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Report No: PAD5322

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT
ON A

PROPOSED CREDIT IN THE AMOUNT OF SDR 21.4 MILLION

(US\$28.12 MILLION EQUIVALENT)

AND

A PROPOSED SHORTER MATURITY LOAN OF SDR 6.8 MILLION

(US\$8.88 MILLION EQUIVALENT)

TO THE

LAO PEOPLE'S DEMOCRATIC REPUBLIC

FOR A

REDUCING RURAL POVERTY AND MALNUTRITION PROJECT II (RRPM II)
(P178883)

NOVEMBER 7, 2023

Social Protection & Jobs
East Asia And Pacific

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CURRENCY EQUIVALENTS

(Exchange Rate Effective Sep 02, 2023)

Currency Unit = LAO KIP (LAK)

US\$1 = 20.661 LAK

US\$ 1 = SDR 0.76

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

CCT	Conditional Cash Transfer
CERC	Contingent Emergency Response Component
CERIP	Contingency Emergency Response Implementation Plan
CHSP/M	Community Health and Safety Plans or Measures
CLEAR	Community Livelihoods Enhancement and Resilience
DAFO	District Agriculture and Forestry Office
DHIS2	District Health Information System 2
DIC	Department for International Cooperation
DRD	Department of Rural Development
DRI	Development Research Institute
DRM	Disaster Risk Management
e-CRVS	Civil Registration and Vital Statistics System
ESMF	Environment and Social Management Framework
ESF	Environmental and Social Framework
GDP	Gross Domestic Product
HANSA	Health and Nutrition Services Access Project
ICT	Information and Communication Technology
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFR	Interim Financial Report
ILO	International Labor Organization
KAP	Knowledge, Attitude and Practices
MAF	Ministry of Agriculture and Forestry
M&E	Monitoring and Evaluation
MIS	Management Information System
MoF	Ministry of Finance
MoH	Ministry of Health
MoLSW	Ministry of Labor and Social Welfare
MPI	Ministry of Planning and Investments
NDC	Nationally Determined Contribution to Paris Climate Agreement
NNC	National Nutrition Committee
NSPS	National Social Protection Strategy
PAFO	Provincial Agriculture and Forestry Office
PEDIS	Poverty Eradication and Development Information System
PMT	Proxy Means Test
PMU	Project Management Unit
POM	Project Operations Manual
PRF	Poverty Reduction Fund
SBCC	Social and Behavior Change Communication
SEP	Stakeholder Engagement Plan
STEP	Systematic Tracking of Exchanges in Procurement
WASH	Water Supply, Sanitation, and Hygiene



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DATASHEET

BASIC INFORMATION

Project Beneficiary(ies) Lao People's Democratic Republic	Operation Name Reducing Rural Poverty and Malnutrition Project II (RRPM II)		
Operation ID P178883	Financing Instrument Investment Project Financing (IPF)	Environmental and Social Risk Classification Moderate	

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternative Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS)

Expected Approval Date 30-Nov-2023	Expected Closing Date 08-Dec-2028
Bank/IFC Collaboration No	

Proposed Development Objective(s)

To strengthen the social protection system and enhance the convergence of multisectoral interventions to improve nutrition behaviors in targeted areas, and in case of an eligible crisis or emergency, respond promptly and effectively to it.

Components

Component Name	Cost (US\$)
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Component 1: Strengthening Social Protection Building Blocks	2,500,000.00
Component 2: Supporting the Implementation of the Nutrition-Sensitive Conditional Cash Transfer Prog	24,761,500.00
Component 3: Implementation Management Support and Institutional Strengthening	6,738,500.00
Component: 4: Enhancing the Nutrition Convergence Oversight and Coordination	3,000,000.00
Component 5: Contingent Emergency Response	0.00

Organizations

Borrower: Lao People's Democratic Republic
 Implementing Agency: Ministry of Agriculture and Forestry, Ministry of Planning and Investment

PROJECT FINANCING DATA (US\$, Millions)**Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)? No
 Is this project Private Capital Enabling (PCE)? No

SUMMARY

Total Operation Cost	37.00
Total Financing	37.00
of which IBRD/IDA	37.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	37.00
of which IDA Recommitted	3.00
IDA Credit	28.12
IDA Shorter Maturity Loan (SML)	8.88



IDA Resources (US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
National Performance-Based Allocations (PBA)	28.12	0.00	8.88	0.00	37.00
Total	28.12	0.00	8.88	0.00	37.00

Expected Disbursements (US\$, Millions)

WB Fiscal Year	2024	2025	2026	2027	2028	2029	2030
Annual	2.24	8.22	8.22	8.22	8.22	1.87	0.00
Cumulative	2.24	10.46	18.69	26.91	35.13	37.00	37.00

PRACTICE AREA(S)

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Health, Nutrition & Population

CLIMATE

Climate Change and Disaster Screening

Yes, it has been screened and the results are discussed in the Operation Document

SYSTEMATIC OPERATIONS RISK- RATING TOOL (SORT)

Risk Category

1. Political and Governance

Rating

● Moderate



2. Macroeconomic	● High
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Substantial
9. Other	
10. Overall	● Moderate

POLICY COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

ENVIRONMENTAL AND SOCIAL

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant
ESS 2: Labor and Working Conditions	Relevant
ESS 3: Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4: Community Health and Safety	Relevant
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant



ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
ESS 8: Cultural Heritage	Not Currently Relevant
ESS 9: Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

LEGAL

Legal Covenants

Sections and Description

Institutional Arrangements Financing Agreement: Schedule 2, Section I.A Recurrent, Continuous The Recipient shall maintain: (a) a Steering Committee; (b) a Project Management Unit within MAF; (c) a Project Management Unit within MPI; (d) at provincial level, a Provincial Project Coordinating Unit; and (e) at district level, a District Project Implementing Unit; all with composition, functions, staffing and resources satisfactory to the Association.
Project Operations Manual Financing Agreement: Schedule 2, Section I.B Recurrent, Continuous The Recipient shall carry out the Project in accordance with the Project Operational Manual, and not amend, abrogate or waive any provisions of the manual unless the Association agrees otherwise in writing.
Annual Work Plans and Budgets Financing Agreement: Schedule 2, Section I.C Recurrent, Annual The Recipient shall prepare and furnish to the Association for its no-objection no later than December 15 of each fiscal year an annual work plan and budget during the implementation of the Project containing relevant Project activities and expenditures proposed to be included in the Project in the following fiscal year, including a specification of the sources of financing.
Environmental and Social Standards Financing Agreement: Schedule 2, Section I.D Recurrent, Continuous The Recipient shall (i) ensure that the Project is carried out in accordance with the Environmental and Social Standards and the ESCP (including the management tools and instruments referred to therein) in a manner acceptable to the Association, and (ii) not amend, repeal, suspend or waive any of their provisions unless the Association agrees otherwise, and report on their status of implementation as part of the project reports.
Cash Transfers Financing Agreement: Schedule 2, Section I.E Recurrent, Continuous The Recipient shall (i) ensure that the selection and enrolment of Beneficiaries and the provision of Cash Transfers are conducted in accordance with the provisions of this Agreement and the Cash Transfer Manual in a manner satisfactory to the Association; and (ii) no later than one (1) month after the Effective Date and in any event, prior to the distribution of Cash Transfers to Beneficiaries enter into agreement(s) with one or more Payment Agents (“Payment Agent Agreement(s)”), under terms and conditions acceptable to the Association.
Contingent Emergency Response Financing Agreement: Schedule 2, Section I.F In case of an Eligible Crisis or Emergency The Recipient shall (i) adopt a CERC Manual for implementation of Part 5 of the Project and prepare and adopt an Emergency Action Plan; both in form and substance satisfactory acceptable to the Association and ensure that the activities under the said part are carried out in accordance with such manual and plan and all relevant safeguard instruments; and (iii) not amend, suspend, waive or abrogate, repeal or waive any provisions of the manual unless the Association agrees otherwise in writing.
Mid-term Review Financing Agreement: Schedule 2, Section II.B Once, 30 months after the Effective Date The Recipient shall prepare and furnish to the Association a mid-term report in form and substance satisfactory to the Association.



