DCA if necessary.• Bank will provide support needed in the context of each individual project• Bank will strengthen its presence in Vientiane to provide more field assistance.• Portfolio management issues will feed into the design of new projects. This means that the GoL and the Bank will not launch a new project if the essential staff-trained accountants--are not in place.		immediately from end-April 1998 by May 1, 1998
		<u>Longer term Measures</u>	
	<ul style="list-style-type: none">• organize massive retraining of existing accounting personnel• training will be done in country to extent possible.• GoL to take advantage of the opportunity offered by the Bank to develop accounting and financial management curriculum in the universities		

<i>Issues</i>	<i>Actions already taken</i>	<i>1998-99 Plan of Action</i>	
		<i>Measures</i>	<i>Timetable</i>
		<ul style="list-style-type: none">• GoL will implement the main recommendations of the IDF on Accounting Capacity Building	
<u>Reconciliation and Book-keeping</u>	Bank records disagree with project records. NPDs complain that it is difficult to reconcile World Bank and project accounts	<ul style="list-style-type: none">• On GoL's side, NPDs will: keep accurate records (balances and payments) in the actual contract currencies, and provide the Bank with adequate information when they ask for payments to be made; and keep the Bank informed regarding amendments.• On Bank's side, maintain the MIS database of contracts up-to-date, and be sure of the correct currency when recording payments against the contracts. Provide increased assistance to individual projects and MoF.• Establish books of accounts for each project to ensure that the project activities are properly accounted for.• The Bank will establish a new monitoring system for projects to ensure timely periodic updates of project disbursement, procurement information and accounting data.	

Other Issues

Issues	Actions already taken	1998-99 Plan of Action	
		Measures	Timetable
Turnover of Bank Task Managers	This is one of the reasons for the poor portfolio performance. New TMs do not always follow up on agreements and reached with former TMs and on advice given by them.	<ul style="list-style-type: none">• take steps to address this problem to GOL's satisfaction. For example, it will request (i) proper hand-over notes from outgoing TM to incoming TM, and (ii) joint mission by both TMs.• appoint new TM for Health Project• strengthen its presence in the field	immediately by May 1, 1998
Counterpart Funds	Depreciation of the kip has made the problem worse.	<ul style="list-style-type: none">• WG will seek a solution with the Budget Dept. The National Budget will be amended at mid-year.• Credit Agreements will be amended when necessary.	by July 1, 1998
Project design	Learning and Innovation Loans (LIL) and Adaptable Program Lending (APL)	<ul style="list-style-type: none">• more involvement and training of nationals in design of projects	from now on
Fight Against Corruption	While the Government notes that this is not a major concern in Lao PDR, it would like the Bank to communicate to it the lessons from its experience in other countries, which may help Lao PDR to address the issue.	<ul style="list-style-type: none">• World Bank will share experience on how to address the issue.	May 1998

Key measures are shown in bold characters.

II - SUMMARY REPORT OF THE PROCEEDINGS

1. The Third Country Portfolio Performance Review Meeting was held on March 26, 1998 in Vientiane under the chairmanship of Mr. Bounlith Kennavong, Vice-Minister of Finance. The technical sessions were chaired by Mr. Kheuankham Inthavong, Director FCAD, MoF. The meeting was attended by the Lao National Project Directors and by World Bank task managers and officials. The Bank delegation was led by Ms. Ngozi Okonjo-Iweala, Country Director for Cambodia. The list of participants is shown in Annex 1.
2. This report summarizes the proceedings of the meeting based on the Agenda that is shown in Annex 2. The Government and the Bank prepared a Discussion Paper for discussion at the meeting (see Annex 3). As a result of the discussions, the meeting agreed to a series of recommendations to be confirmed by the Government and the Bank.

Opening Statements

3. In his opening statement, the Vice-Minister welcomed the representatives of the World Bank to Vientiane. He said that there has been progress in some areas as a result of the first two CPPRs, but there has also been disappointment in the search for solutions to portfolio issues. The main reason for concern, he added, is the slow pace of implementation of Bank-financed projects. He invited the participants to take a hard look at the reasons for slow progress and suggest specific, concrete solutions, with a timetable whenever possible. The Vice-Minister expressed the Government's strong commitment to doing its share to improve the portfolio performance and added that the meeting gives the Government the opportunity to reaffirm its commitment to development and strengthen its relations with the Bank.

4. In her opening remarks Ms. Okonjo-Iweala said that the central element that should guide the meeting is that of partnership between the Lao PDR and the Bank. She congratulated the Lao authorities for the excellent work done in preparation for the meeting, mentioning in particular the role of the Facilitator and the Lao Working Group for the focus they have brought to the examination of portfolio issues. She then expressed her wish that the meeting would focus on solutions to current portfolio issues, but added that some time will also be spent on the new lending instruments that the Bank has under consideration and that may in the future help address some of the difficulties that have been identified. Regarding portfolio issues, she agreed with the Vice-Minister that the meeting should spend time focusing on the search for solutions to financial management issues, as they seem to be at the heart of the problems encountered in the implementation of Bank projects in Lao PDR. The pervasive issue of lack of trained staff should also be examined closely, she added. She concluded by inviting the participants to make concrete recommendations, with a timetable, and avoid general statements.

5. Followed a presentation on new Bank lending instruments (Learning and Innovations Loans, LILs, and Adaptable Program Lending, APL) by Ms. Carolyn Meyer Johnson, World Bank (see Attachment III).

Portfolio Issues

6. Mr. Kheuankham for the Government and M. Darlan for the Bank then summarized the portfolio issues as they have been jointly identified in the Discussion Paper by the Government and the Bank. They focused on financial management issues, namely, procurement, disbursement, accounting and auditing, counterpart funding. They also identified the weak capacity to implement Bank-financed projects as one of the main reasons for concern. Their introduction was followed by a presentation by Dr. Bounsolane Phomsoupha, Director of the Health Project, who showed the complex and lengthy procurement procedures in Lao PDR, using the Health Project as an example (see Attachment IV). After a few specific comments by the first discussant, Mr. Finn Nielsen (World Bank), the floor was opened for discussion. All participants agreed on the diagnosis and many made specific recommendations.

Search for Solutions

7. To kick off the discussion two presentations were made. In the first presentation Mr. Bounthavy Issisiemmay, Project Director, Ministry of Education, explained how the project team is implementing the Contract Management System as part of a plan of action to improve implementation of this project (see Attachment V). This system is showing promising results. Mr. Chinnakorn Chantra (World Bank) was the discussant on this presentation. In the second presentation, Ms. Carolyn Meyer Johnson described the Bank's new project cycle, stressing the attempt at simplification of Bank procedures. During this session Mr. Chris Redfern also commented on the presentation on LILs and APLs made in the morning. From the point of view of a Task Manager he explained how these new instruments could help solve some of the problems discussed in the meeting and how, if these instruments had been available earlier they would have better addressed the issues faced in the ongoing projects. A lively discussion followed the two presentations and several concrete recommendations were made and seconded. The Lao representatives generally agreed that the LILs and APLs seem better suited to Lao PDR's condition than the traditional investment projects.

Closing Session

8. Mr. Guy Darlan, Rapporteur for the Meeting, presented the recommendations adopted during the meeting. Ms. Okonjo-Iweala then took the floor to stress the importance of the key 6

to 10 concrete recommendations made during the meeting. Many of these recommendations, she said, carry a short time table, which will make monitoring easier.

9. In his closing remarks, the Vice-Minister congratulated the participants for the quality of the work done. He reiterated the Government's commitment to address the issues raised during the meeting and expressed his strong support for the recommendations adopted. He stressed the central role of his own ministry, the Ministry of Finance, in spearheading simplification in government guidelines and procedures and in facilitating project implementation. He then vowed to continue working in close consultation with the Bank in addressing portfolio issues. Finally, he thanked once again the Bank staff who had come for the meeting and wished them a safe journey back to Washington.

ANNEXES

ANNEX I - LIST OF PARTICIPANTS

NAME	PROJECT	MINISTRY ORGANIZATION	POSITION
1. Bounlith Kennavong		Ministry of Finance	Vice-Minister (Deputy Governor to IMF)
2. heuangkham Inthavong	Third Structural Adjustment Cr. 28210-LA & Strengthening Management and Monitoring Capacity TF28776-LA (Closed).	Foreign currency Affairs Dept, Ministry of Finance	Project Director
3. Noulouh Ladsaphone	Upland Rural Road Component	MCTPC	Project Coordinator
4. Bountheuang Mounlasy		Committe for International Cooperation/ PMO	Deputy Director
5. Bounthavy Insisienmay	Education Dev. Proj. Cr. 24880-LA & Norway Education Dev. Proj. Cr. 24365-LA.	Department of Planning & Cooperation	Project Director
6. Lytou Bouapao	Education Dev. Proj. Cr. No. 24880-LA & Norway Education Dev. Proj. Cr. No. 24365-LA	Department of Finance, Ministry of Education	Director
7. BouaHong Phanthanousy	Forest Management & Conservation Proj. Cr. 25860-LA & GET-Wildlife & Protected Areas Project WBTF. 28697-LA	Department of Forestry, Ministry of Agriculture and Forestry	Project Director
8. Sommad Pholsena	HIP; HIP II, Upland, LNPDP	Department of Communication, MCTPC	Director of Communications
9. Sengdarith Kaittignasack	Highway Improvement Proj. Cr. 22180-LA. Second Highway Improvement Proj. Cr. 26060-LA; Third Highway Improvement Proj. Cr. 29430-LA	MCTPC/DOC	Project Coordinator
10. Houmphanh Intharath	Second Telecommunication Proj. IDA Cr. 2102-LA	MCTPC/ETL	Deputy Director General
11. Silavanh Sawathwong.		Forestry Department - Ministry of Agriculture & Forestry	Deputy Director General
12. Tenane Bouphasiri	Land Titling Project Cr. 2832-LA	Land and Housind Department Ministry of Finance	Project Manager

NAME	PROJECT	MINISTRY ORGANIZATION	POSITION
13. Somphone Simmalavong	Provincial Grid Integration Proj. Cr. 24250-LA; PHRD Southern Provinces Rural Electrification Proj. Cr. 25522-LA; PHRD Nam Ngum Extension & Transmission Cr. 29263-LA	Electricite du Laos EDL Ministry of Industry and Handicraft	Acting Manager , Project Officer
14. Nalonglith Norasingh	IDF 27538 Legal Framework	Ministry of Justice	Assistance to the Project.
15. Dangham Mahayo	Health System Reform & Malaria Control Project Cr. 2674-LA	Ministry of Health	Deputy Director
16. Khampiou Syhakhang		Planning & Cooperation, Division of Cabinet Ministry of Health	Director Planning & Cooperation, Division
17. Ketkeo Rasphae	IDF 28544 Accounting Capacity Building	Accounting Department Ministry of Finance	Accountant
18. Ngozi Okonjo-Iweala		World Bank	Country Director, EACSM
19. Guy Darlan		World Bank	Country Program Officer, EACSM
20. Carolyn Meyer Johnson		World Bank	Operations Analyst, EACSM
21. Christopher Redfern		World Bank	Senior Economist, EASRD
22. Denis Robitaille		World Bank	Highway Engineer, EASTR
23. Linda Schneider		World Bank	Liaison Officer, EACLF
24. Finn Nielsen		World Bank	Senior Operations Officer, EACTF
25. Chinnakorn Chantra		World Bank	Operations Officer, EACTF
26. Frank Byamugisha		World Bank	Senior Economist, EASRD

ANNEX II - AGENDA

8:30 a.m. - 9:15 a.m. Opening Session

- Welcoming Remarks by H.E. the Vice-Minister of Finance
- Opening Statement by Ms. Ngozi Okonjo-Iweala, Country Director, World Bank
- Presentation on new Bank Lending Instruments by Ms. Carolyn Johnson, World Bank

9:15 - 9:30 *Coffee break*

9:30 a.m.- 12:00 Session I - Portfolio Issues

- Presentation: Mr. Kheuankham Inthavong, Director FCAD, MoF
 - Discussant: Mr. Guy Darlan, Country Program Officer, World Bank
- Presentation on Procurement Procedures, by Dr. Bounsolouane Phomsoupha, Ministry of Health, Director of Health Project
 - Discussant: Mr. Finn Nielsen, World Bank
- Discussion

12:00 - 1:15 *Luncheon*

1:30 p.m.- 4:00 p.m. Session II - Search for Solutions

- Presentation on Education Project - *Contract Management System*, by Mr. Bounthavy Issisienmay, Project Director, Ministry of Education
 - Discussant: Mr. Chinnakorn Chantra, World Bank
 - Discussion
- Presentation on Bank Project Cycle, by Ms. Carolyn Johnson
 - Discussion
- Discussion on new Bank Lending Instruments
 - Discussant: Mr. Christopher Redfern, World Bank

4:00 p.m. - 4:30p.m. *Coffee Break*

4:30 p.m.- 5:00 p.m. Closing Session

- Main Recommendations, read by Mr. Guy Darlan
- Summation by Ms. Ngozi Okonjo-Iweala, Country Director
- Closing remarks by H.E. the Vice-Minister of Finance

ANNEX III - DISCUSSION PAPER

This Discussion Paper was prepared jointly by the Government and the Bank. It served as the main background document for the CPPR discussions.

1. The Bank (IDA) has lent a total of US\$546 million to Lao PDR so far, for 25 operations. The current portfolio consists of 11 investment projects (including the Southern Provinces Rural Electrification approved by the Board of Directors on March 17, 1998) and one adjustment operation.

2. The portfolio's performance has been evaluated from the perspectives of planning, effectiveness, and sustainability, using the Bank's standard indicators. Upon reviewing the portfolio, it appears that overall performance is low. While such performance needs to be judged in the context of the country's specific conditions, including the transition from central planning to a market economy, and the limited number of trained and experienced staff, there is substantial scope for improvement.

3. One reason for concern is the fact that the problems raised at the first two Portfolio Reviews (June 1993 and June 1995) have still not found adequate solutions. However, it was unrealistic to expect a quick solution to the financial management issues such as procurement, disbursement, and accounting given the shortage of qualified staff. These will need a longer period to be resolved and may explain why the portfolio's performance has not improved much overall since the June 1995 Review. It also appears that, in a few cases, the level of expectation in the original design with respect to the project objectives and the time frame in which to achieve them were unrealistic.

