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DEVELOPMENT GROUP



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Resilient nations.*

**Consolidated Report on Activities Implemented
under the Joint Programme
“Strengthening Capacity and Service Delivery of Local Administrations”
in Lao**

**Report of the Administrative Agent
for the period 1 January - 31 December 2012**

Multi-Partner Trust Fund Office
Bureau of Management
United Nations Development Programme
<http://mptf.undp.org>

31 May 2013

PARTICIPATING ORGANIZATIONS



United Nations Capital Development Fund (UNCDF)



United Nations Development Programme (UNDP)

*Empowered lives.
Resilient nations.*

CONTRIBUTORS



Government of Luxembourg



Swiss Agency for Development Cooperation
(SDC)

Table of Contents

EXECUTIVE SUMMARY	1
PART I: ANNUAL NARRATIVE REPORT	2
Abbreviations and Acronyms	3
1. Purpose	4
2. Results	4
i. Narrative reporting on results:.....	4
ii. Indicator Based Performance Assesment.....	8
PART II: ANNUAL FINANCIAL REPORT	14
1. Sources and Uses of Funds	15
2. Contributions	16
3. Transfer of Funds	17
4. Overall Expenditure and Financial Delivery Rates	17
5. Transparency and accountability	19

EXECUTIVE SUMMARY

This Consolidated Annual Report on activities implemented under the Strengthening Capacity and Service Delivery of Local Administrations Joint Programme in Lao covers the period from 1 January to 31 December 2012. This report is in fulfillment of the reporting requirements set out in the Standard Administrative Arrangement (SAA) concluded with the Contributor. In line with the Memorandum of Understanding (MOU), the report is consolidated based on information, data and financial statements submitted by Participating Organizations. It is neither an evaluation of the Joint Programme nor an assessment of the performance of the Participating Organizations. The report provides the Steering Committee with a comprehensive overview of achievements and challenges associated with the Joint Programme, enabling it to make strategic decisions.

Arising from the project start-up and the simultaneous transition process in the implementing agency Ministry, most of the Joint Programme's activities began implementation in the second half of 2012. Notwithstanding the limited time, the Joint Programme was able to achieve a number of significant milestones. These include:

- Design, introduce and launch of a Performance Based Grant System (PBGS) under the District Development Fund (DDF) for district administrations. The PBGS provides a basis to monitor and analyse in coming years, comparative district performance across 21 indicators addressing key institutional performance areas of planning, financial management & procurement, and implementation / execution of service delivery.
- Pilot implementation of the MDG Acceleration Framework (MAF) sub-project providing DDF's Operational Expenditure Block Grants (OEBG) to 8 pilot districts in Xiengkhouang province to address key constraints and support improvement in service delivery, was completed. An independent assessment was also conducted.
- Completion of local training, planning and budgeting process at the sub-national level in 37 Districts targeted in 2012 for DDF support. The first tranche of DDF block grants were transferred to the Bank of Lao PDR, for onward transmission through government systems, to address 174 locally selected services priorities of these 37 districts
- Screening of proposals under the Capacity Development and Modernization Fund (CADEM) Fund resulted in the selection of 11 national and provincial grantees.

The Multi-Partner Trust Fund Office (MPTF Office) of the United Nations Development Programme (UNDP) serves as the Administrative Agent for the pass-through funded portion of the Joint Programme. The MPTF Office receives, administers and manages contributions from the Contributor, and disburses these funds to the Participating Organizations in accordance with the decisions of the Programme Board. The AA is responsible for consolidation of reports submitted by each Participating Organization.

This report is presented in two parts. Part I is the Annual Narrative Report and Part II is the Annual Financial Report for the pass-through funded portion of the Joint Programme.