Personal Data Financing Agreement: Schedule 2, Section II.C In sharing any information, report or document related to the activities described in Schedule 1 of the Financing Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data unless otherwise explicitly requested by the Association or permitted under the Financing Agreement.

Conditions

Type	Citation	Description	Financing Source
Effectiveness	Financing Agreement: Article IV	The Project Operations Manual has been adopted by the Recipient in form and substance satisfactory to the Association.	IBRD/IDA
Disbursement	Financing Agreement: Schedule 2, Section III.B.1(b)	The Recipient may not withdraw the proceeds of the Financing as allocated for Emergency Expenditures, unless and until: (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (2); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.	IBRD/IDA



I. STRATEGIC CONTEXT

A. Country Context

1. **Despite being among the fastest-growing economies in the world before the COVID-19 pandemic, Lao PDR's growth model was already showing its limitations.** Economic growth averaged about 7 percent over the two decades to 2019, but the economy's growth pattern was capital-intensive, resource-driven, and debt-fueled. Economic growth had been steadily decelerating from 8 percent in 2013 to 5.5 percent in 2019. Growth was predominantly driven by large foreign investments in hydropower, mining, and construction of transport infrastructure, which provided few job opportunities. The domestic private sector has been hampered by an unfavorable business environment, particularly by limited competition and transparency. The financial sector is dominated by state-owned banks, and limited credit has flowed to the private sector.

2. **Economic growth was severely affected by the COVID-19 pandemic but is recovering gradually.** Real GDP growth declined sharply from 5.5 percent in 2019 to 0.5 percent in 2020, owing to the wide-ranging economic impacts of the pandemic, including the collapse of international tourism¹. The economy is expected to grow at 3.9 percent in 2023 and 4.3 percent on average in the medium term, driven by ongoing growth in services and exports². The post-pandemic recovery offers an opportunity to increase the share of public revenue in GDP. However, the recovery has been undermined by macroeconomic instability, with high inflation and a rapid currency depreciation, weakening real incomes, consumption, and investment.

3. **The World Bank assesses Lao PDR to be in debt distress with an unsustainable outlook under the Low-Income Countries Debt Sustainability Framework (LIC-DSF).**³ High public debt levels have contributed to persistent macroeconomic instability, which is undermining development prospects. Lao PDR is facing both solvency and liquidity challenges, owing to significant financing needs, limited financing options, low foreign exchange reserves, and considerable depreciation pressures. Public and publicly guaranteed (PPG) debt amounted to 112 percent of GDP at the end of 2022, or 125 percent of GDP if domestic expenditure arrears and a swap arrangement are included. A single bilateral creditor accounts for about half of the external public debt stock and repayments scheduled for 2023-2026. The energy sector, mostly represented by Electricité du Laos (EDL), has played an important role in public debt accumulation, accounting for about 43 percent of total PPG debt in 2022. There are also substantial contingent liabilities associated with public-private partnerships (PPPs) and non-guaranteed borrowing of state-owned enterprises (SOE), but these fiscal risks have not been adequately quantified yet. The ratio of debt service (i.e., principal and interest) to domestic revenue increased from 35 percent in 2017 to 43 percent in 2022, but it would have reached 72 percent in the absence of debt service deferrals.⁴ Meanwhile, combined public spending on education and health declined from 4.9 percent of GDP in 2013 to an estimated 2.6 percent in 2022. In the absence of debt service deferrals, interest payments would have overtaken social spending levels in 2022. Debt sustainability is contingent on the outcome of ongoing debt negotiation with key creditors.

4. **The Lao kip has weakened significantly since mid-2021, driving consumer price inflation to record levels.** The kip depreciated by 104 percent against the US dollar between August 2021 and August 2023. A weakened kip has fueled domestic inflation and exacerbated external debt service costs, since most debt is denominated in US dollars. Inflation

¹ Bank Staff estimates. The Lao authorities estimated GDP growth in 2020 at 3.3 percent.

² Lao Economic Monitor, May 2023: Addressing Economic Uncertainty - Key Findings.

³ See the 2023 Debt Sustainability Analysis, jointly conducted by the IMF and the World Bank.

⁴ Debt service deferrals (of principal and interest owed to a single bilateral creditor) have provided important temporary relief between 2020-2022. These deferrals had accumulated to about 8 percent of GDP by the end of 2022.



reached 41 percent in the year to February 2023, although it has eased to 26 percent in August 2023. High inflation has significantly undermined household purchasing power. The Bank of Lao PDR tightened monetary policy and introduced administrative measures to manage the exchange rate in early 2023, but the exchange rate has continued to depreciate. Limited foreign exchange liquidity and low foreign reserves contribute to foreign exchange rationing by banks and a parallel exchange rate market premium.

5. **Progress in poverty reduction remained slow.** Poverty rates declined from 40.5 percent in 2012 to 32.5 percent in 2018 (measured at the lower-middle-income poverty line of US\$3.65 a day 2017 PPP). In 2022, the estimated poverty rate estimated to stagnated at around 31.7 percent. Despite a recovery in nominal earnings for poor households, rising domestic prices are threatening living standards, particularly in the absence of social assistance. Nearly two-thirds of households have reduced education and health spending to cope with inflation. Most households responded to food inflation by reducing food consumption, switching to cheaper food, hunting and gathering, or turning to self-production.⁵ Poverty reduction continues to be threatened by high vulnerability to shocks and the absence of adequate support or risk mitigation measures for most of the population.⁶

6. **Climate change and natural disasters further increase vulnerability, particularly for people living in rural areas.** The Climate Risk Country Profile highlights that Lao PDR is among the countries most vulnerable to projected climate trends, as its communities face significant climate-related hazards exacerbated by poverty, malnourishment, and the high exposure of poor and marginalized communities.⁷ These events are likely to have distributional impacts, and many households have a high probability of falling into extreme poverty when exposed to relatively high-frequency floods and drought events.⁸

7. **There is a strong connection between disability and poverty in Lao PDR, as is the case with other countries.** The 2017 Lao Social Indicator Survey (LSIS) II data indicates that 2 percent of children aged 2-4 years have functional difficulty in at least one domain (seeing, hearing, walking, fine motor, communicating, learning, playing, etc.). In rural areas without roads, 3.8 percent of children have functional difficulty in at least one domain. Children with a disability are often kept at home, mainly as a result of stigma and discrimination. Social protection, health and education services are not commonly available to them, exacerbating isolation and limiting their opportunity to learn and develop like other children in their community.

B. Sectoral and Institutional Context

8. **The social protection system in Lao PDR is underfunded, and with limited coverage.** It comprises a few interventions in social assistance, the labor market, and social insurance. In the late 2010s, social protection spending in the country was among the lowest in the region (1.2 percent of GDP in 2013, well below the East Asia and Pacific region average).⁹ Only 12 percent of the population is covered by at least one social protection program,¹⁰ while only 4 percent of the poor and vulnerable are supported by social assistance interventions.¹¹ Social insurance represents most of the spending at 0.7 percent of total GDP, while social assistance receives 0.1 percent of total GDP. Within social insurance,

⁵ World Bank, Monitoring Household Welfare in Lao PDR (2022), accessed May 26, 2023.

⁶ World Bank, Monitoring Household Welfare in Lao PDR (2022), accessed May 26, 2023.

⁷ Lao PDR faces projected warming of 3.6° C by 2090s against baseline conditions 1986–2005, under highest emissions pathway scenario (RCP 8.5).