OBJECTIVES OF THE CPPR MEETING

4. It is within this context that the Government and the Bank plan to lay the groundwork during this CPPR Meeting for making real improvements in the portfolio's performance over the next 2-3 years. Through a consultative process involving a Working Group of national project managers on the Lao PDR side and the Lao Country Team on the Bank side, the Government and the Bank have decided to narrow the scope of the Meeting. The Meeting will discuss:

- the generic issues linked to financial management and their possible solutions;
- only one project in detail--a problem project--seeking to draw lessons for other projects; and
- ways to design projects so as to make them less vulnerable in the future.

5. Both sides have agreed that as little time as possible will be spent describing the issues as these are well known to all and have been fully discussed during the first two Portfolio Reviews.

PORTFOLIO ANALYSIS

6. ***Volume of lending and commitment.*** IDA's lending to Lao PDR started in FY78. Since then the Bank has approved 25 credits for Lao PDR-- three structural adjustment operations and twenty-two investment credits (Annex I attached). Total commitment for these operations amounted to about US\$546 million equivalent, including cancellations of about US\$6 million, with undisbursed balance of about US\$140 million.

7. ***Sectoral Distribution.*** Sectoral distribution of the 25 operations is as follows:

- six for infrastructure/transportation and related activities,
- five for agriculture,
- four for electricity/power/energy,
- three for structural adjustment credits,
- two for rural development,
- two for education,
- one for health,
- one for industry/finance/private sector development, and
- one for environmental development/management.

8. Operations under preparation are for investments in:

- rural development: Rural Infrastructure (FY99),
- education: Education II (FY99); and
- road infrastructure: Highway Improvement IV (FY2001).

9. ***Annual Lending.*** Average annual lending for FY94-FY97 was US\$58.77 million, while the lending program for FY98-2001 is expected to average US\$34.33 million.

10. ***Current Portfolio and its Composition.*** As of February 28, 1998, Lao PDR's current portfolio represents a total commitment value of about US\$311 million of which 85.5 percent for investment operations and 14.5 percent for structural adjustment. Two projects closed during the last quarter of FY97, leaving the current portfolio with 12 operations as indicated in Table 1 below (the Rural Electrification Project is not counted here as it has not yet become effective). The implementation status of each of these projects is attached as Annex II.

Table 1: Summary of IDA's Credits in the Current Portfolio

Credit No.	Fiscal Year	Borrower	Purpose	IBRD	IDA	Original Amount in US\$ Millions	Cancellations	Undisbursed	Difference Between expected & actual disburs. a/		Orig Rev'd	Frm Obj	Dev Obj	Imp Prog	Last ARPP Supervision Rating b/											
									Orig Rev'd	Frm Obj																
Number of Closed credits: 13																										
Active Credits																										
IDA 21010	1990	LAO PDR	TELECOM II	0.00	24.50	0.00	.20	-9.82	0.00	S	S															
IDA 20790	1990	GOVT. OF LAOS	UPLAND AGRIC. DEV.	0.00	20.20	3.55	5.19	7.22	-.88	S	S															
IDA 24880	1993	LAO PDR	EDUCATION DEVELOPMENT	0.00	19.00	0.00	13.32	6.19	0.00	S	U															
IDA 24250	1993	GOVT. OF LAO PDR	PROV'L GRID INTEGRAT	0.00	36.00	0.00	5.72	1.26	0.00	S	S															
IDA 26060	1994	GOVT OF LAOS	H'WAY IMPROVE II	0.00	30.00	0.00	7.00	-0.60	0.00	S	S															
IDA 25860	1994	GOVT OF LAOS	FOREST MGT & CONSERV	0.00	8.70	0.00	6.52	5.38	0.00	S	S															
IDA 25790	1994	GOVT OF LAO PDR	LUANG NAMTHA PROV DEV	0.00	9.67	0.00	5.71	1.11	0.00	S	S															
IDA 26740	1995	LAO PDR	HEALTH SYS. REF. & M	0.00	19.20	0.00	13.78	3.80	0.00	S	S															
IDA 28320	1996	GOVT. OF LAO PDR	LAND TITLING	0.00	20.70	0.00	18.17	.86	0.00	S	S															
IDA 28210	1996	GOVT. OF LAO PDR	SAC III	0.00	40.00	0.00	18.17	20.42	0.00	U	S															
IDA 29430	1997	GOVT. OF LAO PDR	HIGHWAY IMPROV. III	0.00	48.00	0.00	45.25	2.98	0.00	S	S															
IDA	1998	GOVT. OF LAO PDR	SP RURAL ELECTRIFIC.	0.00	34.70	0.00	33.00	-	-	-	-															
				0.00	310.67	3.55	138.83	48.62	-0.88																	
Total Disbursed (IBRD and IDA):			Active Loans	104.02	Closed Loans	266.88	Total	370.90																		
of which has been repaid:				0.00		4.76		4.76																		
Total now held by IBRD and IDA:				247.92		252.77		500.69																		
Amount sold				:		0.00		0.00																		
Of which repaid				:		0.00		0.00																		
Total Undisbursed				:		138.83		0.20																		

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

b. Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system was introduced (HS =highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory)

11. Portfolio Performance and Management. Portfolio performance has been uneven over the years. Table 2 shows portfolio assessment and management for the past four years. FY95 ended with a poor performance rating--about 23 percent of projects in the portfolio was labeled "problem projects" and the disbursement ratio was only about 18 percent. In FY96, there was a marked progress and the portfolio was free of problems (no problem projects), but disbursement ratio in the same year (FY96) deteriorated to 16.6 percent. In FY97, the portfolio reported one "problem project" with a marked increase in disbursement ratio of 30.3 percent. So far in FY98, there are two problem projects--Education Development and SAC III. Although progress is being made to resolve project-specific problems, measures should be taken to address generic issues such as procurement, disbursement, accounting/auditing, counterpart funds issues and the problem of inexperienced project implementation staff.

Table 2: Selected Indicators of Portfolio Performance and Management

Indicator	1995	1996	1997	1998
<i>Portfolio Assessment</i>				
Number of Projects under implementation ^a	13	12	13	11
Average implementation period (years) ^b	4.08	3.43	4.11	4.13
Percent of problem projects ^{a,c}				
by number	23.08	0.00	7.69	18.18
by amount	12.68	0.00	12.46	21.66
Percent of projects at risk ^{a,d}				
by number	30.00	8.33	9.09	18.18
by amount	27.67	3.15	14.68	21.66
Disbursement ratio (%) ^e	18.16	16.62	30.32	11.37
<i>Portfolio Management</i>				
CPPR during the year (yes/no)				
Supervision resources (total US\$ thousands)	744.73	643.68	760.85	374.77
Average Supervision (US\$/project)	57.29	53.64	58.53	34.07
Memorandum item	Since FY80	Last five FYS		
Projects evaluated by OED				
by number	11	6		
by amount (US\$ millions)*	187	134		
Percent rated U or HU				
by number	0	17%		
by amount	0	7%		

* The Commitments are nominal amounts.

- a. As shown in the Annual Report on Portfolio Performance (except for current FY). b. Average age of projects in the Bank's country portfolio.
- c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP). d. As defined under the Portfolio Improvement Program.
- e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: investment projects only.

ACCOUNTING AND FINANCIAL MANAGEMENT ISSUES

A - Procurement

12. There are several reasons for the poor procurement performance:

- shortcomings in public procurement policies and contracting services continue to hamper the effectiveness of public spending;
- the procurement process is still slow and difficult. National project managers argue that there are too many steps involved, between the line ministries, the Ministry of Finance (MOF), and the Bank. The case of projects that require central as well as provincial clearance--Health System, for example--is particularly difficult. All of this leads to important delays in receiving clearance from the Bank. Delays can have a severe effect as late clearance can cause the project to miss the dry season when field and civil works can be undertaken (example, Forestry Project when the project started);
- national projects managers also argue that the guidelines are not always clear or are unnecessarily burdensome. For example, for the Health Project the same exact bidding document is used for the construction of each hospital facility. Yet, the documents have to go through the whole no-objection process before the letters of invitation to bid are sent although the only thing that changes is the location;
- there is a lack of staff with sufficient procurement training and experience.

13. Procurement Guidelines. As a condition for approval of SAC III, the government promulgated Decree No. 95/PM in December 1995 to create a basis of a public procurement system for acquiring goods, services and engaging consultants. A procurement decree has been enacted to ensure the transparency of public procurement; achieve regularity and uniformity of procurement procedures throughout the government and its agencies; achieve economy and efficiency in procurement and contract work; and guarantee suppliers and contractors fair and equal access to the award of contracts. The government has recently issued implementing rules and regulations to clarify the provisions of the Procurement Decree. In addition, a Procurement Monitoring Office within the Ministry of Finance was established in March 1997. All these actions should enhance government capacity in the area of procurement by establishing a procurement threshold; providing a standard procurement code which Lao PDR does not currently have; and modernizing the procurement process. ***Recommendation***. The Government should pursue these efforts.

14. Procurement Threshold. National project managers suggest \$50,000 as the threshold for prior review. ***Recommendation***. This suggestion has merit but should be considered on a case by case basis, as opposed to agreeing on the same threshold for all projects. When construction is involved, for example, an even higher threshold could be considered.

B - Disbursement

15. Overall, the elapsed time on disbursement applications is getting longer, not shorter. Disbursement is slow mainly because of the following reasons:

- there are too many steps required before sending Withdrawal Applications;
- most projects have long processes for approving payments to contractors. It often requires 5-7 signatures, sometimes even the line minister must sign; and
- some national project managers have difficulty reconciling the rules of the Bank and the rules issued by the Government. For example, previously, Letters of Credit were issued directly by BCEL. Now, clearance is needed from MOF before an LC can be issued. If the delays are too long, it entails procurement problems.

16. Corrective measures taken by the Ministry of Finance to reduce the process time of disbursement applications from an average of two weeks to within five days have been impeded by many factors including shifts in responsibilities, and shortage of qualified staff to review disbursement applications. The rules on “Foreign Loan and Grant Management” issued by the Lao Ministry of Finance will ensure a more accurate, complete and sufficient documentation and timely processing of disbursement applications.

17. ***Recommendation.*** In the meantime, practical steps could lead to immediate and significant improvements. Some of the authorizations should be eliminated. The managers of the Education Development project have indicated that the authorization of the Minister of Education has been eliminated, which is a good beginning. The CPPR Meeting should agree to have all project managers review their authorization requirements, and determine which of them is really necessary and appropriate to ensure a quality project, and which are unnecessary. The Ministry of Finance and the Working Group would then act on the recommendations of the project managers.

18. It should be noted that not all projects suffer from these constraints (for example, the Forest Conservation Project). It should therefore be relatively easy to find and implement solutions for all projects.

19. In addition to the points raised above, national project managers feel that their control over the Special Account (SA) is too limited, which in their view affects the rate of disbursement.

20. Most projects in Lao PDR do not have direct access to the SAs. They must submit a request for payment to MOF (after the long process mentioned above has been completed). MOF also reviews the request, and provides its approval, which can take a few more days. Only then can the project withdraw funds from the SA.

21. A breakthrough has been achieved with the SP Rural Electrification Project. MOF will give EDL direct management of the SA. It is a first step. MOF intends to consider two groups of projects: one group that would have direct management authority. In this case MOF would carry out ex-post reviews. The other group, where the lack of experience is a problem, would remain under the current ex-ante control of MOF.

22. **Recommendation.** The Bank is in favor of allowing project units to make direct payments from the SA without having to get MOF approval in advance. Should the Government establish the two groups, for the second group MOF should still allow payments below some pre-determined threshold without its prior approval. MOF's post review authority is enforced by the fact that all replenishment applications must be signed by MOF.

C - Accounting and Auditing

23. **Generic Issue.** Many accounting and auditing issues remain unresolved:

- A significant number of projects are audited by personnel from the Ministry of Finance. The examination of government project accounts and financial management records by government auditors amounts to a conflict of interest and does by no means give the appearance of independence that must be maintained in an audit.
- Appropriate standards on accounting and auditing are lacking. As a result, project auditors are not complying with accounting and auditing standards as prescribed by the Bank.
- The necessary financial statements required to be audited are not prepared because the accounts are not properly summarized by the accountants in the project implementation units. In particular, receipts and expenditures are not properly summarized and presented. The Bank requires the borrower's audited report to include, at a minimum, sources and uses of funds for each project, reconciliation of the special accounts, a summary of the statement of expenditure (SOE).
- The auditors never really give clear advice as to how the financial management situation is to be improved. They do not accompany their reports with management letters that highlight areas requiring the attention of the project management units.
- There are important delays in submitting audit reports.

24. **Recommendations.** The recent adoption of an enterprise accounting and reporting system is a step in the right direction. If implemented, it will simplify the review process and facilitate the delegation of approval authority to line ministries other than the Ministry of

Finance. The country should open its doors to private auditing firms who would help improve the accounting and financial management situation. The country has allowed only one international auditing firm to operate. Terms of reference of auditors need to be carefully drafted with a view to help redress the situation of Lao projects. On the Bank's side, task managers should pay more attention to the preparation of auditors terms of reference, and the interpretation and follow-up of audits.

D - Specific Accounting Problems

- Lack of Qualified Personnel. One of the major problems that affect projects in the Lao PDR portfolio is the lack of qualified accountants. As a result, accounting tasks are left at the mercy of untrained personnel who may not be properly guided and supervised. Those left to carry out accounting tasks are not well equipped to cope with the requirements of the Development Credit Agreements (DCA). As a consequence, the accounting and audit reports submitted for Bank-financed projects do not always comply with the requirements of the DCA or with Bank-wide guidelines as contained in Financial Accounting, Reporting and Auditing Handbook (FARAH). The Bank requires borrowers and/or their project implementation units to establish a functional financial management system including relevant accounting and financial controls. In Lao PDR, such a system is either nonexistent or the necessary controls required to ensure the reliability of the accounting records and financial reporting are not well established. Under an IDF operation, an analysis of Lao PDR's "technical requirements and plan for subsequent design and implementation of governmental accounting systems" has been carried out. The operation has also been instrumental in training and in developing advanced accounting and financial management curriculum in institutions of higher learning in Lao.
- Reconciliation. National project managers complain that it is difficult to reconcile World Bank and project accounts. The Banks has noted many problems with poor contract record keeping in most of the projects. Bank records disagree with project records on how much has been disbursed under a contract, and therefore what the remaining balance is. This is partially because of the use of multiple currencies in a contract, with poor recording of what payment is under what currency. Very few projects have a suitable system of recording payments under their contracts, or even of keeping up with what contracts they have signed. Recent problems with the Provincial Grid Integration project come to mind.

Recommendations. On the Government's side, the first remedy is better project financial management, which includes improved record keeping on contracts. In particular, national project managers need to keep accurate records (balances and payments) in the actual contract currencies, and provide the Bank with adequate information when they ask for payments to be made. When they pay from the Special Account (and convert the payment amount to US Dollars), they often provide inadequate information on replenishment applications for the Bank to determine the underlying currency to charge the payment to.