PART I: ANNUAL NARRATIVE REPORT

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¹ The start date is the date of the first transfer of the funds from the MPTF Office as Administrative Agent. Transfer date is available on the [MPTF Office GATEWAY](#)

Abbreviations and Acronyms

BoL – Bank of Lao PDR

CADEM - Capacity Development and Modernization Fund

CRC – Citizens Report Card

CTA – Chief Technical Advisor

DDF – District Development Fund

EOI – Expression of Interest

GPAR – Governance and Public Administration Reform

GSWG – Governance Sector Working Group

MAF – MDG Acceleration Framework

MDGs – Millennium Development Goals

MoHA – Ministry of Home Affairs

NGPAR – National Governance and Public Administration Reform

ODSC – One-Door Service Centre

OEBG – Operation Expenditure Block Grant

PACSA – Public Administration and Civil Service Authority

SCSD – Strengthening Capacity for Service Delivery of Local Administration

UNDP – United Nations Development Fund

UNCDF – United Nations Capital Development Fund

1. Purpose

The overall objective of the GPAR SCSD Joint Programme is to ensure increased capacity in the local administration leading to better delivery of services which improve the lives of the poor, especially in rural areas of Lao PDR.

This will be realised through two specific outcomes:

- Outcome 1: Improved policies and capacities that enable local administrations to initiate and monitor service delivery interventions against localized priorities which accelerate progress towards the MDGs
- Outcome 2: Improved capacities of district administrations to finance and implement service infrastructure and delivery that lead to improved access to public services and as well as improvements in human development levels, including key indicators related to women and children

2. Results

i. Narrative reporting on results:

Since the formal launching of the project in February 2012, and its gradual operationalization, the project has accomplished a number of important milestones that set the stage for a potentially strong performance in the coming years. Listed below are the key milestones or accomplishments:

- Output 1: Support to develop policies & regulatory framework for more effective local administration at province and district level:

The programme has provided support to the pilot implementation of the Government national policy for the devolution of greater authority to local administrations ('3 Build') which helped increase local authorities understanding of the policy framework, roles and responsibilities.

- Output 2: Improved capacity of local administration to fulfill its service delivery mandates:

New DDF Performance based Grant System (PBGS) was designed, introduced and launched in Saravane province during August 2012. The Performance Based Grant System for district administrations, provide a basis to monitor and analyse in coming years, comparative district performance across 21 indicators addressing key institutional performance areas of planning, financial management & procurement, and implementation / execution of service delivery.

- Output 3: Improved MDG focused service delivery provided through formula base and equity focused block grants to the districts:

DDF capacity development for 37 selected districts. Following intensive training support, plans were produced by 37 Districts for DDF funded local priorities, with a focus on MDGs. The first tranche of DDF block Grants funds were transferred to Bank of Lao PDR, for onward provision through government systems, to meet the agreed plans of 37 districts to address 174 local services priorities.

Pilot implementation of MAF sub project using OEBG completed and independent review conducted (in Nov/Dec 2012) to provide lessons on practical MDG targeting for expansion to more target districts by DDF supported district block grants, both capital and operation expenditure. The sub-project supported the implementation of 52 local MDG priority activities in health and education with a total investment of some \$48,000, delivered through the DDF's OEBG block grant mechanism, a DDF grant facility.

- Output 4: Improving Access to citizen Services through One Door Service:

Preparatory work and internal planning for the development of a ODS road-mapping with the Implementing partner, Ministry of Home Affairs, was undertaken. Activities will be implemented during 2013.

- Output 5: GPAR Capacity Development and Modernisation Fund (CADEM) supports strategic innovations in Public Administration reforms:

Call for Expression of Interest for the CADEM Fund completed with final selected of 11 proposals for 2012/13. The proponents benefited from addition capacity development for implementation of CADEM projects.

- Output 6: Citizen Feedback and district mechanisms for responsive and accountable service delivery:

Preparatory work and internal discussion for the appropriate scope and design of a local monitoring and client feedback mechanism with the Implementing partner, Ministry of Home Affairs, was undertaken and it is expected to be agreed in 2013.

- **Delays in implementation, challenges, lessons learned & best practices:**

The SCSD Project forms part of the larger National NGPAR programme designed to address a comprehensive package of reforms in public administration. From a set of projects, GPAR evolved into a national programme starting in 2012 under the overall leadership of MoHA and was implemented using national systems and processes. The following highlights some of the key challenges.