⁸ Asian Development Bank (ADB). 2017. "Risk financing for rural climate resilience in the Greater Mekong Subregion."

⁹ ILO (International Labour Organization). World social protection report 2017–2019. Accessed May 26, 2023.

¹⁰ ILO. World social protection report 2017–2019. Accessed May 26, 2023.

¹¹ World Bank Systematic Country Diagnostic. 2021.



pensions represent the largest budget line.¹² In terms of policy, even though it is yet to be formally approved, the National Social Protection Strategy (NSPS) for the first time sets the country's social protection vision, goals, and objectives.

The First Reducing Rural Poverty and Malnutrition Project

9. **The Reducing Rural Poverty and Malnutrition (RRPM; P162565) project has established the building blocks of social protection, implemented the first large-scale social assistance program, and coordinated the Nutrition Convergence Approach.** The operation became effective on June 21, 2019; it is currently under implementation with a closing date of March 31, 2024. The project aims at developing operational tools to modernize and expand the social protection sector and support the setup and implementation of the Helping Hand program, a nutrition-sensitive Conditional Cash Transfer (CCT) program under the nutrition convergence initiative described below.

10. **The RRPM project has supported the establishment of the Social Registry.** This included an objective targeting assessment process based on a proxy means test (PMT) formula, the development and implementation of a management information system (MIS) module, and the development and establishment of a social registry including a mass registration process. As of June 2023, the Social Registry had information on 99.6 percent of the target number of households¹³, covering 1,234,314 out of 1,239,562 households. The registry is expected to be updated every 2.5 years (in accordance with Decree Order 348, 2017).

11. **Since 2019, the RRPM has supported the government with designing and implementing the Helping Hand program, the first nutrition-sensitive CCT in targeted areas.** The program's goal is to improve diet diversity, increase the use of essential health and nutrition services, and encourage improved health and nutrition practices among poor and vulnerable children. By supporting poor and vulnerable pregnant women and young children (0-2 years), the program targets the critical window of opportunity of the first 1,000 days for nutrition. By June 2023, over 32,000 pregnant women and young children coming from poor and vulnerable households from 12 districts in four northern provinces had been enrolled. Beneficiaries must comply with a set of nutrition and maternal and infant health conditions.¹⁴ Once compliance with program conditions is verified, cash transfers equivalent to US\$12 per month are distributed bimonthly, mostly through direct cash payments and some through digital options. Compliance verification forms are completed by Village Facilitators (a village level volunteer network supporting several interventions) to identify beneficiaries who have not complied with the condition for the reporting period. The RRPM is implemented in coordination with the Health and Nutrition Services Access (HANSA) project (P166165) which supports the delivery of quality maternal and child health and nutrition services. The follow-on HANSA 2 project (P178957) will also be presented for approval in FY24.

12. **The Helping Hand program is also contributing to the mitigation and prevention of poverty.** As a conditional cash transfer, the program mitigates the short-term impact of poverty among the poorest and most vulnerable by increasing household consumption of nutritional food and other basic goods. The program has also helped beneficiary households to cope with high inflation. However, the most important impact of the program is its contribution to the reduction of stunting and, as a result, to the reduction of poverty in the medium and long term. As shown by international experience, children older than 2 years of age who are well nourished have a higher learning capacity and do better at school (reducing the probability of grade repeating and early dropout), have a higher chance of completing basic

¹² World Bank, Social Protection Review, March 2022.

¹³ The target number is set as the number of households from Decree 348-2019 survey.

¹⁴ The following health and nutrition conditionalities must be met to receive cash transfers (i) pregnant women attending antenatal care at health centers; (ii) children 0-2 years receive growth monitoring by visiting health centers or integrated outreach sessions; (iii) children receiving immunization; and (iv) beneficiaries attending social behavior change communication sessions at least once a month.



education, and are more likely to find better jobs as adults. The Helping Hand program therefore contributes to breaking the intergenerational transmission of poverty.

13. **Available evidence shows that the CCT has had positive nutrition outcomes, increasing the use of relevant services, and changing behaviors in target areas.** The CCT has substantially contributed to improving nutrition outcomes when implemented as part of the nutrition convergence initiative (i.e., with other key operations such as HANSA and Poverty Reduction Fund III (PRFIII; P157963)/Community Livelihood Enhancement and Resilience (CLEAR; P178545)), including significant positive results in reducing stunting and wasting, and improving dietary quality in terms of food diversity. The midline impact evaluation of 2023 indicates that the CCT has helped mitigate the impact of the pandemic crisis by improving food security. Other evaluations and program administrative data support the conclusion that Helping Hand is reaching its objectives. A beneficiary survey conducted in August 2021 showed 'high satisfaction' with the cash transfer process, higher utilization of health center services including vaccinations for beneficiaries, and increased consumption of nutritious food.¹⁵ The program reports show that close to 98 percent of the beneficiaries complied with the conditionalities, signaling increased use of basic health and nutrition services, that is, vaccination, antenatal care, and growth monitoring.

14. **Despite the progress with social protection system development, there is substantial scope for improvement.** Essential areas of improvement that RRPM II will address include: (i) using of the Social Registry beyond the CCT¹⁶; (ii) enhancing the quality control processes for data collection; (iii) improving interoperability; (iv) widening the scope of the system by making them shock-responsive, and (v) continuing to improve the implementation efficiency of the CCT program to make it more financially sustainable.

Lao PDR Nutrition Convergence Approach to Reduce Stunting

15. **Chronic childhood undernutrition in Lao PDR remains high and its causes are multifaceted and multisectoral.** About 33 percent of children under five are stunted, 21 percent underweight, and 9 percent wasted.¹⁷ The main drivers of undernutrition are childcare and feeding practices, dietary diversity, and food security. The burden of infectious disease is affected by access to water supply and sanitation, hygiene practices, and the availability and use of health and nutrition services (pre- and postnatal). Lao PDR has poor results across many of these drivers. Diet diversity is low, particularly in rural areas and among ethnic minorities, and poor feeding practices for infants and young children compound this problem.¹⁸ For example, children 6 to 23 months are not fed with vegetables rich in vitamin A, even when their mothers consume them.¹⁹ On the supply side, critical gaps in preventive services such as immunization, antenatal care, postnatal care, and growth monitoring and promotion have a disproportionate impact on the nutrition of women and children in the poorest population group.²⁰

16. **The government has committed to implementing a multisectoral approach to accelerate stunting reduction in response to the causes of undernutrition.** Through the National Plan of Action on Nutrition (NPAN) 2021–2025, the government has adopted the ambitious national goal of reducing stunting to 25 percent by 2025 through a multisectoral Nutrition Convergence approach. The convergence approach aims to ensure that eligible households have simultaneous access to priority nutrition services across health, social protection, agriculture, water sanitation and hygiene (WASH),

¹⁵ Kawasoe and Avalos. 2021. Enhancing the CCT Experience in Lao PDR, The Beneficiary Feedback Survey.

¹⁶ The World Food Program (WFP) is using the Social Registry for targeting of its 2023 food distribution campaign.

¹⁷ Lao Social Indicator Survey II 2017 MICS

¹⁸ Sutayut Osornprasop and Obert Pimhidzai, 2016. World Bank Nutrition in Lao PDR Causes, Determinants, And Bottlenecks, June 2016

¹⁹ KAP/IE baseline 2020 and 2022.

²⁰ Ministry of Planning and Investment, 2019. Multiple Overlapping Deprivation Analysis on Stunting among children under 5 years, Lao PDR, Centre for Development Policy Research



education, and cross-cutting ones (i.e., rural livelihood and community empowerment) to address the drivers of undernutrition. The government has established a National Nutrition Committee (NNC) led by the Deputy Prime Minister at the national level, as well as Provincial and District Nutrition Committees (PNCs and DNCs).