They also need to keep the Bank in the loop regarding amendments (get Bank clearance, provide copies of the amendment, etc.). *On the Bank's side*, there is a need to try harder to maintain the MIS database of contracts up-to-date, and be sure of the correct currency when recording payments against the contracts. The Bank should commit to provide project financial management assistance to the individual projects and MOF.

- Lack of Complete Accounting Records. There are no complete accounting records established for projects. Subsidiary journals (books of original entries or source journals), general ledger subsidiary ledgers, and detailed records for each significant class of transactions were not established and maintained until the introduction of double entry accounting system in the public administration of Lao. Even now, some agencies are experiencing difficulties in keeping these books in balance. As is the experience in other developing countries there is, in Lao PDR, an inability or negligence in the maintenance of accounting records. As a result, the status of projects cannot be properly assessed; disbursement of cash is not properly controlled, authorized and documented; and use of project materials and property cannot be determined with any measure of certainty. Sometimes asset and/or material issues register may not be kept and maintained to track the location and use of project property and materials.
- Segregation of Financial Management Functions. Internal accounting and financial controls require that accounting and financial functions be adequately segregated to prevent fraud and defalcation. In most cases, the receiving and issuing functions are concentrated in one department or entrusted to one staff. This must be corrected.
- Compliance with Covenants. The compliance rate with the requirements of the DCA and other donor agencies is very low. Project implementation units do not comply with the requirements for recording and reporting of project activities. The result is that monitoring of project progress and timeliness of reporting of project activities becomes cumbersome. This is so because task managers on both sides generally do not take the accounting and financial management functions seriously and therefore do not utilize the results of accounting and audit reporting to their advantage. Probably they are unaware that these are useful planning, monitoring and implementing tools for successful project management. Non compliance with financial management requirements (procurement, disbursement, accounting and auditing) deters project implementation progress.
- Monitoring. Project sites and the location of the project management unit may be separated by long distances. Adequate communication facilities are not available to afford easy access to responsible officials who are needed to make decisions as they arise. For instance, a section of Road No. 13 between Namkading and Savannakhet fell apart after construction; this was not communicated to project implementing units until after construction was completed in April 1997. This would have been prevented had there been proper monitoring by field officers and timely communication between the project sites and the project

implementing units. It would have been discovered that the embankment needed to be reinforced and protected to avoid the slip and thereby obviate the time and expense required to correct this problem. Financial and accounting data compiled at the project sites may not reach the project accounting unit timely to be useful for reporting purposes. This creates some monitoring problems which need to be addressed by the Bank.

- Manual vs. Computerized MIS. The management information systems in Lao PDR is not well developed. Most of the financial management procedures are based on manual system. Therefore project accounting is, for the most part, still manually operated. This tends to be slow and susceptible to human error. Also, computerized systems, where in use, require key-punching and a mainframe computer. This is faster than manual operation but tends to waste time in generating the required output.
- Weaknesses in Internal Accounting and Financial Management Controls. The system of internal accounting and financial management controls are either not functioning properly or they are weak. Until recently there were no chart of accounts; identification and description of accounting records was a problem; assignment of responsibilities and delegation of authority was lacking; the problem of determining cutoffs and account closing for each period persisted; and accounting and procedure manuals were outmoded. In short, the system of internal accounting controls is weak and needs to be strengthened.
- Inadequate Budget Process. The Lao budgetary process is not well established. There has been a move to change the existing budget nomenclature (structure) to a new one. If carried out, this change should result in proper budget formulation and execution.

Short-term Recommendations

25. Training. The experience of some projects shows that project-specific training on procurement and other financial management subjects following an orientation workshop is more useful than formal training. The Bank will need to provide the support that is needed in the context of each individual project. Under the Forestry Project, procurement is now going smoothly thanks to the backup provided by the Bank office in Thailand. The strengthening of the Bank's presence in Vientiane should yield even better results.

26. Book-keeping. Books of accounts should be established for each project to ensure that the project activities are properly accounted for. The number of accounts established for a project should be dictated by the type of project and the internal accounting control procedures established for that project.

27. Covenant Compliance. The Government should comply with accounting and auditing provisions of the DCA. Part of this process would be the establishment of a strong internal accounting control procedures. This will ensure that accounting and financial management

functions are properly segregated, personnel are adequately supervised, and sufficient training given to the accounting staff. The policies and procedures to ensure accuracy and reliability of financial records, controls over authorization for project activities as well as security of project property and materials should be instituted.

28. Monitoring by the Bank. The Bank should establish a new monitoring system for projects to ensure timely periodic updates of project disbursement, procurement information and accounting data. Successful project monitoring depends on the availability of reliable periodic financial reporting.

Long-term Recommendations

29. Training. There should be massive retraining of existing accounting personnel in order for the government and its project management agencies to cope with the demand generated by the introduction of new accounting system. New internal accounting control procedures should be put in place to conform with the new accounting system. This will ensure accuracy, completeness and reliability of accounting records. It will also ensure that project accounts submitted for audit are reliable. As part of the training program, the government of Lao should be encouraged to take advantage of the opportunity offered by the Bank to develop accounting and financial management curriculum in the universities. Also, the government should open its doors to independent external accounting firms to help in the developing of the accounting and financial management profession in the country. The Government should implement the main recommendations of the IDF (*Accounting Capacity Building*).

30. Equipment. The information management system in Lao should be revamped by providing some desk-top computer hardware and a pre-packaged project accounting software developed by the Bank. Training on the use of the personal computers and software applications should be undertaken to ensure that the staff of the project implementation and project management agencies acquire some competency in operation of the new system. This will not only facilitate the recording and documentation of project activities but also ensure that reports generated are timely and conform to the accounting and financial management reporting requirements.

31. Regulatory Framework. There should be national accounting policies and procedures. These have the effect of strengthening the system of internal accounting and financial management controls. This will include the establishment of a chart of accounts, tailored to the needs of each project and accompanied by explanations of the items to be included in the various accounts. Such policies and procedures should simplify the identification and description of principal accounting records, recurring standard entries, and requirements for supporting documentation. Information on detailed records for each significant class of transaction should also be included. The system of internal controls should specify methods of assigning responsibilities, delegation of authority, identifying positions that have authority for approving transactions, and instructions for determining adequate cutoff and closing of accounts for each

project reporting period. A strong and satisfactory system of accounting and financial management controls for a project should specify control procedures for authorization, verifications, reconciliation, recording procedures and project reporting adequate to provide reasonable control over project costs, security of project assets, schedules and technical performance.

E - Other Issues

32. **Turnover of Bank Task Managers.** This is undoubtedly one of the reasons for the poor portfolio performance. The new task managers (TM) do not always follow up on agreements and reached with former TMs and on advice given by them. To alleviate the problem the Bank is taking steps to strengthen its presence in the field.

33. **Counterpart Funds.** Devaluation of the kip has made the problem worse. Most counterpart fund allocations were budgeted before the devaluation. The US\$ has gone from 1,400 to 2,400. For example, the Land Titling Project are budgeted for kip 218 million (exchange rate used is 1,115) which was in line with the project needs. Till now, only 20 million has been disbursed to the project and there is concern that the balance may not be forthcoming. The Bank cannot allow 100 percent financing out of the SA when the Bank is financing a lesser percentage. It then takes years sometimes to get the Government to refund the difference.

34. Another example is the Forestry Project. The project has yet to obtain full counterpart funds per project agreement. So far this has not been a problem because the other co-financier--Finland--has covered some of the incidental expenses and because the IDA Credit is financing incremental operating expenses. However, IDA is financing incremental expenses on a declining basis, to reach 50% by September 1998. The project staff/MAF have already indicated that they will request a waiver in light of the fiscal crisis in Lao PDR. If incremental operating expenses are not fully covered, field activities, which have been going extremely well, will suffer.

ATTACHMENT I
LAO PDR - VOLUME OF LENDING AND COMMITMENT
(As of February 28, 1998)

Credit/Project	Approval Date	Credit Amount (US\$ million)	Undisbursed (US\$ million)
Agricultural Rehabilitation and Development	12/27/77	8.2	0
Agricultural Development II	06/05/79	10.4	0
Agricultural Development III	05/15/80	13.4	0
Nam Ngum III	12/22/81	15.0	0
Agricultural Production Support	06/28/83	6.2	0
Telecommunication Rehabilitation	04/22/86	3.9	0
Electrification of Southern Province	06/23/87	25.8	0
Southern Transportation	10/06/87	14.1	0
Industrial Credit I	07/26/88	10.0	0
Polytechnic	04/11/89	3.5	0
Structural Adjustment Credit	06/06/89	40.0	0
Upland Agricultural Development	12/21/89	20.2	5.2
Telecommunication II	03/13/90	24.5	0.2
Highway Improvement	03/21/91	45.0	0
Structural Adjustment Credit II	10/01/91	40.0	0
Provincial Grid Integration	10/06/92	36.0	5.7
Education Development	04/27/93	19.0	13.3
Luang Namtha Provincial Development	03/15/94	9.7	5.7
Forest Management and Development	03/25/94	8.7	6.5
Highway Improvement II	04/14/94	30.0	7.0
Health Systems Reform and Management	01/05/95	19.2	13.8
Structural Adjustment Credit III	02/22/96	40.0	18.2
Land Titling	03/21/96	20.7	18.2
Highway Improvement III	04/08/97	48.0	45.3
Southern Provinces Rural Electrification	03/17/98	34.7	34.7
TOTAL		546.20	173.8
less cancellations*		6.03	0
Total Commitment (excluding cancellations)		540.20	173.8

* From the active projects US\$3.55 million – a portion of Upland Agriculture Development Project was canceled. An additional US\$2.41 million was canceled from fully disbursed credits.

ATTACHMENT II
IMPLEMENTATION STATUS OF PROJECTS IN THE PORTFOLIO
(As of January 31, 1998)

STRUCTURAL ADJUSTMENT CREDIT III

APPROVED AMOUNT	US\$40.00 million
DATE APPROVED	February 22, 1996
DATE OF SIGNATURE	April 15, 1996
EFFECTIVENESS DATE	July 11, 1996
CLOSING DATE	December 31, 1997
DISBURSEMENTS	US\$19.60 million
% disbursed over total approved credit	49.00%
undisbursed balance	US\$18.20 million
DEVELOPMENT OBJECTIVE RATING	Unsatisfactory
IMPLEMENTATION PROGRESS RATING	Satisfactory

DEVELOPMENT OBJECTIVES

The project aims to (a) support improved management of State-owned Enterprises (SOEs) and privatization; (b) develop a legal framework that regulates commercial transactions; (c) create a state financial system; (d) improve planning and monitoring of public expenditures, civil service reform; (e) ensure the viability of the social security system.

IMPLEMENTATION PROGRESS

Overall implementation progress has been satisfactory. However, implementation progress in the area of regulatory framework and financial sector reform has been unsatisfactory. There are delays in enacting legislation required for progress to be made in these aspects of the project. In addition, there is also delay in hiring independent external auditors for state-owned commercial banks as well as hiring staff for the implementing agency. Progress in implementing policy reforms has not been satisfactory. This is due to delay in implementing structural measures in financial sector reform (state-owned commercial banks are not audited by independent external auditors); and regulatory framework (there are no drafted plans for legal reform). Increased efforts in other areas including SOE reform, public expenditure management has yielded limited results. There are major foreseen problems which may further delay or hamper the completion of project activities. These include the following problems (i) audit of commercial banks required, but still not being enforced, by the Bank of Lao PDR; (ii) issuance of the long-awaited decree on the accounting profession has not materialized; (iii) commercialization of state-owned enterprises has not been implemented due to lack of the legal framework required to convert these enterprises to joint-stock companies; and (iv) the new budget nomenclature has not been fully implemented.

NOTE: disbursed amount plus undisbursed balance will not equate the approved amount due to exchange rate vis-à-vis SDR.

LAND TITLING

APPROVED AMOUNT	US\$20.72 million
DATE APPROVED	March 21, 1996
DATE OF SIGNATURE	June 7, 1996
EFFECTIVENESS DATE	February 27, 1996
CLOSING DATE	September 30, 2003
DISBURSEMENTS	US\$0.60 million
% disbursed over total approved credit	2.90%
undisbursed balance	US\$18.30 million
DEVELOPMENT OBJECTIVE RATING	Satisfactory
IMPLEMENTATION PROGRESS RATING	Satisfactory

DEVELOPMENT OBJECTIVES

The project aims at (i) fostering the development of efficient land markets; (ii) facilitating domestic resource mobilization through a clear and enforceable system of land ownership rights; and (iii) developing a land valuation capacity.

IMPLEMENTATION PROGRESS

Overall, the implementation progress for this project has been satisfactory. Significant progress has been made by instituting new methods of land registration and valuation, and revising the enabling regulation to facilitate project implementation. The bidding process for some contracts has been completed. In addition, an administrator to support project management in procurement, financial management and control, planning, monitoring and evaluation has been hired; and training of personnel in systematic adjudication has been successfully accomplished. It is too early to access the implementation progress of the Land Administration and Facilities component of this project. Despite the progress made there are problems that are likely to delay or hinder the implementation of this project during the next few months. There is a delay in hiring the technical assistant funded by AusAID. Delay being experienced in contract negotiations and hiring the technical assistant could impede some project activities.

NOTE: disbursed amount plus undisbursed balance will not equate the approved amount due to exchange rate vis-à-vis SDR.

HIGHWAY IMPROVEMENT II

APPROVED AMOUNT	US\$30 million
DATE APPROVED	April 14, 1994
DATE OF SIGNATURE	July 20, 1994
EFFECTIVENESS DATE	February 28, 1995
CLOSING DATE	June 30, 2001
DISBURSEMENTS	US\$23.30 million
% disbursed over total approved credit	77.67%
undisbursed balance	US\$7.00 million
DEVELOPMENT OBJECTIVE RATING	Satisfactory
IMPLEMENTATION PROGRESS RATING	Satisfactory

DEVELOPMENT OBJECTIVES

The project aims to: (a) increase the efficiency of the country's road network through specific road improvements; (b) strengthen institutional capabilities to plan, manage and maintain the national highway network; and (c) support the development of local contracting capacity through the commercialization of selected state enterprises. The highway project will have an impact in (i) supporting economic growth; (ii) facilitating accessibility to social services; (iii) institutional development and sustainability; and (iv) creating and supporting the private sector contracting industry.