- *Limited capacity of MoHA.* The former PACSA was upgraded into a ministry level entity, now the MoHA, on August 2011. MoHA has been delegated with expanded mandates, functions and responsibilities including providing secretariat support to the National Leading Committee on Governance, the Governance Sector Working Group (GSWG), and managing the implementation of the NGPAR programme. The limited capacity within MoHA poses an ongoing challenge of managing and implementing the various and complex activities of NGPAR at different levels to achieve the outcomes and objectives that it set forth to accomplish.
- *Transition from project to programme.* The transition of GPAR programme from a set of projects to a national programme requires a different set of competencies and capacity in managing the programme to achieve broader objectives. Among others, it requires proactive interaction and managing relationships and partnerships among various set of development partners, meeting various reporting requirements and, managing resources more efficiently to achieve development impact. It also requires ensuring that national systems and processes that are used meet accountability standards and deliver services in a timely manner. To address the capacity development constraints within the MoHA, NGPAR is supporting continuing capacity development activities through external and in-house training activities, and interactions between

NGAR advisers and national counterparts to promote learning and knowledge sharing in the implementation of activities.

- *Differences in the government and contributors' fiscal year* directly impacts on the timing of funds release to activities. In the case of DDF, the mis-match between the government's Fiscal Year (Oct-Sept) and the JP calendar financial year presents an additional challenge. It is necessary to await the receipt of the next year's funds in the beginning of new JP Calendar year (January/February) to complete the transfer of resources to the national government and to the districts for their FY. To minimize delays in the transfer of resources a proactive engagement with development partners is needed to inform them in advance and set into motion procedures and required documentation to initiate the process.
- *An absence of formal approved Strategic Plan on Governance* leads to unclear policy guidance and direction of the GPAR programme. Some development partners had some concerns where and how the GPAR programme can reach the set targets without such important strategic framework.

- **Qualitative assessment:**

Given the limited time (8 months) since the start of the formal signing of the project, the milestones achieved by SCSD during the past year can be considered significant. This is notwithstanding the various internal challenges the project has to address, such as the transition to a national programme, and the transition within MoHA to a new ministry. During the period the project was understaffed pending the arrival of the CTA in November 2012, and given the scope of the NGPAR programme vis-à-vis the current staffing structure.

Since signature of the project document in February and the gradual receipt of funds over the subsequent months, activities have progressed, in all strategic areas including: policies and frameworks for more effective local administration and related local capacity building; design and introduction of a performance based district block grant that will encourage improved public service delivery; participatory and transparent prioritisation of local service interventions for District Development Fund block grants across; and preparation for expansion of district One Door Services and to 11 government offices from the CADEM in support of strategic innovations in Public Administration reforms.

- **Partnerships and Resource Mobilisation:**

The MAF (Millennium Acceleration Framework) sub-project was implemented by the JP during 2012, but funded by non-project UNDP expenditure of \$97,167 (USD). Some 52 local MDG priority activities in health and education were undertaken with a total investment of \$48,054 in block grants delivered through the OEBG block grant mechanism, a DDF grant facility. Lessons from the development of the practical problem-analysis-tools, and recommendations for improvements to the use of operational expenditure supports, will add value to the future outputs and outcomes of the JP. Collaboration during the year with the Ministry of Natural Resources and Environment (MONRE) around local grants for Climate Change adaptive living initiatives, culminated in the submission of a project proposal by UNDP/MONRE to the Global Environment Facility (GEF). The submission received formal GEF CEO Endorsement on 9th January 2013 and will be funded by the Least Developed Countries Fund. Collaboration has increased in preparation for the partnership that will deliver some \$2 million USD to target local districts via the DDF facility within the JP.