17. **In coordination with the government, in 2018, the World Bank developed a multisectoral long-term strategy to support the government in operationalizing the National Nutrition Convergence approach.** The strategic goal was to optimize the synergy across existing and future World Bank operations and technical assistance to reduce stunting. The relevant nutrition-sensitive and nutrition-specific interventions are being coordinated in four ways: (i) geographic convergence i.e. targeting the same communities and households, (ii) harmonized social and behavior change communication (SBCC) interventions, (iii) coordination of delivery platforms at the community level, and (iv) use of a common monitoring and evaluation framework. The overarching framework for this three-phase strategy is summarized in Annex 2 (World Bank 2020).

18. **In Phase 1, five World Bank operations have delivered coordinated interventions to the same villages spread across the same 12 districts of 4 Northern provinces.** Phase 1 of the sectoral projects is operating in 12 priority districts in the four Northern provinces (Xiang Khouang, Houaphan, Phongsaly, and Oudomxay) with the highest share (> 40 percent) and absolute numbers of stunted children.²¹ The projects in Phase 1 include the Health and Nutrition Services Access Project (HANSA P166165); the Scaling-up Water Supply, Sanitation, and Hygiene Project (SWSSHP P164901); the Lao PDR Global Partnership for Education III: Learning and Equity Acceleration Project (GPEIII LEAP P173407); the Poverty Reduction Fund Project (PRFIII P168620); and the Reducing Rural Poverty and Malnutrition project (P162565). Each intervention addresses a specific cause of undernutrition as shown in Annex 2. In addition, these projects address critical cross-cutting issues, particularly gender dynamics and ethnic diversity, that contribute to high levels of stunting.

19. **The Phase 1 of the Nutrition Convergence program has shown promising results in mitigating the effects of the pandemic and increasing the use of basic health and nutrition services and access to productive inclusion activities among target households.** The midline impact evaluation survey shows that the convergence of RRPM, HANSA, and Poverty Reduction Fund projects have helped reduce the stunting and wasting rate of children under two by 7.7 percentage points and 3.4 percentage points respectively. Among the beneficiaries, the consumption of more diverse food for children 6-24 months increased by 12.7 percentage points, and the percentage of children under two whose growth is adequately monitored improved by 4.6 percentage points compare to the control group. Findings from Knowledge, Attitude, and Practice (KAP) surveys at baseline and midline suggest that postnatal care for mothers improved from 58 percent to 71 percent, and immunization among children under two improved slightly from 78 percent to 80 percent. Deworming for children 6–24 months increased from 54 percent to 61 percent. Exclusive breastfeeding increased from 83 percent to 87 percent. Positive results were supported by several activities, including (i) integrated outreach and SBCC in all the villages provided regularly, (ii) self-help groups in the project areas (over 1,000); and (iii) farmer nutrition groups.

20. **Phase 2 of this multisectoral approach, which will be implemented under RRPM II, HANSA 2 and CLEAR, will focus on consolidating institutions, improving program implementation, and scaling up program coverage.** Phase 2 will address critical challenges and bottlenecks identified in Phase 1 and include: (i) better harmonization of SBCC and community-based services; (ii) strengthened local capacity to coordinate, plan and monitor the convergence program; (iii) enhanced convergence of services at household level by scaling up the Child Scorecard; (iv) improved the use of data to identify service gaps and inform course correction; and (v) enhanced integration of nutrition convergence programs into government planning and budgeting.

²¹ These provinces also show disparities in stunting linked to socioeconomic levels and ethnicity.



C. Relevance to Higher Level Objectives

21. **The proposed project is aligned with the World Bank Group's Country Partnership Framework (CPF) FY2023–2026.** The CPF states that the World Bank will continue to address stunting through a multisectoral Nutrition Convergence approach, aligned with the National Nutrition Strategy 2016–2025. The project will contribute to Objective 5 of the CPF, which seeks to expand the use of practices and services beneficial to nutrition among women and children and focusing on improving inclusive access to quality health services.

22. **The project is consistent with the country's Nationally Determined Contribution to Paris Climate Agreement (NDC).** In the latest NDC submitted to the United Nations Framework Convention on Climate in 2021, Laos commits to reducing by 2030 greenhouse gas emissions by 60 percent compared to the baseline scenario (national level 2030 unconditional target) by increasing the share of renewable energy in the electricity mix, deploying energy efficiency measures, and a range of other measures including enhancing sustainable forest management. As for adaptation, the NDC highlights the need to build climate resilience in the most vulnerable sectors (agriculture, forestry and land use, water resources, transport, and urban development, and public health). The National Green Growth Strategy to 2030 further emphasizes climate change adaptation as a cross-cutting focus area to reduce vulnerability, especially of disadvantaged groups, and to natural disasters and global economic uncertainties which have become more severe and unpredictable. The project does not hinder the achievement of Lao PDR's mitigation goals and contributes to the country's climate adaptation efforts.

23. **The project is aligned with the World Bank's Country Gender Action Plan (CGAP) for FY22–26.** As part of the selected areas of focus for operational and policy engagement of the current CGAP for Lao PDR, RRPM II will contribute to addressing the gender gaps in high maternal mortality rate (operational entry point II), strengthening women's voice and agency in local government (operational entry point V) and promoting women's empowerment to address sexual and gender-based violence (operational entry point VI).²² The project will support mothers to make better investments in their health and nutrition, as well as that of their children to reduce the maternal mortality rate. The operation will also contribute to mothers' empowerment through improved knowledge, access to financial services, and direct access to cash, resulting in higher participation and decision making.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

24. To strengthen the social protection system and enhance the convergence of multisectoral interventions to improve nutrition behaviors in targeted areas, and in case of an eligible crisis or emergency, respond promptly and effectively to it.

25. PDO Level Indicators

- 1) Percentage of CCT beneficiaries receiving cash transfers regularly;
- 2) Percentage and number of first 1,000-day households with access to a package of convergent nutrition interventions in targeted districts; and²³

²² World Bank, Country Partnership Framework for Lao PDR for the Period (FY2023-FY2026)

²³ The package of convergent nutrition interventions refers to a package of priority nutrition-specific and nutrition interventions in National Nutrition Plan. It could include the following: high impact essential Maternal Child Health and Nutrition (MCH-N) services (i.e. ANC, PNC, growth monitoring and promotion); social protection to promote household's access to selected MCH-N services; community-based food diversity and livelihood program; WASH-Social and Behavioral Change Communication (SBCC) for handwashing and hygiene practices; and early childhood education. The access of these services will be tracked through Child Scorecard.



- 3) Percentage of children 6–23 months from CCT beneficiary households consuming foods from at least 5 out of 8 recommended food groups.

26. **The PDO Outcomes Areas are:**

- *Strengthening the Social Protection system.* This refers to improving implementation efficiency of the Helping Hand CCT program and enhancing social protection delivery systems. This will be measured by PDO Indicator 1. Beneficiaries receiving payments regularly in a targeted CCT scheme is evidence that (i) beneficiaries have been identified by the Social Registry, (ii) maternal and health and nutritional services are available and beneficiaries are accessing them, (iii) the program has the correct incentives to motivate service uptake, (iv) conditionalities are being monitored and met on time, and (v) payments are being processed and disbursed to final beneficiaries in a timely manner. Thus, “receiving cash transfers regularly” will measure that CCT beneficiaries, receive the payment every quarter, within the stipulated payment period, described in the operations manual.
- *Enhancing convergence of multisectoral interventions.* This refers to increasing government capacity to coordinate and monitor multisector interventions effectively and allowing pregnant women and children under two to receive a package of predefined services from different ministries. This will be measured by PDO indicator 2.
- *Improved nutrition behaviors.* This refers to appropriate infant and young child feeding practices, including adequate diet diversity, which is one of the main determinants of stunting in the first two years. This will be measured by PDO Indicator 3.