IMPLEMENTATION PROGRESS

Overall implementation progress has been satisfactory. The project has progressed somewhat slowly but surely. All the specific aspects of the project have progressed well. The upgrading of roads will reduce transport costs and improve accessibility to social services. However, the development of the local contracting industry through technical assistance to the State-owned Enterprises (SOEs) has not been fully implemented. Despite the progress noted, certain components of the project require some attention. A portion of the road which fell apart after construction was completed needs to be monitored to identify the cause of the problem and responsibility of each involved party determined and corrections made in the construction. The training program which was planned is not being implemented at reasonable pace required to train the engineers needed to monitor and maintain the civil works.

NOTE: disbursed amount plus undisbursed balance will not equate the approved amount due to exchange rate vis-à-vis SDR.

HIGHWAY IMPROVEMENT III

APPROVED AMOUNT	US\$48.00 million
DATE APPROVED	April 8, 1997
DATE OF SIGNATURE	June 20, 1997
EFFECTIVENESS DATE	September 30, 1997
CLOSING DATE	June 30, 2003
DISBURSEMENTS	US\$1.50 million
% disbursed over total approved credit	3.13%
undisbursed balance	US\$45.30 million
DEVELOPMENT OBJECTIVE RATING	Satisfactory
IMPLEMENTATION PROGRESS RATING	Satisfactory

DEVELOPMENT OBJECTIVES

The project aims to: (a) support the country's economic growth and transition to a market economy; (b) reduce transportation costs through the upgrading of a southern leg of Road #13 and construction of Road #A-1; (c) improve institutional capacity and effectiveness in managing construction and maintenance activities at the central and provincial levels; and (d) introduce routine and periodic maintenance of roads by contract using competitive bidding procedures.

IMPLEMENTATION PROGRESS

The implementation progress is rated satisfactory which is recommended for all new projects. Implementation of project activities was supposed to have commenced in October-November 1997. There is no information available to determine whether or not work has started or when it will start. However, procurement activities for works and consultants are ongoing; detailed design are substantially completed; and routine and maintenance programs were under preparation and were expected to be submitted by June 1, 1997. There is still no effectiveness date and this could further delay this project.

NOTE: disbursed amount plus undisbursed balance will not equate the approved amount due to exchange rate vis-à-vis SDR.

HEALTH SYSTEM REFORM & MANAGEMENT

APPROVED AMOUNT	US\$19.20 million
DATE APPROVED	January 5, 1995
DATE OF SIGNATURE	February 4, 1995
EFFECTIVENESS DATE	June 30, 1995
CLOSING DATE	December 31, 2001
DISBURSEMENTS	US\$3.40 million
% disbursed over total approved credit	17.71%
undisbursed balance	US\$14.20 million
DEVELOPMENT OBJECTIVE RATING	Satisfactory
IMPLEMENTATION PROGRESS RATING	Satisfactory

DEVELOPMENT OBJECTIVES

The project aims to: (a) improve the health of the Lao people in selected parts of the country focusing on women and children who are the most vulnerable members of the population; (b) reduce mobility and mortality by increasing accessibility to basic health care services in two provinces and by strengthening the national malaria control program in eight provinces; and (c) enhance the country's ability to conduct effective health education programs to improve health awareness in the population.

IMPLEMENTATION PROGRESS

Overall, the implementation progress for this project has been satisfactory. Although the project is still in the early stage of project implementation, the Ministry of Health's experience with Bank's procurement procedures continues to increase because of the technical assistance provided by the Government of Belgium. It is still early to determine whether this experience has transformed into a transfer of skill. Progress has also been made in the completion of the major civil works. There are problems with the completion of civil works for the regional hospital in Savannakhet. Attention should be given to planning and development as decentralization of health services planning and implementation is quite new to Lao PDR.

The challenge posed by the process of integrating national policies into provincial service development could cause implementation delay; training of personnel and health education in malaria control, and the persistent confusion regarding malaria control practices arising from differences in standards for inputs by different donors may delay implementation. The standards for inputs are in conflict with those adopted by the Ministry of Health which has the benefit of the technical advice and support of WHO.

NOTE: disbursed amount plus undisbursed balance will not equate the approved amount due to exchange rate vis-a-vis SDR.

FORESTRY MANAGEMENT & CONSERVATION

APPROVED AMOUNT	US\$8.70 million
DATE APPROVED	March 25, 1994
DATE OF SIGNATURE	June 29, 1994
EFFECTIVENESS DATE	January 10, 1995
CLOSING DATE	September 30, 2000
DISBURSEMENTS	US\$2.10 million
% disbursed over total approved credit	24.14%
undisbursed balance	US\$6.50 million
DEVELOPMENT OBJECTIVE RATING	Satisfactory
IMPLEMENTATION PROGRESS RATING	Satisfactory

DEVELOPMENT OBJECTIVES

The project aims to: (a) assist the government to implement new forest resource management systems; (b) develop a legal, policy, and organizational framework for sustainable forest management and conservation; (c) institute sustainable village-based forest management system for production forests; (d) support the establishment of an integrated conservation and development management system; and (e) build local capacity to implement these new management systems.

IMPLEMENTATION PROGRESS

Overall, the implementation progress for this project has been satisfactory. The recommendations of the June 1997 supervision mission have been implemented to the satisfaction of IDA. However, a follow-up action is required on the drafting and issuing of implementing regulations to the Forestry Law enacted in November 1996. Progress has been made in implementing village forestry activities. Training of the implementing agencies' staff has strengthened human resource capacity and increased the sustainability of project activities. Although there are no notable problems with other aspects of financial management, disbursement has been slow because of the need to first develop the forest management systems before full-scale implementation. The main constraint which may impede progress of project implementation is the untimely development and issuance of supporting regulations to enable the participating villages to implement forest management plans before the specified date (June 1998) of signing of the 7 village forest management contracts and the commencement of forest management.

NOTE: disbursed amount plus undisbursed balance will not equate the approved amount due to exchange rate vis-à-vis SDR.

TELECOMMUNICATIONS II

APPROVED AMOUNT	US\$24.50 million
DATE APPROVED	March 13, 1990
DATE OF SIGNATURE	May 18, 1990
EFFECTIVENESS DATE	October 23, 1990
CLOSING DATE	February 28, 1998
DISBURSEMENTS	US\$26.90 million
% disbursed over total approved credit	109.80%
undisbursed balance	US\$0.20 million
DEVELOPMENT OBJECTIVE RATING	Satisfactory
IMPLEMENTATION PROGRESS RATING	Satisfactory

DEVELOPMENT OBJECTIVES

The project aims to: (a) improve the quality of, and access to, telecommunications services; (b) carry out priority investments in the sector, particularly the first phase of a nationwide digital telephone network; (c) improve international telecommunications services; (d) strengthen EPTL's capabilities in the areas of planning, project implementation, operations, maintenance and financial management; and (e) develop EPTL's human resources.

IMPLEMENTATION PROGRESS

The implementation progress for this project is satisfactory. Installation of the main project components has been completed and since then there has been a remarkable improvement in telecommunications services. Contributions from donors added impetus to expand the investment program to include the microwave routes, the rural network and the international services. At this point, there are no known or foreseen problems which will impede the successful implementation and realization of the development objectives of this project.

Attention should be drawn to the amount of disbursements which, for this project, is in excess of the amount approved. This is due to the differences in exchange rate used in converting SDR into the US dollar equivalent at both the approval date and disbursement date.

NOTE: disbursed amount plus undisbursed balance will not equate the approved amount due to exchange rate vis-à-vis SDR.

UPLAND AGRICULTURAL DEVELOPMENT

APPROVED AMOUNT	US\$20.20 million
DATE APPROVED	December 21, 1989
DATE OF SIGNATURE	February 23, 1990
EFFECTIVENESS DATE	May 2, 1990
CLOSING DATE	June 30, 1998
DISBURSEMENTS	US\$12.80 million
% disbursed over total approved credit	63.37%
undisbursed balance	US\$5.40 million
DEVELOPMENT OBJECTIVE RATING	Satisfactory
IMPLEMENTATION PROGRESS RATING	Satisfactory

DEVELOPMENT OBJECTIVES

The project aims to: (a) develop a market-oriented agricultural sector, expand export earnings, improve rural incomes, increase food security, and reduce environmental degradation; (b) encourage the establishment of water user groups which will take over the operation and maintenance of irrigation facilities.

IMPLEMENTATION PROGRESS

Overall, the implementation progress for this project is rated as satisfactory. The road component of this project (includes the upgrading and construction of more than 200 kilometers of rural roads; and strengthening the Road Administration Divisions of the implementing agencies in the area of contract supervision) has progressed remarkably well. Appropriate training is being provided to local supervisory engineers and contractors. The three completed irrigation schemes have been handed over to water user groups trained under the project for routine maintenance of the facilities. The benefits of the irrigation schemes have been reported. However, there are problems which may impede the successful implementation of the project: the non completion of the remaining 72.6 kilometers of rural road construction may delay implementation progress; the installation of electricity at the Hin Heup Research Station may cause a delay if not completed in January 1998 as scheduled; the requested extension (to June 30, 1998) by the Ministry of Finance may hamper full implementation of project if not granted; and the devaluation of the Lao currency (Kip) may result in requests for adjustments of payments by contractors and the Special Account recovery may cause cash flow problems to the Ministry of Finance.

NOTE: disbursed amount plus undisbursed balance will not equate the approved amount due to exchange rate vis-à-vis SDR.

PROVINCIAL GRID INTEGRATION

APPROVED AMOUNT	US\$36.00 million
DATE APPROVED	October 6, 1992
DATE OF SIGNATURE	December 23, 1992
EFFECTIVENESS DATE	July 6, 1993
CLOSING DATE	June 30, 1998
DISBURSEMENTS	US\$30.00 million
% disbursed over total approved credit	83.33%
undisbursed balance	US\$6.10 million
DEVELOPMENT OBJECTIVE RATING	Satisfactory
IMPLEMENTATION PROGRESS RATING	Satisfactory

DEVELOPMENT OBJECTIVES

The project aims to: (a) extend and enhance the quality of electricity supply to existing and prospective consumers in the Southern and Central regions; (b) improve electricity system efficiency; (c) continue institutional development through strengthening electric company's autonomy and finances, training of staff, and planning new investments; and (d) develop projects to export additional power and/or energy.

IMPLEMENTATION PROGRESS

Overall, the implementation progress for this project is satisfactory. Meters have been made available to the EDL (electrical company) stores for the implementation of the Loss Reduction Program (LRP). The EDL systems efficiency is weak therefore unsatisfactory. This is due to the inability of EDL to generate, from internal sources, funds of not less than 20% of its average annual capital expenditures and to cover estimated debt service requirements. Problems which may hamper implementation progress include the delay in procuring materials, engaging contractors to implement the LRP and appointing a financial consultants to set up profit centers.

NOTE: disbursed amount plus undisbursed balance will not equate the approved amount due to exchange rate vis-à-vis SDR.

LUANG NAMTHA PROVINCIAL DEVELOPMENT

APPROVED AMOUNT	US\$9.70 million
DATE APPROVED	March 15, 1994
DATE OF SIGNATURE	May 18, 1994
EFFECTIVENESS DATE	November 1, 1994
CLOSING DATE	December 31, 2001
DISBURSEMENTS	US\$4.10 million
% disbursed over total approved credit	42.27%
undisbursed balance	US\$5.70 million
DEVELOPMENT OBJECTIVE RATING	Satisfactory
IMPLEMENTATION PROGRESS RATING	Satisfactory

DEVELOPMENT OBJECTIVES

The project aims to: (a) improve the standard of living and raise the income potential of the rural poor; (b) enhance local income generating activities; (c) integrate the local population into the market economy and provide access to social services; (d) provide adequate supply of quality water to meet the hygiene and health needs; and (e) strengthen human resource capacity of implementing agencies in the areas of planning and management.

IMPLEMENTATION PROGRESS

Overall, the implementation progress for this project is good. The road component of this project which was slow has picked up. However, the road component will have cost overrun because of the addition of 22 kilometers of road to Xiengkok and also the decision on the selection of roads for construction may delay start-up. The lack of qualified and experienced staff to manage the rural water program may cause a serious implementation delay.

NOTE: disbursed amount plus undisbursed balance will not equate the approved amount due to exchange rate vis-à-vis SDR.

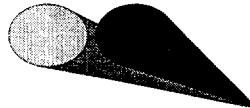
ATTACHMENT 3: HIGHLIGHT FROM PRESENTATION ON NEW BANK LENDING INSTRUMENTS



IMPLEMENTING THE STRATEGIC COMPACT

ADAPTABLE LENDING

TWO LENDING INSTRUMENTS



LEARNING AND INNOVATION LOAN
(LIL)

ADAPTABLE PROGRAM LENDING
(APL)

Learning and Innovation Loan

Objective

To provide structured support for small, time-sensitive programs to...

- Build capacity to prepare for a large-scale program
- Test promising development initiatives
- Experiment and develop “locally-based” Laotian(?) models prior to scaling up
- Some combination of the above.

Learning and Innovation Loan

- SMALL SIZE (loan up to \$5 million)
- IMPLEMENTATION PERIOD OF 2-4 YEARS
- MODULAR APPROACH - Learn what you need to know



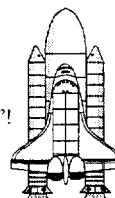
Monitoring and Evaluation... **VITAL**

During Project...

- Need to collect evidence about what is working or not working
- Frequent reviews
- Frequent changes
- Don't wait until end of project

What about Quality Standards?

- We will maintain quality standards
- Place the emphasis on different things...
 - learning as we go...
not up-front economic analysis
 - measure as we go...
don't wait until end of project
 - measure trajectory at every stage...
don't wait until we reach the “moon”!



ADAPTABLE PROGRAM LENDING

Adaptable Program Loan

- **Objective:**

To provide sustained support for the implementation of a long term development program that reflects economic priorities and contributes to poverty reduction through a series of loans, phased to reflect intermediate results.

- Provides for funding of a long-term development strategy, starting with a first sequence of activities, according to agreed milestones & objectives

- Divisible, phased & discrete investments

- A logical sequence of events & staging of activities with defined milestones and policy requirements

MODALITIES

- Long term program set out in a Letter of Development Program would be evaluated in the context of appraisal of the first APL
- First APL would establish upper limit for Bank financing
- Board would approve program & first APL
- Successive APLs would be appraised, negotiated, and then approved by the Regional Vice President.