Resource mobilization efforts undertaken during the year, in November resulted in the agreement by the Government of Luxembourg to become a partner in the JP. Luxembourg has committed to

provide \$1 million (USD), using the pass-through funding modality, towards the general implementation of the JP, with an emphasis on the DDF, and related capacity and other supports.

ii. Indicator Based Performance Assessment

	<u>Achieved Indicator Targets</u>	<u>Reasons for Variance with Planned Target (if any)</u>	<u>Source of Verification</u>
<p>Outcome 1² Improved policies and capacities that enable local administrations to initiate and monitor service delivery interventions against localized priorities which accelerate progress towards the MDGs</p> <p>Indicator 1: Regulations and instructions from relevant ministries strengthening the mandate of all 144 district administrations across Lao PDR, on financing and improving public service delivery</p> <p>Indicator 2. At least 810 staff from 66 district administrations and 378 Kumban representatives, equipped with skills to plan and monitor local investments in public services</p>	<p>Note: For details of the activities, see the 2012 Annual Project Report submitted to UNDP</p>	<p>Note: Support to initiatives aimed at developing policies, regulations, systems and related capacity development aimed at the provincial and district levels temporarily deferred due to the pilot implementation of the Government ‘3 Build’ designed to transfer functions, responsibility and resources to sub-national administration.</p> <p><u>Progress towards Outcome/Indicator 2:</u> In 2012, 518 staff from 37 districts were trained & 36 staff in 6 provinces were given TOT,(for training of 310 Kumban representatives) to develop skills to plan & monitor local investments in public services.</p>	<p>JP Annual Progress Report 2012 and DDF training / financial records</p>
<p>Output 1. Support to develop policies & regulatory framework for more effective local administration at province and district level</p> <p>Planned Target1: Support provided to clarify PM 01/2000 and to harmonize legal and regulatory framework for Local Administration</p> <p>Planned Target2: Prepare and disseminate strategy on implementation of PM 01/2000 and related regulations</p>	<p>• Planned Target 1 achieved: Support given to implementation of large scale pilot implementation on new national policies for devolution of greater authority to local administrations.</p>		<p>• Consultant’s report on the PBGS</p>

² Note: Outcomes, outputs, indicators and targets should be **as outlined in the Project Document** so that you report on your **actual achievements against planned targets**. Add rows as required for Outcome 2, 3 etc.

<p>Planned Target 3: Review and support drafting and/or update regulations/instructions on local administration</p> <p>Planned Target 4. Review block grant formula for both capital and recurrent expenditures & MTEF</p> <p>Planned Target 1.5: Establish a system for Performance Based Grant allocation</p> <p>Planned Target 1.6: Analysis and develop institutional performance standards /measures (Linked to above)</p> <p>Planned Target: 1.7 Establish a data collection system and MIS for socio-economic data and service delivery to be used for strategic planning at the district level</p> <p>Planned Target: 1.8: Prepare civil servants performance appraisal framework linked to district targets</p>	<p>(Politburo Resolution 03/2012 and PM 16/2012).</p> <ul style="list-style-type: none"> Planned Target 4 achieved. District Development Fund (DDF) block grant formula, have been reviewed and updated. The new DDF system introduces a Performance Based Grant System for district administrations, which provide a basis to monitor and analyse in coming years, comparative district performance across 21 indicators addressing key institutional performance areas of planning, financial management & procurement, and implementation / execution of service delivery. 		
<p>Output 2. Improved capacity of local administration to fulfill its service delivery mandates</p> <p>Planned Target 2.1: Development of CD strategy for each target district</p> <p>Planned Target 2.2: Build awareness and capacity in districts regarding clarified Instruction PM 01/2000</p> <p>Planned Target 2.3: Capacity development in target districts to strengthen overall responsiveness and effectiveness of the local administration in accordance with their mandate</p> <p>Planned Target 2.4: Support to districts to establish specific MDG targets and monitor achievements against these</p> <p>Planned Target 2.5: Draft,</p>	<ul style="list-style-type: none"> Planned Target 2 achieved under Output 1 above re “3 Builds” pilot. Target achieved under PBGS technical design mission and (Output 1 above) and DDF capacity development for 37 selected districts. Plans produced by 37 Districts for DDF funded local priorities related to MDGs. Performance Based Grant System introduced for district 		<ul style="list-style-type: none"> District plans and proposals received 37 districts Consultant’s report on the assessment of the MAF-sub-project