B. Project Components

27. **The proposed project will continue to implement the Helping Hand nutrition-sensitive CCT program to contribute to reducing poverty and malnutrition, improve and enhance social protection systems, and promote planning, coordination, and monitoring of the Nutrition Convergence program.** Component 1 will strengthen the social protection system developed in the RRPM. Component 2 will expand the coverage of CCT to eligible families, as well as accompanying measures such as SBCC. Component 3 will strengthen project management and institutional capacity for the Ministry of Agriculture and Forestry. Component 4 will enhance the capacity of the Ministry of Planning and Investment to plan, coordinate, and monitor the multisectoral Nutrition Convergence program. Component 5 is the Contingent Emergency Response Component (CERC) with zero budget allocation.

Component 1. Strengthening Social Protection Building Blocks (IDA Credit: US\$ 2.5 million)

28. This component aims to strengthen the building blocks of the social protection system in Lao PDR, through: (i) updating of Social Registry data and its use beyond the CCT Program, (ii) enhancing beneficiary management and payments systems, and (iii) establishing the building blocks of an adaptive social protection system. The component will finance the consulting services required to improve MIS modules, establish Application Programming Interface (API) connections, update the proxy means test formula, make CCT guidelines shock-responsive, update business processes and design Social Registry promotion materials. It will also finance goods, including MIS hardware and ICT equipment. Finally, it will also finance incremental operational costs for the Social Registry survey, and non-consultancy services such as printing social registry promotional materials. This component is subdivided in three subcomponents which are described here.

Subcomponent 1-1. Support regular updating of the social registry and its use by other programs

29. **This subcomponent will support establishing an effective mechanism to update Social Registry data continuously to maintain its reliability as a targeting tool.** The project will support an updating strategy consisting of two complementary modalities. The first is a nationwide mass registration and updating survey planned for 2025 to be aligned



with the schedule of the Poverty Assessment Survey under Decree 348.²⁴ The second is an on-demand dynamic updating method to allow beneficiaries and citizens to request data updates and poverty reassessments. This subcomponent will also support the revision of the proxy means testing formula and questionnaire (following the Lao Expenditure and Consumption Survey 7, scheduled in 2023–2024). The project also supports MAF’s plans to draft a new decree in 2025 to replace Decree 348, institutionalizing the proxy means test (PMT) and the social registry.

30. **This subcomponent will also promote the use of the Social Registry in other programs beyond the CCT.** This includes those within the Nutrition Convergence program, emergency response to shocks, and other government and humanitarian agency interventions. Extending its use to other programs will support government efficiency by avoiding parallel data collection activities and providing a common criterion to identify the poorest households, allowing for targeted investments across government spending. The project will support MAF in promoting its use through intra-government advocacy at the strategic and technical levels. The strategic level will include meetings and workshops that promote the Social Registry and its benefits to the government officials, National Assembly members, and development partners. The technical level entails creating an Application Programming Interface (API) for secure data sharing, bilateral data sharing agreements, assessing each program’s information needs, continue building capacity for data protection and developing of procedures to assess needs and capacity of the interested agency.

Subcomponent 1-2. Enhancing Beneficiary Management and Payments

31. This subcomponent will finance improvements to four essential elements of the SP delivery systems:

- a) **Beneficiary monitoring and updating.** The subcomponent will establish interoperable mechanisms to enable the exchange of information between the project’s MIS (Poverty Eradication and Development Information System [PEDIS]) and other administrative databases to gradually transition from field-intensive monitoring of conditionalities and Child Scorecard to a more efficient systems-based monitoring. Specifically, the project will focus on linking the CCT MIS in MAF with the Ministry of Health’s District Health Information System version 2 (DHIS2) and the Ministry of Home Affairs’ Civil Registration and Vital Statistics system (e-CRVS).²⁵ Interoperability with DHIS2 will support a more efficient compliance monitoring. The interface with e-CRVS will allow improve matching and deduplication by importing the unique ID numbers into the Social Registry.
- b) **Payment delivery.** The subcomponent will support the improvement of the business processes of the Helping Hand CCT payments and explore shifting more beneficiaries to electronic payments. The former will be done by assessing the design issues needed to speed up the payment authorizations and implementing changes to allow for more efficient and predictable payment planning. The latter will include more robust communications and training for beneficiaries about digital payments.
- c) **Grievance redress mechanism.** The subcomponent will support improving categorization and developing protocols and standards to maintain an expected response time.
- d) **MIS enhancement.** Other MIS improvements, including increasing server capacity, updating hardware, enhancing the user interface, and building a module for Child Scorecard monitoring, will be supported.

Subcomponent 1-3. Adaptive Social Protection (ASP)

32. **This subcomponent will support the government as it advances the principle of ASP by leveraging social protection systems for disaster risk management (DRM) and climate change adaptation.** ASP is intended to build the

²⁴ Under Decree No. 348, the Government of Lao PDR defines the criteria of wellbeing and development which provide a broad and comprehensive assessment of rural development, livelihoods, and poverty.

²⁵ the Ministry of Health District Health Information System version 2 and the Ministry of Home Affairs Civil Registration and Vital Statistics system are financed by World Bank Investment Project Financing projects.



resilience of poor and vulnerable households by investing in their capacity to prepare for, cope with, and adapt to shocks, protecting their well-being and ensuring that they do not fall into poverty or become trapped in poverty as a result of disaster impacts. The subcomponent will promote ASP in two domains: a) augmenting the CCT business process and policy (i.e., enhancing the CCT Operations Manual to support the scale-up of the CCT Program by expanding its coverage and increasing the grant amounts in case of an emergency); and b) adapting the social protection delivery systems (e.g., Social Registry, beneficiary registry, institutional capacity, and payment mechanisms), ensuring scalability and flexibility of the payment system in the event of shocks, including climate-induced disasters.

Component 2: Supporting the Implementation of the Nutrition-Sensitive Conditional Cash Transfer program (IDA Credit: US\$ 24.8 million)

33. **The objective of this component is to finance the cash transfers of the Helping Hand CCT Program and the implementation of accompanying measures such as SBCC at the village level.** An essential part of RRPM II is the expansion of coverage of the CCT program. The geographic coverage will consist of twenty-five districts across seven provinces. The program will cover all villages in target districts, approximately 1,600 villages, and reach 85,000 beneficiaries. The project will continue supporting the existing twelve districts under RRPM and extend its reach to six more districts within the four northern provinces. The program's expansion to the south includes seven districts in three new provinces (Savannakhet, Saravanh, and Sekong). The proposed provinces and districts were selected given their high poverty and stunting rates, and considerations for convergence and efficiency. It is subdivided into two subcomponents here described.

Subcomponent 2-1: Helping Hand Conditional Cash Transfer Program

34. **This subcomponent finances the cash transfers of the Helping Hand CCT Program to poor and vulnerable pregnant women and children under two in target districts.** The program targets poor pregnant women and children under two years living in districts within the program's geographical coverage. Eligible beneficiaries of the program will continue to be selected using the Social Registry and the proxy means testing mechanism. Cash grants are delivered to individual beneficiaries subject to compliance with health and nutrition responsibilities. The program will assign women as primary recipients of benefits and continue requiring that beneficiaries fulfill the following responsibilities (i) pregnant women attending antenatal care at health centers or integrated outreach sessions according to MOH protocol, (ii) children 0-2 years receiving growth monitoring by visiting health centers or integrated outreach sessions, (iii) children receiving immunizations according to their age, as established by MOH, and (iv) the transfer recipient attending social behavior change communication sessions (SBCC) at least once a month. These four services are provided by the Ministry of Health and are financed by the Health Access and Nutrition Services (HANSA; P166165) project and will continue to be provided under the HANSA 2 Project (P178957), currently under preparation.