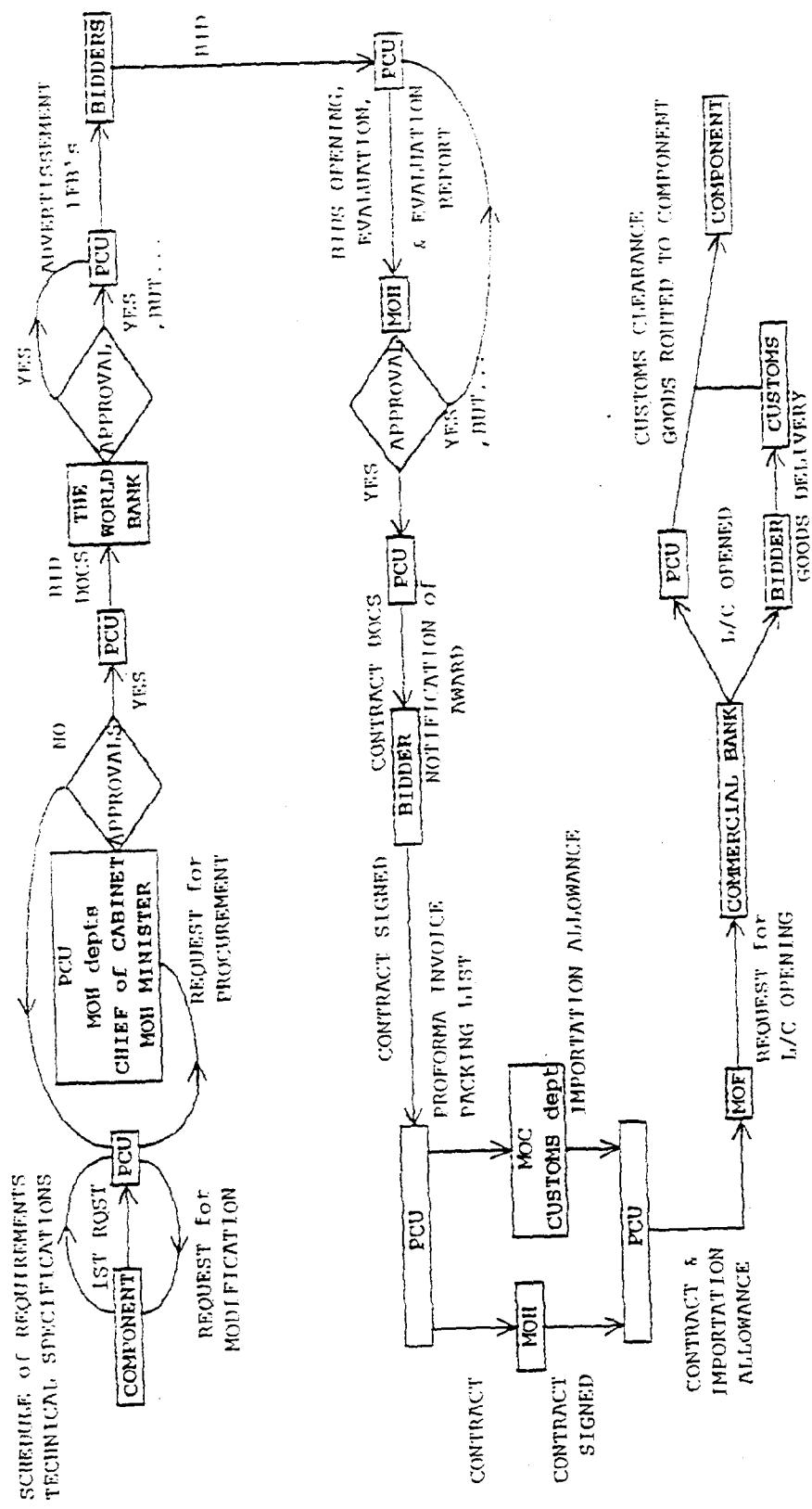
Milestones = Triggers for Next Phase APL

- Readiness for successive APLs would be triggered by meeting milestones
- Milestones are not "conditionality" for next phase
- Milestones are a leading indicators that the next phase will succeed.

Letter of Development Program

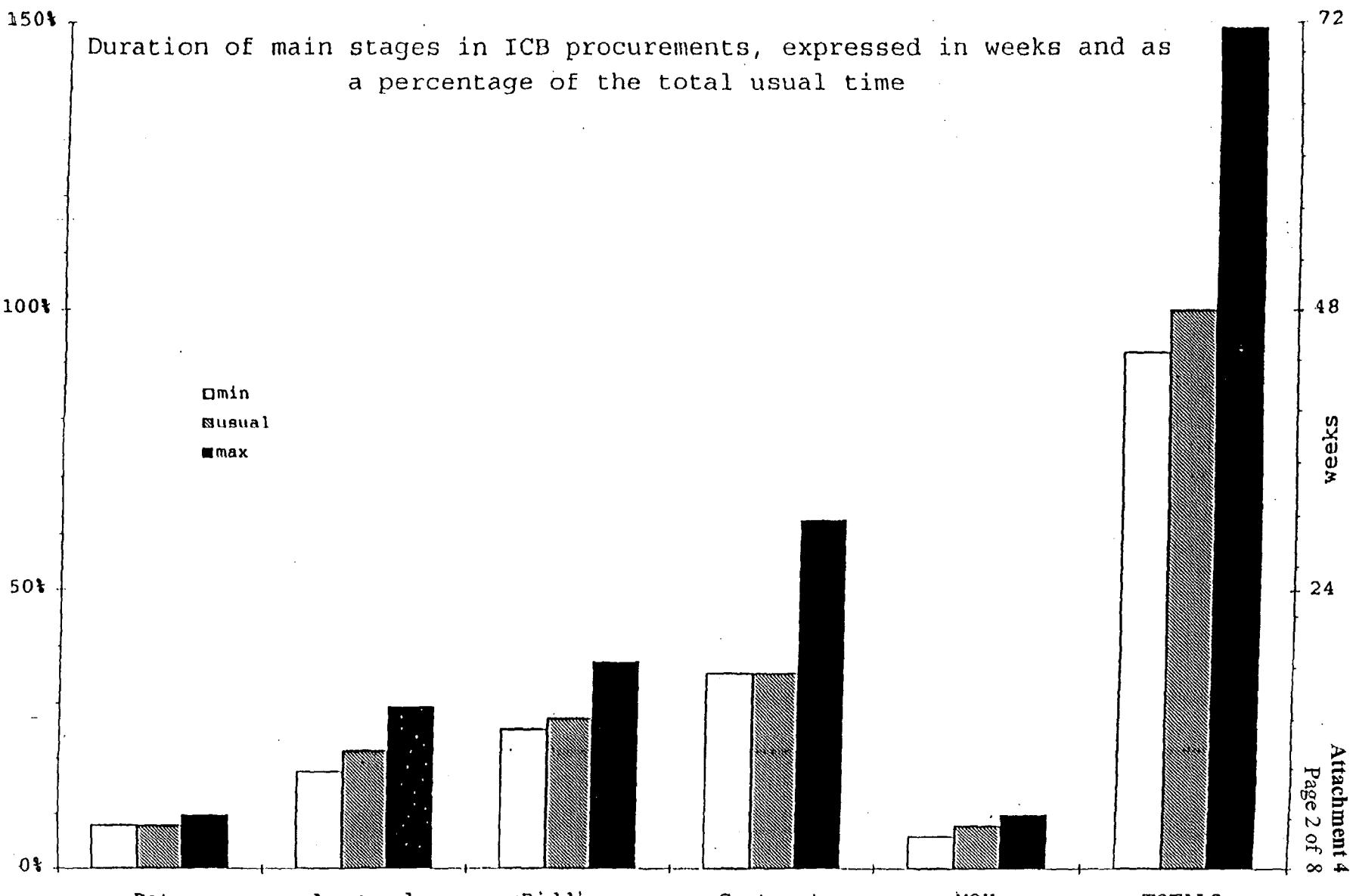
- Long-term goal(s) of the program
- Sequencing or phasing of the program, and the specific objectives of each phase
- General description of the key activities (policy and institutional reforms and investment) to be pursued in each phase
- Program performance indicators and milestones to be used in monitoring and assessing progress, and as triggers for moving from phase to phase
- Program cost estimates and financing plan, by phase and categorized into investment and recurrent expenditures
- Monitoring and evaluation plan for tracking progress and developing lessons to be used in preparing subsequent phase
- Institutional and implementation arrangements.
-

STEPS IN ICB PROCUREMENTS / LAO PDR



ATTACHMENT 4: PRESENTATION ON PROCUREMENT PROCEDURES BY MR. DANGLAM MAHAYO, DEPUTY DIRECTOR HEALTH PROJECT

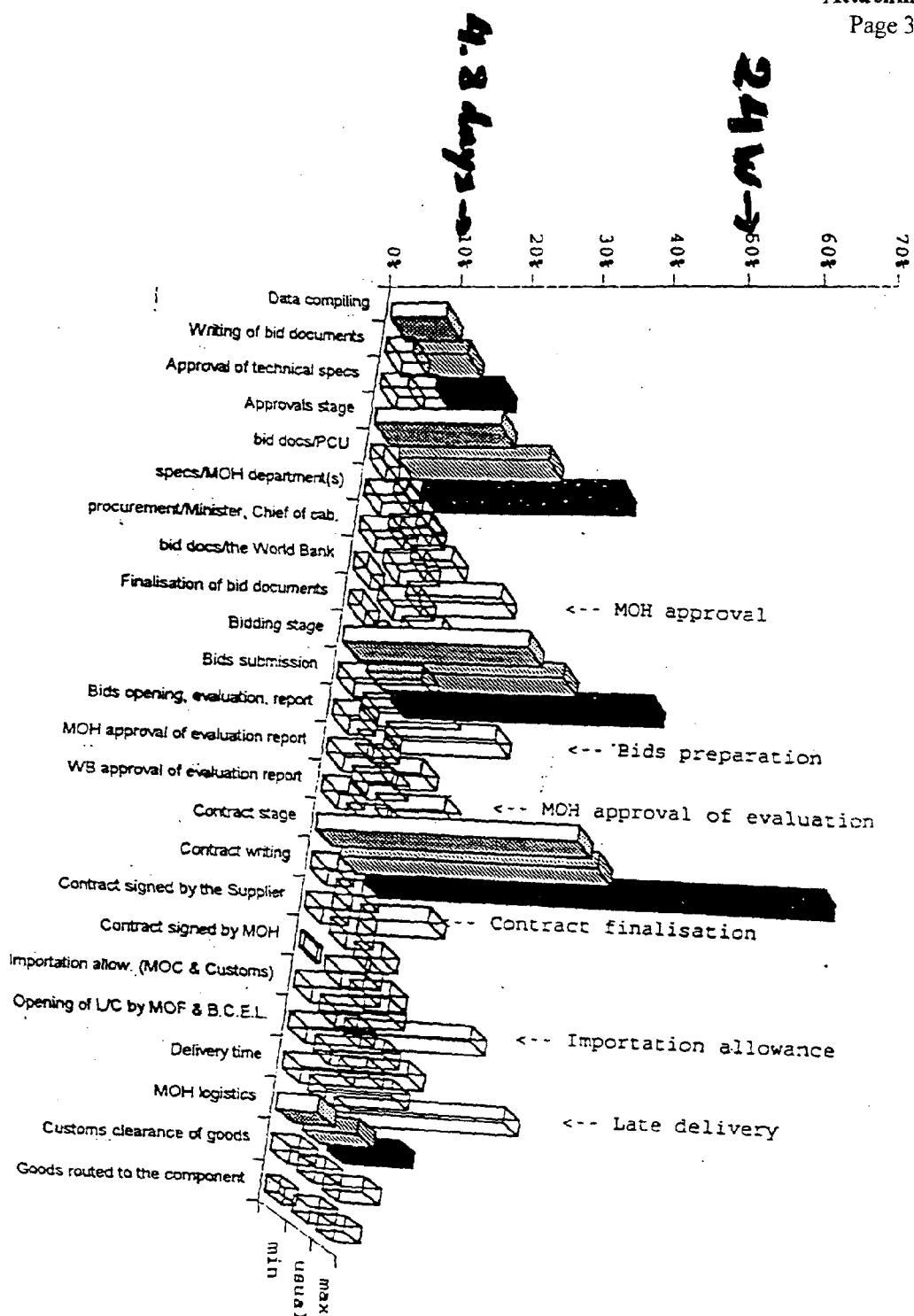
Environment 1 on procurement activities
in macroeconomics.



A.Van Den Brander

Attachment 4
Page 3 of 8

All ICB procurement stages as a percentage of the total usual time



ເລກທີ: ၂/၃၃၈ ໂດຍ ၁၄

ກະຊວງສາທາລະນະລັດ
ສັນຕະພາບນາງໂຄງການ

ຮຽມ: ທ່ານລັດຖະມົນຕີກະຊວງສາທາລະນະລັດ

ສິນຄ້າອອນລາຍງັນ

ຜູ້ອ່າງ: ຂໍຂະໜາດເນື້ອງຈ່າຍເງິນໂຄງການ ປະຊີບຮູບລະບົບສາຫະລະນະສາແລກວບຄຸມ
ມະຫາວຸນາໄວເວັນ, ສິນເນື້ອງຈ່າຍເງິນທີ່ໄດ້ລັດ 2674 LA ໃຫ້ແນ່ວິສັດແນ່ອງກ່າວ
(ຊາວະເໜື້ອສີ 6 ດ້ວຍລັດໃຫຍ່ມີກະຊວງສາທາລະນະລັດ)

- ອີງຕາມສັນຍາ ເງິນທີ່ໄດ້ລັດ 2674 LA ວະວ່າງ ວັດທະນາ ສປປ ລາວ
ແວກ່າວນະການໄວເວັນ ສິນເນື້ອງຈ່າຍເງິນ 4/2/1995

ມີກະຊວງສາທາລະນະລັດ ສັນຕະພາບນາງໂຄງການ ບໍລິສັດ

ມີລາຍລະອຽດກະຊວງສາທາລະນະລັດ CW-WB 04.15/95

ສິນຄ້າໃຫ້ກາວດ່ວງກາງຂອງມີກະຊວງສາທາລະນະລັດ 171/...