<p>implementation and training on CS performance framework in target districts</p> <p>Planned Target 2.6: Conduct civil servants performance appraisal linked to district targets and report annually on the performance of civil servants at district level</p>	<p>administrations.</p> <ul style="list-style-type: none"> • Achieved: While all DDF plans are directly related to the 7th NSEDP, which is itself fully MDG compliant, MDG targeting of DDF plans were specifically supported in 8 districts of Xiengkhouang province. This field testing of an innovative approach to service black-spot (off-track MDGs) and bottleneck analysis was independently reviewed in November 2012 (MAF-OEBG Review 2012), and will provide lessons on how to expand MDG targeting to more target districts in the context of future rounds of DDF supported district block grants, both capital and operation expenditure. 		
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	<u>Achieved Indicator Targets</u>	<u>Reasons for Variance with Planned Target (if any)</u>	<u>Source of Verification</u>
<p>Outcome 2. Improved capacities of district administrations to finance and implement service infrastructure and delivery that lead to improved access to public services and as well as improvements in human development levels, including key indicators related to women and children</p> <p>Indicator1: At least 540 MDG infrastructure and/or service delivery initiatives implemented by district administrations improve access to services for at least 40,000 households, of which 50% serve women and girl</p>			

<p>children</p> <p>Indicator 2: Tangible improvements in availability and usage of health and education services contributing to 10% improvement in attendance of girl students in primary schools, 10% improvement in access to safe drinking water and 10% increase in mothers accessing maternal and child health services</p>			
<p>Output 3 Improved MDG focused service delivery provided through formula base and equity focused block grants to the districts</p> <p>Planned Target 3.1: Support implementation of a Performance Based Grant system & a Capacity Development Grant</p> <p>Planned Target: Target: 3.2 Capacity development in target districts to prepare medium-term strategic plans and expenditure framework to deliver local services based on available revenue & focus on MDG established targets</p> <p>Target: 3.3 Support to annual PBGS evaluations and Capacity Development Grant need assessments</p> <p>Target: 3.4 Analysis, tracking and monitoring progress on service improvement in target district</p> <p>Target: 3.5 Support and implement IEC related initiatives with particular focus on outreach</p>	<ul style="list-style-type: none"> Planned Targets 1 & 2 achieved. First tranche of DDF block Grants funds transferred to Bank of Lao, for onward provision through government systems, to meet the agreed plans of 37 districts to address local services priorities. 174 (23 BBG + 151 OEBG) service interventions 		<ul style="list-style-type: none"> Letter/communication from Bank of Lao acknowledging receipt of DDF funds from UNCDF

Output 4: Improving Access to citizen Services through One Door Service Indicator 1.2.1 Baseline: Planned Target: Target: 4.1 Identify new locations & establish new ODS Target: 4.2 Public dissemination of information on role and services of ODS Target: 4.3 Periodic assessment of ODS efficiency and overall performance			
	Partially achieved;	Planning and procurement process begun for initial ODS support. Actual refurbishment will be implemented during 2013. Selection of additional locations will be addressed from 2013. Other targets to be pursued in 2013.	

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
Outcome 1³ Indicator: Baseline: Planned Target:			
Output 5: GPAR Capacity Development and Modernisation Fund (CADEM) supports strategic innovations in Public Administration reforms Planned Target 5.1 Review CADEM criteria to optimize utility and results and updates EOI & evaluation criteria Target: 5.2 Issue Request for Proposals (RfPs) Target: 5.3 Provide capacity building for selected EoIs Target: 5.4 Evaluation of grant proposals and selection of grantees Target: 5.5 Manage CAPDEM grant cycles, covering fund release, utilization,	<ul style="list-style-type: none"> Planned targets achieved. Formal request for Expressions Of Interest (EOI) issued. 284 EOIs received and short listed to initial 14 EOIs, with 10 from local levels. These shortlisted applicants received capacity development on CADEM / proposal development. 		<ul style="list-style-type: none"> Proposal submitted by government agencies in response to call for EOI Minutes of meetings