35. **Key program parameters will be revised to increase the Helping Hand program's effectiveness.** The subcomponent will support the government's decision to (1) adjust the eligibility threshold from the bottom 60 to the bottom 50 percent according to the PMT score; 2) increase the monthly benefit value of the cash benefit to LAK 250,000 in response to inflation²⁶; (3) introduce an instrument to assess the benefit's real value and adjust it regularly to maintain its purchasing power.

Subcomponent 2-2: Social and Behavior Changing Communication and Village Facilitator Support

36. This subcomponent will support the delivery of SBCC, village level monitoring of conditionalities, and collection of Child Scorecard data. For this purpose, village facilitators and village committees will receive training and a monthly

²⁶ The program rolled out in February 2021 with a monthly benefit level set at kip 180,000 (about US\$19 in 2021). The benefit amount was increased to kip 200,000 in November 2022 to mitigate the impact of inflation.



allowance to carry out these activities. The project will continue implementing the SBCC modules designed under the first phase concerning the following topics: (a) optimal use of cash to buy health and nutrition inputs; (b) women's empowerment to address sexual and gender-based violence; (c) basic financial literacy to manage family income; and (d) climate and disaster preparedness.

Component 3: Implementation Management Support & Institutional Strengthening (IDA Credit: US\$ 6.7 million)

37. **The objective of this component is to support the implementation and monitoring of the conditional cash transfer at the central, provincial and district levels.** This component will finance project management costs related to operations, capacity building, and training, including financial audits, service fees for financial service providers, and implementation of environmental and social framework activities. This includes financing a dedicated project management unit to execute the project at the central and subnational levels. It will also finance two spot-checks and a CCT business process review.

38. This component will finance consulting services (project staff, financial auditing services, and payment service provider fees), training, incremental operation costs (daily administrative costs, project monitoring, community mobilizers' transportation costs, steering committee meeting), goods (motorcycles for community mobilizers, laptops, and office furniture), non-consulting services (internet), and works in the form of minor project office renovations.

Component 4: Enhancing the Nutrition Convergence Oversight and Coordination (IDA Credit: US\$ 3.0 million)

39. **The objective of this component is to support the Ministry of Planning and Investment (MPI) in the overall oversight and coordination of the Nutrition Convergence program.** The component will finance incremental operational costs to coordinate the program at central, province, district, and village levels, undertake monitoring, data collection, and impact evaluation surveys, support and coordinate the Nutrition Convergence program, and carry out supervision and monitoring and evaluation (M&E). More specifically, the project will finance these areas of support:

40. **Leadership and coordination.** The component will support the MPI in coordinating nutrition convergence at national and subnational levels and building on existing government systems led by the National Nutrition Committee (NNC). It will support MPI participation in high-level coordination and advocacy events such as the National Nutrition Forum and Nutrition Convergence quarterly coordination meetings. At the provincial and district level, the component will strengthen the management capacity of existing subnational coordination platforms (i.e., Provincial and District Nutrition Committee) to ensure prioritization of nutrition and climate-related interventions in planning and budgeting process. At the village level, the coordination will be strengthened by improving the capacity and incentives for the existing Village Committee.

41. **Convergence monitoring and evaluation.** The component will finance operational costs and training for strengthening the nutrition convergence M&E system to (i) track the convergence of priority nutrition services at the household level; (ii) report on nutrition outputs and outcomes and measure program impact; and (iii) gather citizen feedback. The main M&E tools include (i) two rounds of impact evaluation surveys and Knowledge, Attitude and Practice (KAP) surveys (in 2024 and 2026); (ii) Child Scorecard; (iii) citizen feedback engagement surveys; and (iv) an integrated monitoring dashboard using administrative data. The surveys and monitoring tools will collect climate shock and food security data to assess the correlation between climate and nutrition behaviors and outcomes to inform responses. The component will support the implementation of a robust data-use plan to ensure monitoring data is used optimally for continuous program course correction and strengthening accountability. The component will finance capacity building for MPI to enhance analytics and the use of vast amount of monitoring data for evidence-based decision-making.



42. **Promote and track convergence of services at the individual level.** The component will support the implementation of a new Child Scorecard to track the convergence of priority nutrition services at the individual level. The Scorecard will be administered quarterly in all project areas by community mobilizers and village facilitators. The Scorecard will also track SBCC interventions that include modules on climate change awareness and interventions to improve food security such as homestead food production. The Scorecard findings will inform the province and district planning and monitoring process. Furthermore, the findings will be discussed in community meetings to identify coverage gaps and trigger actions by service providers and local authorities to resolve those gaps. To ensure the optimal use of Scorecard data in village planning and monitoring, the project will leverage other projects supporting village institutional strengthening (i.e., PRF/CLEAR). The component will finance operational costs to administer the Scorecard, including data reporting, analysis, and visualization.

43. **Coordination of social and behavior change communication interventions and community delivery platforms.** In coordination with the Ministry of Health, the component will support MPI to: (i) conduct a mapping of SBCC interventions and develop strategies to harmonize the messages and delivery channels across projects, including modules related to climate shock, food security, and nutrition; and (ii) enhance synergy of community delivery platforms across nutrition convergence projects by leveraging village events such as Nutrition Convergence Day.

Component 5: Contingent Emergency Response (US\$ 0.0M)

44. The objective of the contingent emergency response component (CERC), with a provisional zero-dollar allocation, is to allow for the reallocation of financing to provide an immediate response to an eligible crisis or emergency, as needed. The government can request the World Bank to urgently activate CERC and reallocate the undisbursed balance to support the implementation of the government's emergency plan. Additional financing can also be mobilized to fully or partially replenish the funds reallocated to the CERC in accordance with the World Bank's requirements. Detailed procedures and rules on activation and implementation of CERC will be summarized in the CERC Emergency Response Manual which will be prepared by the government and approved by the World Bank as an appendix to the project operations manual.²⁷

Citizen Engagement²⁸

45. **Engagement with citizens and beneficiaries has been actively carried out through mechanisms developed and strengthened by the RRPM operation.** The two project implementing agencies, MAF and MPI, have developed mechanisms to conduct citizen engagement activities, including communicating with citizens, receiving their feedback, and engaging them in improving implementation and design of the CCT Program and, in general, the Nutrition Convergence program. These mechanisms include perception and satisfaction surveys and project-specific grievance redress mechanisms. Complaints are filed through the MAF management information system at the field level.

46. **The proposed project will further enhance and strengthen citizen engagement activities.** The project will finance these activities aimed to better engage with citizens:

- (i) Conduct beneficiary satisfaction surveys as part of the spot-checks with a representative sample of the CCT Program beneficiaries, and organize feedback sessions with program administrators.
- (ii) Design and implement communication campaigns to widely inform the beneficiary groups and subnational authorities, particularly for new areas where the project will be expanded.
- (iii) Hire community mobilizers who speak local languages and dialects to assure minority access to the program benefits and grievance redress mechanisms.

²⁷ The CERC Annex in the project operations manual will consider climate risks on both adaptation and mitigation.

²⁸ Citizen engagement activities will be financed and implemented as part of components 1, 2, 3, and 4.



- (iv) With the Child Scorecard, streamline a participatory approach at the village level to identify service gaps and trigger community-level actions to resolve these.
- (v) The project will organize meaningful consultations with organizations of persons with disabilities. The Social Registry will continue to work on identifying people with disabilities (PWD). MAF will ensure the Helping Hand CCT is accessible to persons with disabilities through i) dedicated outreach efforts to target persons with disabilities, and ii) disability awareness trainings for project staff.