ວິນວັນທີ 08/09/1997

ຂໍ້ມູນຈຳຂໍ້ວຸນນາຍັງກຳນັກສັນຕະພົບໃນກະຊວງສາທາລະນະລັດ ສິນເນື້ອງຈ່າຍ
ຈາກລົງໂຄງການທີ່ມີກະຊວງສາທາລະນະລັດ ແລ້ວ ພະຍາບຸນແນ່ຍາດນາແຜດ້, ດັ່ງລາຍລະອຽດນັ້ນ:

1- ຂຶ້ງເລີງມາພະນັກງານ: ປະຊີບຮູບລະບົບສາຫະລະນະສາແລກວບຄຸມ

2- ອົງກອນໂຄງການ: ມະຫາວຸນາໄວເວັນ

3- ເນື້ອມີການຈ່າຍ: ກ່າວງເຮັດວຽກແຂວງສາທາລະນະລັດ

4- ວິທີການຈ່າຍ: ໂອນຈາກບັນຊີ 01.0804.102 ສະເພາະພາກເຕັກກາງປະກາດ

5- ຢາດຕະຖານາຕະຫຼາດ: Category I

6- ອົງກອນຫາວຸນຊາຍເຫັນເຖິງ 90% ເງິນເງິນ 110,959.09 ໂດຍ (ສິນເນື້ອງຈ່າຍນັ້ນ
ຮັບອະນຸຍາດຕະຫຼາດໄດ້ລັດໃຫຍ່ມີກະຊວງສາທາລະນະລັດ)7- ອົງກອນຫາວຸນຊາຍເຫັນເຖິງໄອນຈາກລັດຖະບານເກມ: 10% ເງິນເງິນ 12,328.79 ໂດຍ (ສິນເນື້ອງຈ່າຍ
ສາມຮ້ອຍຊ້າວແປດໄລວາ ແລະ ເຈັດວິບຫຼ້າຫຼຸມ)

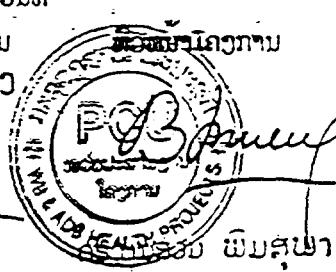
8- ຜ່າວະການອງ: ບໍລິສັດແນ່ອງກ່າວ້າ ບັນຊີເມືອນ 00.5490.0077 ສະບາຄານການຄ້າຕາງປະເທດ.

ຖ້າທາງວ່າງນານຊ້າວເຖິງນັ້ນຕັ້ງໝັ້ນທາງຊ້າວເຊົ້າຊ້າວແມ່ນແປງຂ້າພະເຈົ້າແລ້ວບໍ່ມີຂໍ້ມູນ

ຊືບເວັບຄົດ	ຄະນະເງິນ	ຄະນະເງິນ	ຈ່າຍ			ຜູ້ອ່າງ	ຈົດ	ສະກອດ
			ຄະນະເງິນ	ວັດທະນາ	ຂວາມ			
ມະຫາວຸນາໄວ	1,170,483.75	\$ 558,673.07	\$ 110,959.09	\$ 12,328.79	\$ 123,287.88	ຈາຍຜູ້ອ່າງ 8		
	\$							

ຫວັງຢ່າງຫຍິງວ່າຈະໄດ້ຮັບການຜິຈາລະນາແກ້ໄຂຕາມຫາງຄວນດວຍ.

ຮຽມແວ່ວດຄວາມນັ້ນຖືຢ່າງ
ວະຈັນ, ວັນທີ



ດຣ. ດຣ. ດຣ. ດຣ.

ຈົບທະນາຄານ ປະເປົງກ່າວ

ນະຄອນຫຼວງ ແກ້ວມະນີ

Dr. Bouansouane PHOMSOUPEA

Recommendations: For IDA

Issues:

- Frequent change Task Manager; no Task Manager now
- Need to send documents to Washington
- IDA prior review (ADB procedures much simpler)
- Slow/impractical response on issues

Recommendations:

- Task Manager in place by time of Mid-Term Review in May 98
- Establish Resident Mission, so can delegate more responsibility for procurement/disbursement decisions to Vientiane office
- Simplify IDA procedures raise prior review threshold
- Task Manager should shorten response time; provide more hands-on help to PCU

Recommendations: For Government

Issues:

- Approvals must be sought at several stages
- Ministers required to sign documents
- Contracts need MANY signatures
- Disbursement procedures & access to Special Account (MoF)

Recommendations:

- Delegate the PCU to sign documents at bid evaluation
- Review processes and procedures to collapse number of approvals in time for Mid-Term review

Discussion Topic

Slow IDA and Government Procedures

= delays in implementation

= nothing to show in Provinces

- **IDA**

- Frequent change of Task Manager; no Task Manager now
- Complicated procurement & disbursement
- Task Manager slow to answer on issues

- **Government**

- Approvals must be sought at several stages
- Ministers' signatures required
- Contracts require MANY signatures
- Time consuming disbursement procedures & access to Special Account (MoF)

Lao People's Democratic Republic
Ministry of Education

Department of Planning and Cooperation

**EDUCATION DEVELOPMENT PROJECT
Credit 2488 LA**

CONTRACT MANAGEMENT SYSTEM

Presentation

for

**World Bank Country Portfolio Performance Review
Mission**

Vientiane

26th March 1998

Presenter

Mr Bounthavy Insiemay

Director

Department of Planning and Cooperation

&

Project Coordination and Support Unit

**Ministry of Education
Department of Planning and Cooperation**

EDP Contract Management System

1. Background:

1.1 Education Development Project (EDP) - 1993-1999

1.1.1 EDP with World Bank, Swiss Agency for Development and Cooperation and Government of Norway funding is one of four major projects being implemented to improve the quality, access, and management of education in the Lao PDR.

1.1.2 EDP Achievements

Since commencement in 1993, the EDP has:

- renewed school curricula for basic education
- produced and distributed over 4 million school textbooks,
- provided teacher guides and orientation training for all teachers and trained 450 pedagogical advisors to work in schools,
- provided professional support for teachers and management training for local level and central managers and administrators - a total of over 20,000 people involved in training to date;
- developed an effective educational and personnel management information system, including computer hardware and software;
- supplied furniture and equipment for schools and MOE and PES offices, and
- supplied vehicles for central and province operational staff, including 453 motor cycles and 9 boats and motors for Pedagogical Advisors.
- In a pilot phase of the School Construction and Infrastructure Component to October 1997, in 7 targeted provinces, the Project built:
 - * 37 primary schools
 - * 10 lower secondary schools
 - * 5 administrative buildings.

- In two stages, between January 1998 and December 1999, the Project will use local contractors to build;
 - * 208 Primary schools, in two phases - *108 schools in Phase I and 100 schools in Phase II*
 - * 23 Lower Secondary schools,
 - * 13 Provincial Education Service offices, and
 - * 14 District Education Bureau offices.

The total cost of this exercise is in the vicinity of \$ 6.5 million.

2. Issues

2.1 Managing School Construction

In the pilot stage, some difficulties were encountered which slowed down progress:

- information from Provinces through regular MOE reporting processes was not provided in consistent formats;
- the data being collected was not in a form readily useable for the preparation of timely consolidated progress reports;
- there was no efficient monitoring system
- centralised tendering and two-tier supervision of contractors was time-consuming and awkward to supervise;
- PUCDA officers were not involved in all stages of the construction program.

3. Resolving Construction Issues

3.1 In order to address the following key issues;

- creating a monitoring system for tracking work progress and payments, and
- sharing responsibility for the construction program between central and local level!

Ministerial Decree No. 1546 of 14 October '97 decentralised responsibility, to (i) ensure central control and support at all stages of

the process, and (ii) allow local level managers control of day-to-day work and data input.

3.2 Under the Decree:

- a. Provincial Bidding Committees and PUCDA are responsible for:
 - mapping and site selection,
 - programming,
 - tendering,
 - bid signing, and
 - site-management,
- b. PUCDA also works closely with Community Committees for Educational Development (CCED) at village level to:
 - ensure reliable local supervision, and
 - promote community participation.

The attached organigram sets out the responsibilities at each level.

- c. A Civil Works Implementation Schedule in two stages has been established with set milestones, and is now being implemented.

The Construction and Infrastructure Component - Overview of Civil Works Implementation Schedule, is attached.

- d. In November 1997, staff of PUCDA and appropriate PES officials from all Provinces were trained by the ECS and PSU for two weeks in Vientiane to operate the new decentralised system.

3.3 Managing a decentralised construction program requires:

- Efficient tracking and monitoring of all aspects of the construction process, including individual contract payments.
- Accurate, up-to-date progress reports at central level for the construction project as a whole.
- A transparent and efficient contract database system to support management at Province level in tracking work progress and payments, and

- MOE having the information it needs to report to the Minister and account to the funding authority.

3.4 Computerised Contract Management System - MS Access

In November 1997, I participated in a training program on the application of computerisation to project management, conducted by AED in Washington.

At this time, I met Mr Ronald Ng who had developed a program based on MS Access for management of a decentralised primary school construction program in China.

Through The World Bank Headquarters I was able arrange for Ron to spend two weeks in Vientiane in January to

- assist with the design of a similar system for Lao PDR and
- train province and central officers in its installation and use
- develop agreed reporting procedures, and
- prepare a Lao language operations manual

3.5 Experience to date with Access:

Data on construction is now entered by PUCDA officers, giving central and province managers

- instantaneous and reliable information on progress with construction on a large number of scattered sites.
- control of the flow of funds in transparent manner

4. Possible other applications for MS Access:

- 4.1 Use of the Access database offers the potential to give local level staff key roles in management and supervision, as well as allowing effective central level supervision.
- 4.2 We believe that the application can be developed for other areas of MOE activity, such as the management of textbook production and distribution, the management of staff development programs and technical assistance contracts.

4.3 Under the EDP we are using the Logframe method of planning and we hope that linking this with the Access system will provide the tools needed for the development of comprehensive sector plans.

5. Demonstration:

The use of the Lao version of the system is at an early stage. The data being used in this demonstration incorporates all the information on construction since the EDP began in 1993.

The ECS will be monitoring development carefully and will provide feedback to Provinces, including follow-up training visits where required.

I hope that the demonstration will allow you to see the system as it has been developed so far. Please interrupt at any stage if you wish to ask questions.

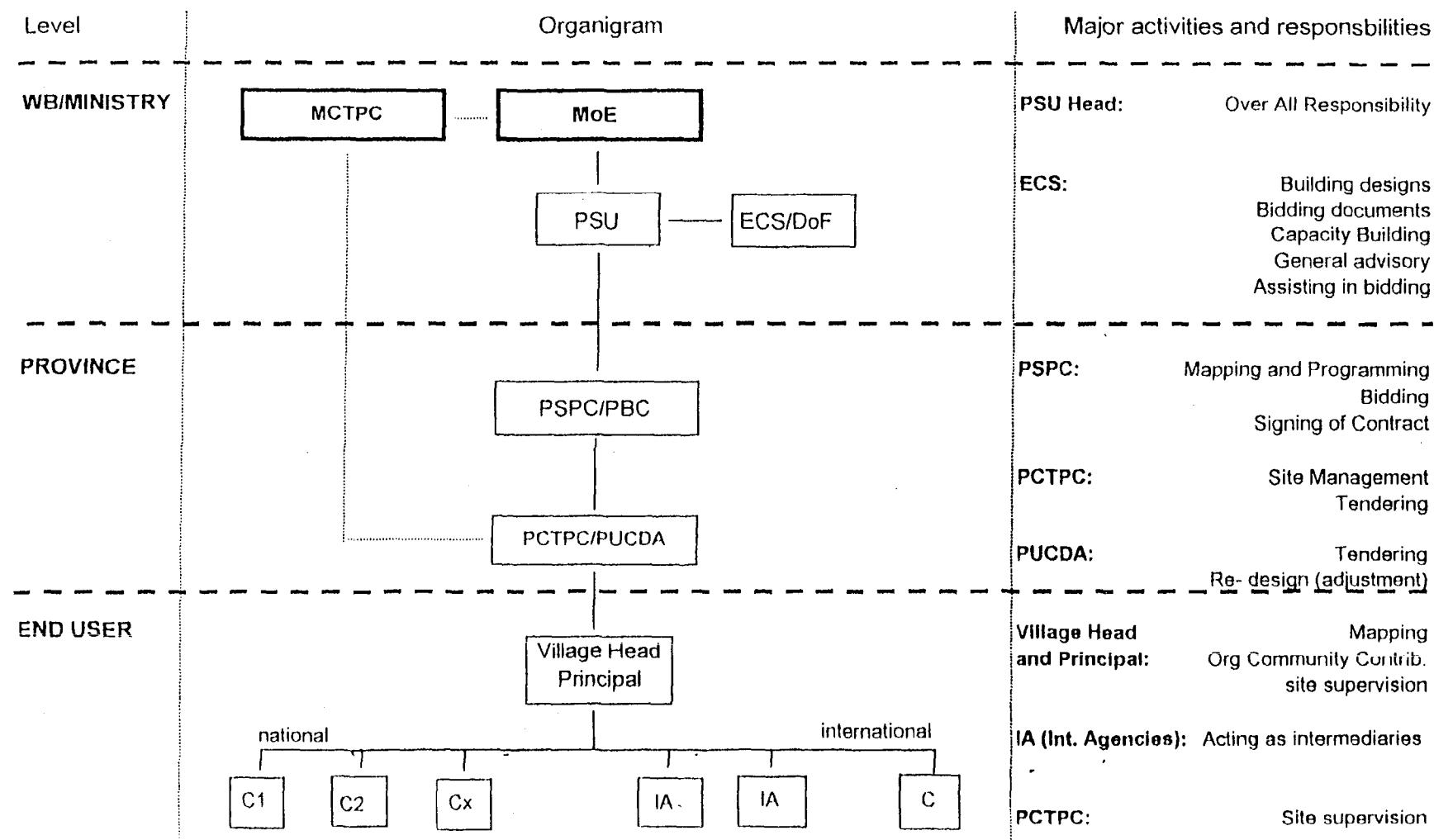
The demonstration will take about ten minutes.