³ Note: Outcomes, outputs, indicators and targets should be **as outlined in the Project Document** so that you report on your **actual achievements against planned targets**. Add rows as required for Outcome 2, 3 etc.

and reporting results	<ul style="list-style-type: none"> The final selected 11 proposals for 2012/13 benefit from addition capacity development for implementation of CADEM projects. 		
Output 6: Citizen Feedback and district mechanisms for responsive and accountable service delivery Planned Target: Target: 6.1 Carry out Local Level Monitoring			
	<ul style="list-style-type: none"> Partially achieved. 	CRC design and field exercise deferred to 2013. Initial discussions held with MoHA/DOLA on the Terms of Reference.	

PART II: ANNUAL FINANCIAL REPORT

2012 ANNUAL FINANCIAL REPORT

This chapter presents financial data⁴ and analysis of the Joint Programme funds using the pass-through funding modality as of 31 December 2012. Financial information is also available on the MPTF Office GATEWAY, at the following address: <http://mptf.undp.org/factsheet/fund/JLA10>.

1. Sources and Uses of Funds

As of 31 December 2012 contributors (the Government of Luxembourg and the Government of Switzerland) have deposited US\$ 1,250,000 and US\$ 1,049 has been earned in interest, bringing the cumulative source of funds to US\$ 1,251,049. Of this amount, US\$ 990,000 has been transferred to two Participating Organizations of which US\$ 179,499 has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ 12,500. Table 1.1 provides an overview of the overall sources, uses, and balance of the Joint Programme funds as of 31 December 2012.

Table 1.1. Financial Overview (in US Dollars)

	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL
Sources of Funds			
Gross Contributions	-	1,250,000	1,250,000
Fund Earned Interest and Investment Income	-	1,049	1,049
Interest Income received from Participating Organizations	-	-	-
Refunds by Administrative Agent to Contributors	-	-	-
Other Revenues	-	-	-
Total: Sources of Funds	-	1,251,049	1,251,049
Uses of Funds			
Transfer to Participating Organizations	-	990,000	990,000
Refunds received from Participating Organizations	-	-	-
Net Funded Amount to Participating Organizations	-	990,000	990,000
Administrative Agent Fees	-	12,500	12,500
Direct Costs (Steering Committee, Secretariat...)	-	-	-
Bank Charges	-	15	15
Other Expenditures	-	-	-
Total: Uses of Funds	-	1,002,515	1,002,515
Balance of Funds Available with Administrative Agent	-	248,534	248,534
Net Funded Amount to Participating Organizations	-	990,000	990,000
Participating Organizations' Expenditure	-	179,499	179,499
Balance of Funds with Participating Organizations	-	810,501	810,501

⁴ Due to rounding, total in the tables may not add up.

Interest income is earned in two ways: 1) on the balance of funds held by the Administrative Agent ('Fund earned interest'), and 2) on the balance of funds held by the Participating Organizations ('Agency earned interest') where their Financial Regulations and Rules do not prohibit the return of interest. As of 31 December 2012, Fund earned interest amounts to US\$ 1,049 and no interest was received from Participating Organizations. Details are shown in the table below.

Table 1.2. Sources of Interest and Investment Income (in US dollars)

	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL
Administrative Agent			
Fund Earned Interest and Investment Income	-	1,049	1,049
Total: Fund Earned Interest and Investment Income	-	1,049	1,049
Participating Organization (PO) Earned Interest Income			
Participating Organization (PO)	-	-	-
Total: Interest Income received from PO	-	-	-
Total	-	1,049	1,049

2. Contributions

Table 2 provides information on cumulative contributions received by contributor as at 31 December 2012.