Climate Co-Benefits

47. **Lao PDR is highly susceptible to climate shocks, making climate change adaptation and mitigation an important agenda for the government.** Lao PDR is among the most vulnerable countries in the world to climate change and its impacts, particularly as those impacts affect poor, malnourished, and marginalized communities. Flooding poses a significant threat, with the country ranks sixth in the world in flood risk. Without intervention, the number of people exposed to river flooding is projected to double to over 80,000 by the 2030s.^{29, 30} The project target area experiences frequent flooding, notably the severe flooding nationwide in 2018 and that caused by tropical storm Mulan in 2022. In 2019, Laos enacted the Climate Change Law and Decree and the Law on Disaster Management to guide its climate change and disaster risk management policies. The National Social Protection Strategy (NSPS), aligned with the DRM law, includes an activity to support disaster-affected populations. Activity 4 of the NSPS aims to provide emergency relief services and benefits to victims of disasters, recognizing the need to restore their livelihoods. Nevertheless, there is currently a lack of clear policies and mechanisms to use the social protection system, such as the Social Registry, information systems, and cash transfers to deliver this assistance.

48. **The project aims to reduce climate vulnerabilities and increase climate resilience by mainstreaming climate change adaptation measures in each component (Annex 3).**

- Component 1 will enhance social protection delivery systems, including CCT operational procedures, to be responsive and adaptive to climate shocks and enabling timely support in case of an emergency.
- Components 2 and 3 will enable efficient delivery of CCTs to poor and vulnerable households in areas prone to climate shocks (geographic targeting considers climate risks), avoiding food insecurity and enhancing their climate resilience through enhanced social and behavior change communication in climate change and disaster risk management.
- Component 4 will mainstream climate resilience in nutrition convergence to address climate-induced food insecurity affecting child malnutrition.

Gender

49. **The project will contribute to narrowing the gap among women in urban and rural, rich and poor quintiles, and ethnic groups by promoting the uptake of antenatal care services for mothers as a co-responsibility of the CCT.** There is a significant gap in access to maternal health services among women by geographic location, wealth quintiles, and ethnicity, which contributes to poor maternal health outcomes and child malnutrition. According to the Lao Social Indicator Survey 2017, only 52 percent of pregnant women from the poorest wealth quintile received antenatal care from a qualified health provider compared to 97.3 percent in the wealthiest quintile. Similarly, Chinese-Tibetan mothers were less likely to attend antenatal clinics (44 percent) than Lao-Tai mothers (90 percent) who went to the most antenatal clinic visits during pregnancy.³¹ An increase in antenatal care services is often associated with reduced maternal mortality, which improves maternal health and nutrition for pregnant women and infants. The lack of nutrition knowledge and services during and after pregnancy contributes to worsening the negative health impacts of pregnancies and infant

²⁹ <https://www.nature.com/articles/s41467-022-30727-4>

³⁰ World Bank and Asian Development Bank. 2021. Laos Climate Risk Country Profile.

³¹ Ministry of Health. 2021. Knowledge, Attitude and Practices Study: Midterm Report (unpublished).



development.³² Under component 2, cash transfers will be conditional on the beneficiary's use of health services for pregnant women, such as antenatal visits and attendance at social and behavior change communication sessions on maternal nutrition, antenatal care, care during pregnancy, and other priority health challenges disproportionately affecting women.

50. **The project will address the gender-specific determinants of children's undernutrition related to food consumption diversity, immunization and children's growth monitoring and equity gaps between rich and poor, and ethnolinguistic groups.** Children's lack of food diversity and healthcare shows a disparity between wealth quintiles and ethno-linguistic groups. Seventy-three percent of children 6–23 months from the wealthiest quintile received at least five out of eight food groups compared to 27 percent in the poorest quintile. On average, 56 percent of Lao-Tai children 6–23 months consumed the minimum dietary diversity, while 28 percent of Mon-Khmer children of the same age consumed .³³ Less than 50 percent of children nationwide are appropriately immunized, with 65 percent in affluent families and 32 percent in poor families. According to the KAP survey (2021), children's growth monitoring varies across ethno-linguistic groups; 84 percent of Lao-Tai children under two received growth monitoring compared to 69 percent of Chinese-Tibetan children. The project will (i) incentivize mothers to take their children to health centers for growth monitoring; (ii) encourage mothers to attend SBCC sessions on exclusive breast feeding, complementary feeding, cooking demonstrations, and best use of cash to increase family healthy and diverse food consumption spending; and (iii) ensure that SBCC sessions include male and other household members to secure their buy-in, support mothers, and encourage childcare activities. The enhanced targeting system using integrated beneficiary registry will help ensuring the underserved households are reached.

51. **The Helping Hand program provides an entry point for women grantees and other vulnerable households to learn about financial services and open financial accounts to foster financial inclusion.** Women in rural and isolated areas have low bank account and mobile money account ownership rates. Forty-five percent of rural women own mobile phones compared to 73 percent of rural men, which deprives rural women of the benefits they could reap such as mobile banking.³⁴ According to the Helping Hand beneficiary feedback survey (2021), only 22 percent of beneficiary families (primarily poor households concentrated in rural areas) have a bank account, mobile financial services, or use another financial organization.³⁴ Among households with bank accounts, it is predominantly male household members who have these accounts (71 percent compared to 39 percent among female household members). The low rate of account ownership is reportedly caused by a lack of funds to deposit (78 percent), no nearby payment locations (32 percent), and a lack of financial knowledge (7 percent). The project aims to increase public knowledge of available digital payment methods through recurring visits by payment service providers and to encourage grantees to adopt digital payments. Payment service provider agents will offer support to grantees to open mobile money accounts (e-wallet) via mobile applications. The SBCC sessions will include lessons on financial literacy, including how to open and manage bank accounts and e-wallets and manage monthly income, such as covering costs associated with accessing health and nutrition services. Table 5 in Annex 4 describes the gaps, specific actions, and indicators that will be used to track progress.

C. Project Beneficiaries

52. **The direct beneficiaries of the project are poor pregnant women and children under two years ("first 1,000 days households") living in districts under the program's geographical targeting convergence districts.** The definition of 'poor'

³² Gernand, A. D., Schulze, K. J., Stewart, C. P., West, K. P., & Christian, P. "Micronutrient deficiencies in pregnancy worldwide: health effects and prevention." *Nature Reviews Endocrinology* 12, no. 5 (2016): 274-289.

³³ Lao Statistics Bureau. Lao Social Indicator Survey II 2017, Survey Findings Report. Vientiane, Lao PDR: Lao Statistics Bureau, 2018.

³⁴ Percentage of women and men aged 15–49 years who live in rural areas without road access and who own a mobile phone, Lao PDR. Lao Social Indicator Survey. 2017



refers to those households considered to be under the 50th percentile threshold according to the Social Registry's poverty assessment. The CCT Program will cover approximately 85,000 individual poor pregnant women and child beneficiaries. In terms of the convergent nutrition interventions package, the project will monitor with the child scorecard approximately 6,000 poor households living in targeted areas. Non-poor 1,000 days households in the targeted districts and the public at large will also benefit from mass media and community-wide campaigns, which will be a part of the SBCC campaigns and of the overall Nutrition Convergence program. The Social Registry, which is meant to serve as a multiprogram entry point, covers all districts in the country, accounting for 1,234,314 indirect beneficiary households. Women and ethnic minorities represent the majority of the population in the selected priority districts and are likely to benefit the most from project activities. In addition, other government agencies and development partner's target population will benefit from the expanded use of the social registry by allowing program-administrators to identify them more efficiently and effectively.