We will be looking at the following features of the database as developed so far:

- I. The School Table for 246 schools
- II. Data:
 - . School
 - . Project (work)
 - . Progress
 - . Payments
 - . Reports

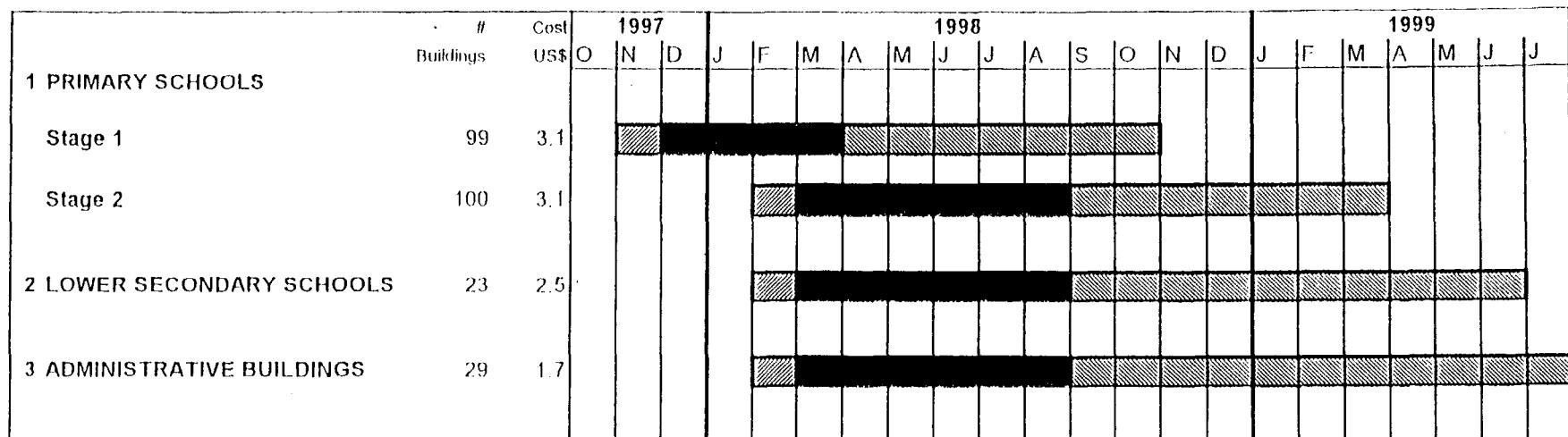
INSTITUTIONAL SET UP: PLANNING AND IMPLEMENTATION

05.10.97/DS



CONSTRUCTION AND INFRASTRUCTURE COMPONENT

OVERVIEW CIVIL WORKS IMPLEMENTATION SCHEDULE



- 56 -

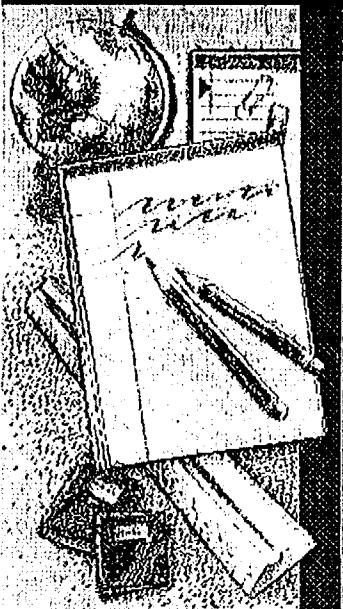
Milestones:	1 advertise	2 translation	3 prep. BER	4 sign,contr.	5 start works	6 roof up	7 fin. Insp.
Primary schools stage 1	1/10/98	none	12/01/98	12/03/98	23/03/98	16/06/98	30/09/98
Primary schools stage 2	18/03/98	3/04/98	9/06/98	14/08/98	28/08/98	25/12/98	11/03/99
Lower secondary schools	18/03/98	3/04/98	9/06/98	14/08/98	28/08/98	12/03/99	3/06/99
Administrative buildings	18/03/98	3/04/98	9/06/98	14/08/98	28/08/98	12/03/99	3/06/99

Legend: preparation bidding construction

**MINISTRY OF EDUCATION
EDUCATION DEVELOPMENT PROJECT**



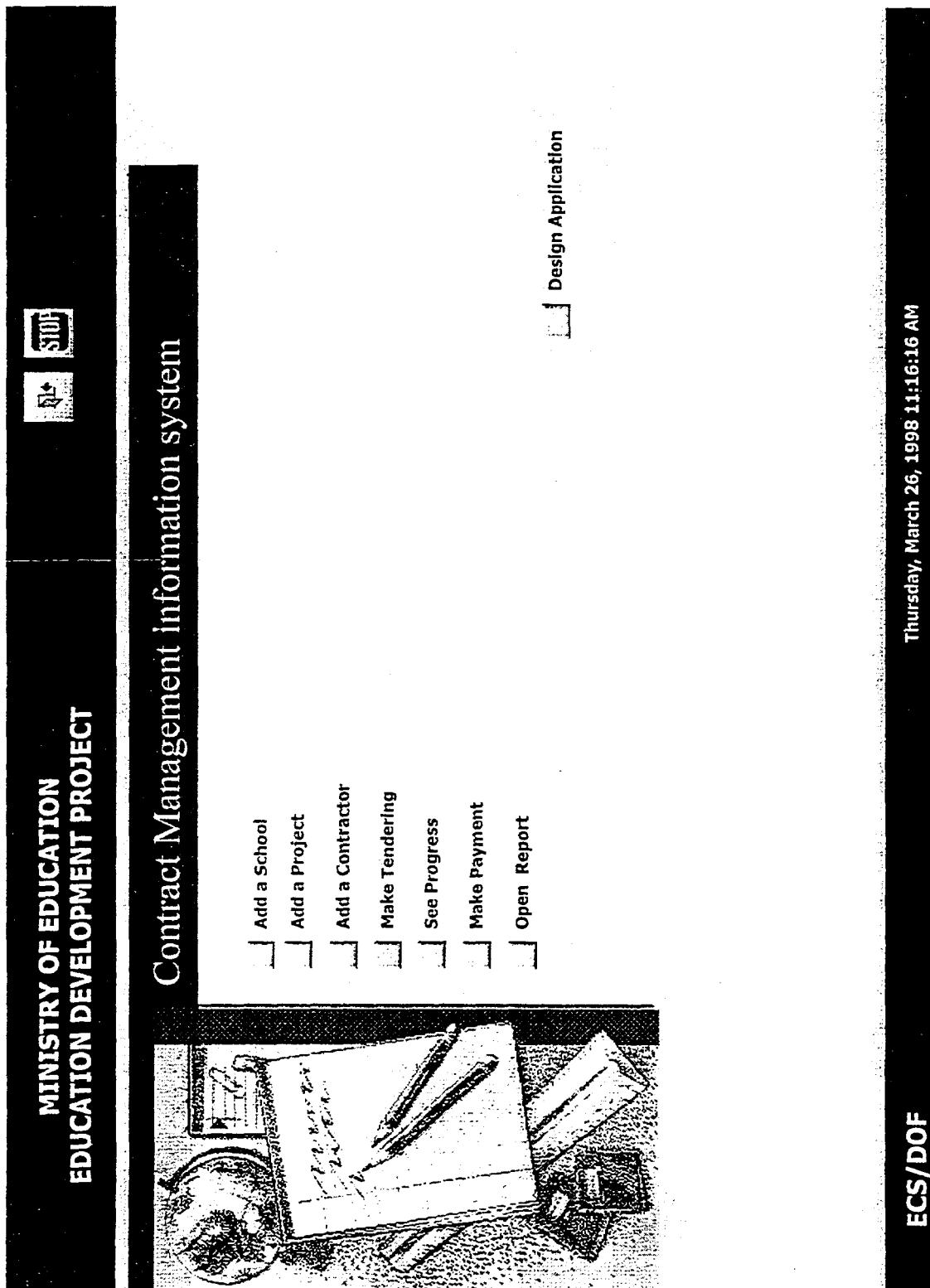
Contract Management information system



- Project Report**
- Contract Report**
- Payment Report**
- Progress Report**
- Main Switchboard**

ECS/DOF

Thursday, March 26, 1998 11:17:06 AM



SCHOOLS



PROVINCE

Savannakhet

DISTRICT

Outhoumphone

SCODE

1302 - 115

SCHOOL NAME	Xai Chnamoungkhounne	SCHOOL TYPE	PS(5x40) block shape with G.I.S.Roof
-------------	----------------------	-------------	--

HEADMASTER	Mrs. Nouphet	LOCATION	35 km from SVK
------------	--------------	----------	----------------

LOWEST GRAD	1	HIGHEST GRAD	5
-------------	---	--------------	---

TEACHERS	10	STUDENTS	424	# BUILDINGS	5
----------	----	----------	-----	-------------	---

# ROOMS	10	CONDITION:	3/3/3/3/3
---------	----	------------	-----------

S/RRatio:	42.40	S/TRatio:	42.40	R/GRatio:	2.00
-----------	-------	-----------	-------	-----------	------

For each Blg give a code separated by / : 1 for good 2 for fair and 3 for poor : eg. 1/2/ 1 for three blgs

Project Planner	
School Name: 1309-123	
Project Type: New Building	Budget/BUDGET: \$49,500.00
Planned Start Date: 15-May-97	Planned Finish Date: 31-Oct-97
Approved Date: 15-Nov-96	Current Condition of Buildings: Okay
Estimated Condition of Buildings: 1/3	

CONTRACTOR



CONTRACTOR ID	CT001	COMPANY NAME	Bountheung Construction Co. Ltd	
MANAGER	Mr. Younkhamb XAMOUNTHY	ADDRESS	#169 Bane Phonhong	
District	Phonhong	Province	Vientiane province	Country
Comments				
Expire Date			Registration NO	

TENDERINGContract #: **CWB.04C/96**Date Contractors Pre-qualified: Date Bid Doc Completed: **10-Nov-96**Date Bidding Advertised: **18-Nov-96**Date Bid Opened: **18-Dec-96**Date Bid Evaluated: **20-Dec-96**Date Evaluation Cleared: **15-Jan-97**Date Contract Signed: **07-May-97**Date Contract Commenced: **06-Apr-97**Contract Awarded to: **CT027****See Contractor**Value of Contract: **\$48,572.00**Construction Period Start: **22-May-97**Construction Period End: **17-Oct-97**

Thursday, March 26, 1998 11:37:44

PROJECT PROGRESS



TASK ID :

CONTRACT # :

School Name: Bane

REPORT DATE

% COMPLETED:

Planned Start Date: Planned Duration: Days Planned Finish Date:

Budget: Work Type: Scale:

Thursday, March 26, 1998 11:45:00

PAYMENT			
SCODE	B168	VOUCHER ID	4
CONTRACT	CWB.04C/96	Payment Round	3rd Interim
CONTRACT AWARDEE	Nixaisinh Construction Co. Ltd	VALUE OF CONTRACT	\$48,572.00
Per cent paid to date	100.00%	PAYMENT AMOUNT	\$10,303.45
PAYMENT DATE	25-Oct-97	CONTRACT PAID TO DATE	\$48,572.00
Per cent completed	100.00%	Balance Amount	\$0.00
See Payment Details		Thursday, March 26, 1998 11:46:28 A	

Province: Luang Namth

PCode	SCode	SCHOOL NAME
Luang Namtha	303-29	Muang
School Type	LOCATION	COST ESTIMATE
PS (5x40) Block shape)	75 Km from LNT	

PLANNED START DATE PLANNED FINISH DATE APPROVAL DATE PLANNED DURATION

STATUS

Okey

PCode	SCode	SCHOOL NAME
Luang Namtha	301-20	Nahom
School Type	LOCATION	COST ESTIMATE
PS (5x40) Block shape)	in municipal area	

PLANNED START DATE PLANNED FINISH DATE APPROVAL DATE PLANNED DURATION

STATUS

Okey

PCode	Contract #	SCODE	SCHOOL NAME	Contract awardee	Value of Contract	Date Contract Signed	Period Start	Period End
Luang Namtha	CWB.03-01PS/9	301-1	Thong Dee	Phanthamith Construction Co. Lt	\$28,287.36	01-Mar-98	18-Mar-98	15-Aug-98
		301-2	Khorn	Phanthamith Construction Co. Lt	\$28,287.36	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.03-01PS/98 (2 detail records)								
Sum								
Luang Namtha	CWB.03-03PS/9	303-5	Chom cheang	Phanthamith Construction Co. Lt	\$34,345.23	01-Mar-98	18-Mar-98	15-Aug-98
		303-7	Nam Bak	Phanthamith Construction Co. Lt	\$21,508.98	01-Mar-98	18-Mar-98	15-Aug-98
		302-6	Nakham	Phanthamith Construction Co. Lt	\$32,707.80	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.03-03PS/98 (3 detail records)								
Sum								
Luang Namtha	CWB.03-04PS/9	301-8	Dorn khoun	Insithong Construction Co. Ltd	\$29,104.16	01-Mar-98	18-Mar-98	15-Aug-98
		301-10	Phon xai	Insithong Construction Co. Ltd	\$21,064.94	01-Mar-98	18-Mar-98	15-Aug-98
		301-9	Vieng Ngeun	Insithong Construction Co. Ltd	\$21,369.31	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.03-04PS/98 (3 detail records)								
Sum								
Luang Namtha	CWB.03-05PS/9	304-11	Thieo	Chaleun Construction Co. Ltd	\$39,131.29	01-Mar-98	18-Mar-98	15-Aug-98
		304-12	Nam Aeng	Chaleun Construction Co. Ltd	\$28,321.86	01-Mar-98	18-Mar-98	15-Aug-98
		304-13	Nam Chili	Chaleun Construction Co. Ltd	\$28,303.43	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.03-05PS/98 (3 detail records)								
Sum								
Luang Namtha	CWB.14.02PS/9	303-29	Muang	S.O.T Construction Co. Ltd	\$26,434.29	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.14.02PS/98 (1 detail record)								
Sum								
Summary for 'PCode' = Luang Namtha (12 detail records)								
Sum								
\$338,866.01								

PCode	Contract #	SCODE	SCHOOL NAME	Contract awardee	Value of Contract	Date Contract Signed	Period Start:in	Period End:
Luangphrabang	CWB.06-01PS/9	605-33	Phonsa-At	Sengphet Construction Co. Ltd	\$33,952.87	01-Mar-98	18-Mar-98	15-Aug-98
		601-34	That Ko	Sengphet Construction Co. Ltd	\$32,084.07	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.06-01PS/98 (2 detail records)								
Sum								
\$66,036.94								
Summary for 'PCode' = Luangphrabang (2 detail records)								
Sum								
\$66,036.94								
Luangprabang	CWB.06-01PS/9	604-35	Thaa Lee	Sengphet Construction Co. Ltd	\$25,051.70	01-Mar-98	18-Mar-98	15-Aug-98
		605-36	Don Ngeun	Sengphet Construction Co. Ltd	\$24,293.36	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.06-01PS/98 (2 detail records)								
Sum								
\$49,345.06								
Luangprabang	CWB.06-02PS/9	606-37	Pha Khom	LuangPrabang Construction Co.	\$31,055.98		18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.06-02PS/98 (1 detail record)								
Sum								
\$31,055.98								
Luangprabang	CWB.06-03PS/9	603-42	Phon Hin	Thongdala Construction Co. Ltd	\$24,798.00	01-Mar-98	18-Mar-98	15-Aug-98
		602-40	Kiew Ka Cham	Thongdala Construction Co. Ltd	\$39,441.19	01-Mar-98	18-Mar-98	15-Aug-98
		603-41	Paa Phai	Thongdala Construction Co. Ltd	\$39,441.19	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.06-03PS/98 (3 detail records)								
Sum								
\$103,680.38								
Luangprabang	CWB.24C/96	601-48	Sangkalok	Muangluang Business Constructi	\$42,922.15	09-Jun-97	24-Jun-97	17-Nov-97
Summary for 'Contract #' = CWB.24C/96 (1 detail record)								
Sum								
\$42,922.15								
Luangprabang	CWB.25C/96	604-49	Somsanouk	Muangluang Business Constructi	\$44,049.32	09-Jun-97	24-Jun-97	17-Nov-97
Summary for 'Contract #' = CWB.25C/96 (1 detail record)								
Sum								
\$44,049.32								
Summary for 'PCode' = Luangprabang (8 detail records)								
Sum								
\$271,052.09								
Salavanh	CWB.14.02PS/9	1405-71	Saphat	S.O.T Construction Co. Ltd	\$34,896.76	01-Mar-98	18-Mar-98	15-Aug-98
		1405-70	Vapi	S.O.T Construction Co. Ltd	\$34,896.76	01-Mar-98	18-Mar-98	15-Aug-98