Table 2. Contributions (in US dollars)

Contributor	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL
Government of Luxembourg	-	250,000	250,000
Government of Switzerland	-	1,000,000	1,000,000
Total	-	1,250,000	1,250,000

3. Transfer of Funds

Allocations to the JP Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent (AA). The AA has transferred US\$ 990,000 to two Participating Organizations (UNCDF and UNDP) as of 31 December 2012. Table 3 provides information on the cumulative amount transferred to each Participating Organization.

Table 3. Transfers by Participating Organization (in US dollars)

Participating Organization	Prior Years as of 31 Dec 2011	Current Year Jan-Dec 2012	TOTAL
	Transferred Amount	Transferred Amount	Transferred Amount
UNCDF	-	264,290	264,290
UNDP	-	725,710	725,710
Total	-	990,000	990,000

4. Overall Expenditure and Financial Delivery Rates

All expenditures reported for the year 2012 were submitted by the Headquarters' of the Participating Organizations via the MPTF Office Reporting Portal. These were consolidated by the MPTF Office.

4.1 Expenditure Reported by Participating Organization

As shown in table 4.1, cumulative transfers amount to US\$ 990,000 and cumulative expenditures reported by the Participating Organizations amount to US\$ 179,499. This equates to an expenditure delivery rate of 18%. UNCDF has a 67% delivery rate with a reported expenditure amount of US\$ 179,499.

Table 4.1. Cumulative Expenditure of Participating Organizations and Financial Delivery Rate (in US dollars)

Participating Organization	Transferred Amount	Total Expenditure	Delivery Rate Percentage
UNCDF	264,290	179,499	67.92
UNDP	725,710	-	-
Total	990,000	179,499	18.13

4.2. Total Expenditure Reported by Category

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed upon categories for harmonized inter-agency reporting. In 2006 the UN Development Group (UNDG) set six categories against which UN entities must report project expenditures. Effective 1 January 2012, the UN Chief Executive Board modified these categories as a result of IPSAS adoption to comprise eight categories. The old and new categories are noted below.

2012 CEB Expense Categories

1. Staff and personnel costs
2. Supplies, commodities and materials
3. Equipment, vehicles, furniture and depreciation
4. Contractual services
5. Travel
6. Transfers and grants
7. General operating expenses
8. Indirect costs

2006 UNDG Expense Categories

1. Supplies
2. Personnel
3. Training
4. Contracts
5. Other direct costs
6. Indirect costs

Table 4.2 reflects expenditure as categorized in the UNDG approved 8-category expenditure format as of 31 December 2012.

In 2012, the highest percentage of expenditure was reported on Equipment, vehicles, furniture and depreciation (99.9% of the total programme costs). Indirect support costs exceed the 7% range due to the fact that some agencies charge indirect support costs up-front.

Table 4.2. Total Expenditure by Category (in US dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-11	Current Year Jan-Dec 2012	TOTAL	
Staff & Personnel Cost (New)	-	104	104	0.06
Suppl, Comm, Materials (New)	-	-	-	-
Equip, Veh, Furn, Depn (New)	-	162,000	162,000	99.87
Contractual Services (New)	-	-	-	-
Travel (New)	-	36	36	0.02
Transfers and Grants (New)	-	-	-	-
General Operating (New)	-	69	69	0.04
Programme Costs Total	-	162,209	162,209	100.00
Indirect Support Costs Total	-	17,290	17,290	10.66
Total	-	179,499	179,499	

5. Transparency and accountability

The MPTF Office continued to provide information on its GATEWAY (<http://mptf.undp.org>) a knowledge platform providing real-time data, with a maximum two-hour refresh, on financial information from the MPTF Office accounting system on contributions, programme budgets and transfers to Participating Organizations. All narrative reports are published on the MPTF Office GATEWAY which provides easy access to nearly 9,600 relevant reports and documents, with tools and tables displaying financial and programme data. By providing easy access to the growing number of progress reports and related documents uploaded by users in the field, it facilitates knowledge sharing and management among UN Organizations. It is designed to provide transparent, accountable fund-management services to the UN system to enhance its coherence, effectiveness and efficiency. The MPTF Office GATEWAY has been recognized as a ‘standard setter’ by peers and partners.