Thursday, March 26, 1998

Page 2 of 5

PCode	Contract #	SCODE	SCHOOL NAME	Contract awardee	Value of Contract	Date Contract Sign	Period Start	Period End
Salavanh	CWB.14.02PS/9	1405-72	Muong	S.O.T Construction Co. Ltd	\$26,434.29	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.14.02PS/98 (3 detail records)								
Sum								
Salavanh	CWB.14.04PS/9	1407-78	M. Iov Ngaam	Souligna Construction Co. Ltd	\$32,583.70	01-Mar-98	18-Mar-98	15-Aug-98
		1407-77	Daxia	Souligna Construction Co. Ltd	\$25,241.50	01-Mar-98	18-Mar-98	15-Aug-98
		14001-76	Saponh	Souligna Construction Co. Ltd	\$25,241.50	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.14.04PS/98 (3 detail records)								
Sum								
Summary for 'PCode' = Salavanh (6 detail records)								
Sum								
Savannakhet	CWB.04C/96	1309-123	Laodonedeng	Nixaisinh Construction Co. Ltd	\$48,572.00	07-May-97	22-May-97	17-Oct-97
Summary for 'Contract #' = CWB.04C/96 (1 detail record)								
Sum								
Savannakhet	CWB.05C/96	1303-121	Chalamong	Nixaisinh Construction co. Ltd	\$48,572.00	07-May-97	22-May-97	
Summary for 'Contract #' = CWB.05C/96 (1 detail record)								
Sum								
Savannakhet	CWB.06C/96	1302-124	Manivongxai	Nixaisinh Construction co. Ltd	\$48,572.00	07-May-97	22-May-97	
Summary for 'Contract #' = CWB.06C/96 (1 detail record)								
Sum								
Savannakhet	CWB.07C/96	1311-122	Veun Nua	Nixaisinh Construction co. Ltd	\$48,572.00	07-May-97	22-May-97	
Summary for 'Contract #' = CWB.07C/96 (1 detail record)								
Sum								
Savannakhet	CWB.13.02PS/9	1301-109	Boeng va	Nixaisinh Construction Co. Ltd	\$28,415.01	01-Mar-98	18-Mar-98	15-Aug-98
		1309-107	Nong Lain Chan	Nixaisinh Construction Co. Ltd	\$40,035.46	01-Mar-98	18-Mar-98	15-Aug-98
		1309-106	Phon Muang	Nixaisinh Construction Co. Ltd	\$40,035.46	01-Mar-98	18-Mar-98	15-Aug-98
Summary for 'Contract #' = CWB.13.02PS/98 (3 detail records)								
Sum								
Savannakhet	CWB.13.03PS/9	1304-111	Xethamuak	D.M Construction Co. Ltd	\$39,331.60	01-Mar-98	18-Mar-98	15-Aug-98

Thursday, March 26, 1998

Page 3 of 5

PAYMENT REPORT

Contract #

CWB.04C/96

School Name	Contract Awardee	Value of Contract	PAYMENT AMOUNT	VOUCHER ID	Payment Round	PAYMENT DATE
Laodonedeng	Nixaishinh Construction Co. Ltd	\$48,572.00	\$6,747.03	1	Advance	30-May-97
Laodonedeng	Nixaishinh Construction Co. Ltd	\$48,572.00	\$18,187.53	2	1st Interim	26-Aug-97
Laodonedeng	Nixaishinh Construction Co. Ltd	\$48,572.00	\$13,333.99	3	2nd Interim	29-Sep-97
Laodonedeng	Nixaishinh Construction Co. Ltd	\$48,572.00	\$10,303.45	4	3rd Interim	25-Oct-97

Summary for 'Contract #' = CWB.04C/96 (4 detail records)

Sum
Grand Total

\$48,572.00
\$48,572.00

- 69 -

Contract #

SCHOOL NAME	PCode	Contract Awardee	Value of Contract	START DATE	FINISH DATE	Duration	Pctg Completed	Rpt Date
Oudomsin	Luang Namt						100%	

Summary for 'Contract #' = (1 detail record)

Sum

Contract #

CWB.04C/96	SCHOOL NAME	PCode	Contract Awardee	Value of Contract	START DATE	FINISH DATE	Duration	Pctg Completed	Rpt Date
	Laodonedeng	Savannakhe	Nixaisinh Construction Co. L.	\$48,572.00	15-May-97	31-Oct-97	169	100%	02-Nov-97

Summary for 'Contract #' = CWB.04C/96 (1 detail record)

Sum

Contract #

CWB.24C/96	SCHOOL NAME	PCode	Contract Awardee	Value of Contract	START DATE	FINISH DATE	Duration	Pctg Completed	Rpt Date
	Sangkalok	Luangpraba	Muangluang Business Constr	\$42,922.15				100%	07-Nov-97

Summary for 'Contract #' = CWB.24C/96 (1 detail record)

Sum

Contract #

CWB.25C/96	SCHOOL NAME	PCode	Contract Awardee	Value of Contract	START DATE	FINISH DATE	Duration	Pctg Completed	Rpt Date
								100%	

Thursday, March 26, 1998

Page 1 of 2

CONTRACT DETAILS

SCODE	1309-123
Contract #	CWB.04C/96
CONTRACTOR ID	CT027
Contract awardee	Nixaisinh Construction Co. Ltd
Value of Contract	\$48,572.00
Date Contract Signed	07-May-97
Construction Period Start:	22-May-97
Construction Period End:	17-Oct-97

Contractor

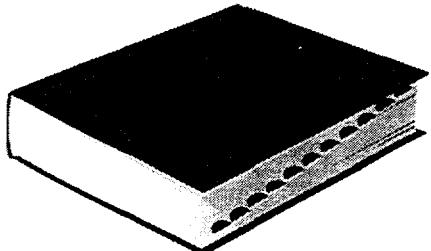
CONTRACTOR	
CONTRACTOR ID	CT027
COMPANY NAME	Nixaisinh Construction Co. Ltd
MANAGER	Mrs.Nipha KHAMPHE
ADDRESS	Kouvorlavong street , B. Santhisouk
TELEFONE N	(051) 212335
COUNTRY	Lao P.D.R
DISTRICT	Thakherk
PROVINCE	Khammouane
Registration No	
Expire Date	
Remarks	

Contract Details:

CONTRACT #:	TASK ID	Scode:	SCHOOL N	PCode:	WORK TY	TASK NAME	BUDGET:	PLANNED STAR	PLANNED FINIS	Duration:	%
CWB.03-01PS/98	B001	301-1	Thong Dee	Luang Namtha	Major	New building	\$37,000.00	18-Mar-98	15-Aug-98	150	
CWB.03-01PS/98	B002	301-2	Khorn	Luang Namtha	Major	New building	\$37,000.00	18-Mar-98	15-Aug-98	150	
CWB.03-02PS/98	B003	305-3	Vang Mixai	Luang Namtha	Major	New building	\$39,000.00	18-Mar-98	15-Aug-98	150	
CWB.03-02PS/98	B004	305-4	Oem	Luang Namtha	Major	New building	\$39,000.00	18-Mar-98	15-Aug-98	150	
CWB.03-03PS/98	B005	303-5	Chom cheang	Luang Namtha	Major	New building	\$40,000.00	18-Mar-98	15-Aug-98	150	
CWB.03-03PS/98	B006	302-6	Nakham	Luang Namtha	Major	New building	\$38,000.00	18-Mar-98	15-Aug-98	150	
CWB.03-03PS/98	B007	303-7	Nam Bak	Luang Namtha	Major	New building	\$30,000.00	18-Mar-98	15-Aug-98	150	
CWB.03-04PS/98	B008	301-8	Dorn khoun	Luang Namtha	Major	New building	\$37,000.00	18-Mar-98	15-Aug-98	150	
CWB.03-04PS/98	B009	301-9	Vieng Ngeun	Luang Namtha	Major	New building	\$26,000.00	18-Mar-98	15-Aug-98	150	

**ATTACHMENT 6: HIGHLIGHTS FOR PRESENTATION
ON BANK'S NEW PROJECT CYCLE**

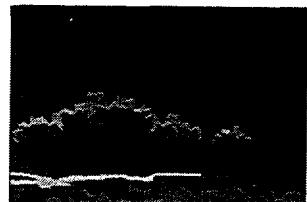
**The World Bank/IDA
New Procedures**



1

Project Ownership

Project belongs to the clients not to
the Bank.



3

Who is the Client?

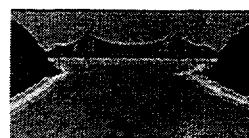
- Government
- Ministry of Finance
- Government line agencies
- Provincial governments
- Target group -- the Poor



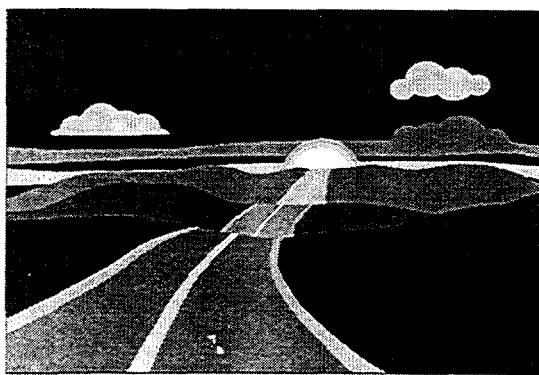
4

Results on the Ground

- Better projects
 - Well-designed
 - Well-prepared
 - Well-implemented
- Development impact - measured and felt by client

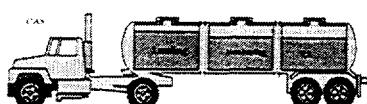


6



11

**CAS DRIVES ALL
BANK OPERATIONS**



What is the CAS? The strategy which:

- drives the lending program, non-lending(economic and sector work) and technical assistance
- joint Bank/client strategy
- Country Director responsible
- Consultations with stakeholders and other Bank units critical

12

Key Steps of CAS Cycle

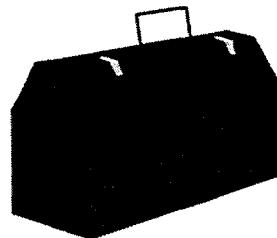
Featuring: Joint IDA/client strategy
Consultation at 2 stages

- Initiation memo and Team formulation
- Client consultation/ Preparation
- Country Program matrix and CAS report are drafted
- Regional review in Bank
- Client consultation
- Operations Committee Review (top Bank management)
- CAS report revised
- Board presentation



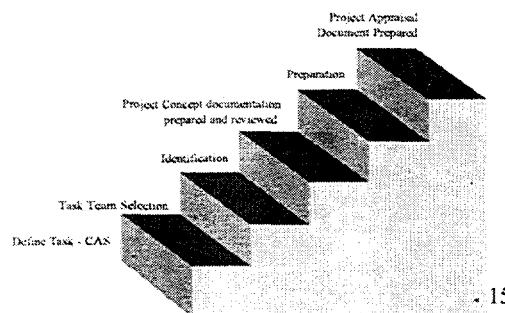
13

Lending Procedures



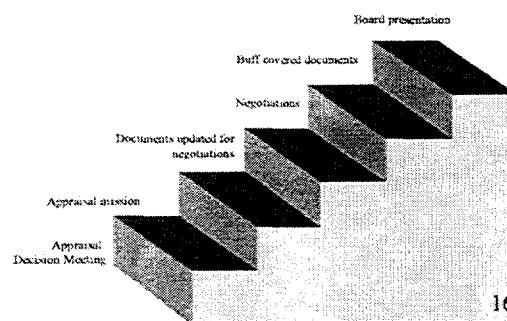
14

Lending -- Key Stages Identification and Preparation



15

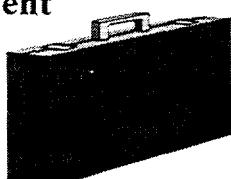
Lending-- Key Stages Appraisal to Board



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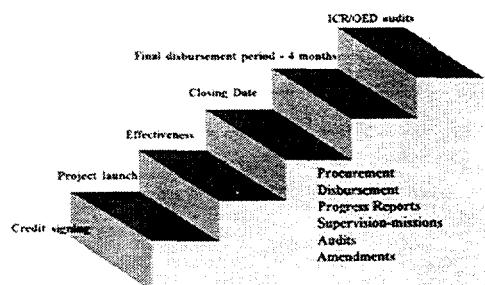
Portfolio

Management

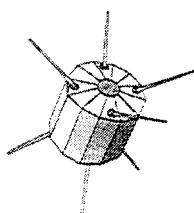


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Project Implementation - Key Stages



PROJECT LAUNCH



- Getting the project off the ground and putting it in a "cruising mode"
- READINESS of first phase/ first year implementation program is Critical/ Essential

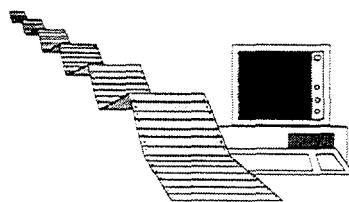
STEPS
Signing/ Effectiveness

Progress reporting arrangements

Project launch workshop

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Monitoring and Evaluation Good reporting system is important



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Portfolio Monitoring and Reporting -- A Joint Effort



- Quarterly Reports from clients to Bank
- Bank staff reports quarterly to management
- Joint reviews between Bank and Government (CPPR)

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Roles of Client and IDA in Project Implementation

The Client's Role:
Manage the Project



IDA's Role: Facilitate and "Trouble Shoot"



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