D. Results Chain

53. **The constraints this project will address can be summarized in the following three challenges: (i) low uptake of health and nutrition known to contribute to stunting reduction, (ii) low government capacity to coordinate, implement and monitor a multisector intervention, and (iii) limited scope of the recently developed social protection delivery systems (see Figure 1).** Concerning the low uptake of nutrition services, Component 2 and Component 3 activities continue to support and scale up the CCT Program to poor pregnant women and children under two, which incentivizes and actively promotes their participation in four sets of nutrition-specific activities (antenatal care, growth monitoring, immunization, and nutrition-related social and behavior change communication sessions). The uptake of these services leads to improved nutrition behaviors, which, over time and combined with other interventions, address the main determinants of stunting. A critical assumption here is that the health services will be provided in the targeted areas by the Ministry of Health.³⁵

54. **Malnutrition and its manifestation as stunting are a multidimensional problem and addressing them effectively requires a multisector approach.** Component 4 will therefore build government's management capacity at the central, provincial and district levels to address fragmentation and promote convergence of nutrition-specific and nutrition-sensitive interventions at the individual level. These actions will be conducive to ensuring the simultaneous use of a package of nutrition interventions (i.e., convergence approach) by poor and vulnerable households to reduce stunting. The assumption is that nutrition sensitive and nutrition specific interventions from other projects will be co-locating in the same targeted areas (HANSA 2, CLEAR, PRF III, SWSSHP, GPE III LEAP).³⁶

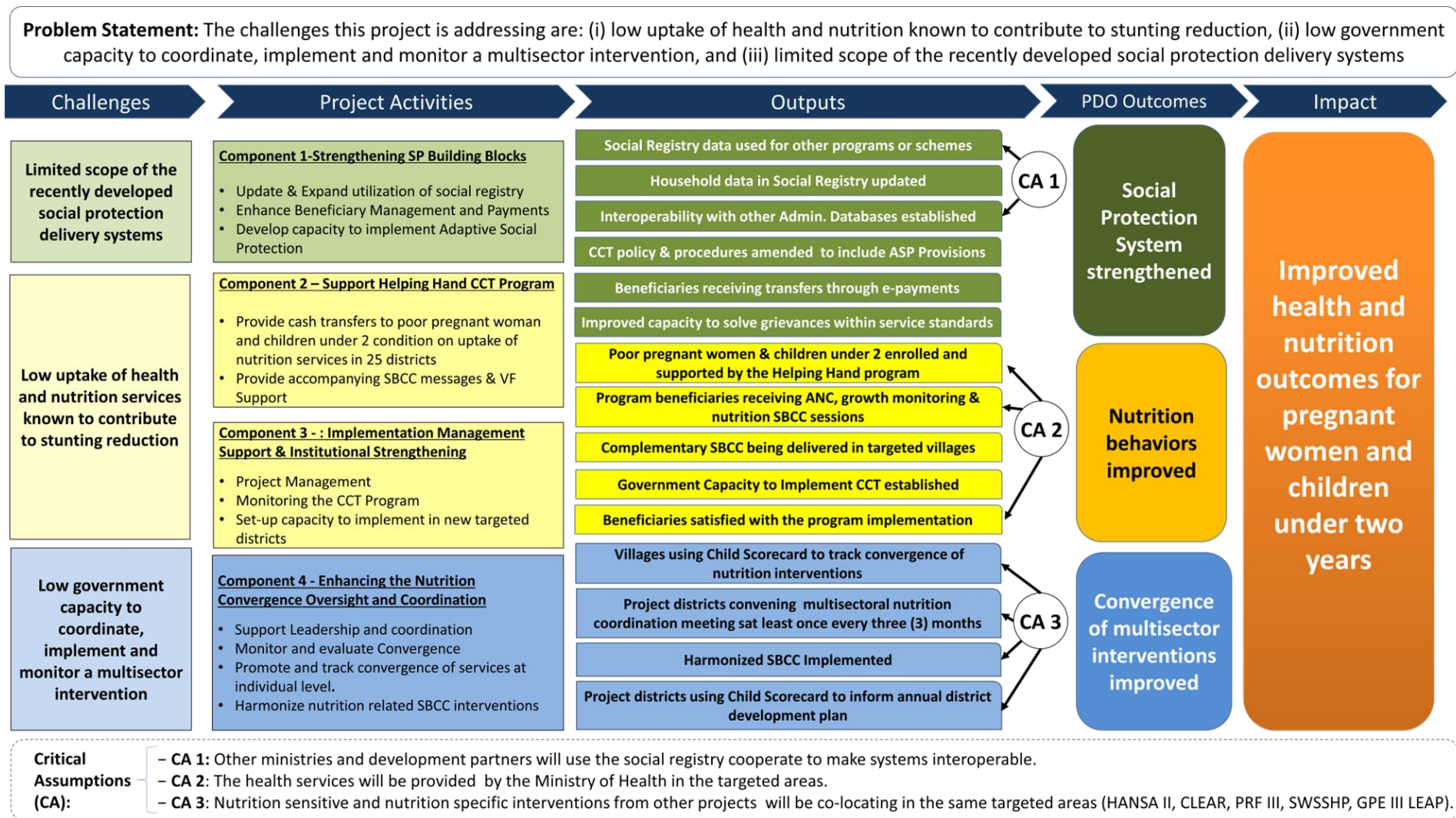
55. **Finally, RRPM II will finance activities to expand the scope of the recently developed delivery systems to optimize their use and promote efficiencies across government.** RRPM developed a Social Registry to identify beneficiaries for the CCT program. Going forward, the aim is for the Social Registry to serve as a government-wide mechanism to identify potential beneficiaries for other programs beyond the CCT. The government-wide uptake of the social registry will allow the government to adopt a common poverty assessment platform to better focus spending and increase operational efficiency by avoiding fragmented data collection by each program. In addition, the project will also

³⁵ HANSA 2 project (P178957, financed under IDA20), currently in parallel preparation process, will finance the provision of these health services in the targeted areas as in RRPM.

³⁶ As described in the sectoral context, both the Lao PDR government and WB are engaged in the nutrition convergence strategy. In addition the second phase has included MPI as an implementing agency, which will use its mandate to coordinate the relevant ministries and investments related to achieve the geographic and beneficiary level convergence.



Figure 1: RRPM Project Results Chain





finance activities that will allow the use of these systems in the event of a shock. This assumes that other ministries and development partners will use the social registry cooperate to make systems interoperable.³⁷

E. Rationale for Bank Involvement and Role of Partners

56. **The World Bank’s value-added in this project centers on its ability to work across sectors to support multisectoral nutrition investments and the development of the building blocks for an effective social protection system.** The World Bank has significant global expertise in key areas of the project, having supported in several countries the creation of global public goods as nutrition-security through investments in social safety net programs and nutrition convergence programs around the world (for example, in Peru, Philippines, Indonesia, Bangladesh, Rwanda, and Ethiopia). The team will continue to draw on the World Bank’s wealth of knowledge and evidence from evaluations of similar past projects that offer lessons for working in low-capacity contexts. The development of a Social Registry and investing in developing adaptive social protection systems are areas in which the World Bank brings extensive experience in multiple regions. These investments enhance the global public good of preparedness and resilience to shocks by building capacity within the Lao PDR government to support households adapt to the challenges posed by climate change.

57. **The Asian Development Bank (ADB) is currently preparing a parallel financing project that will increase the coverage of the RRPM II project.** ADB is preparing this US\$25 million project in coordination with the World Bank, MAF and MPI. This ADB project builds on RRPM’s project design and will expand the coverage of the Helping Hand CCT and nutrition convergence strategy to additional provinces. In addition, both the World Food Program and the Food and Agriculture Organization (FAO) are currently working with MAF to make use of the Social Registry information for their own programs.

F. Lessons Learned and Reflected in the Project Design

58. **Improving nutrition and maternal and infant health outcomes during the early years is essential for human capital building but requires a multisector approach.** There is growing evidence that a multisectoral convergence approach in which coordinated supply side and demand-side interventions across several sectors are jointly targeted at selected geographical areas down to the household level can accelerate improvements in child nutrition outcomes. This approach has been successfully applied in Peru, Brazil, Bangladesh and, more recently, Indonesia. Lessons learned from Lao PDR’s RRPM, in particular the midline impact assessment, shows that such this approach is producing promising results in terms of addressing stunting, wasting, and nutrition behaviors. However, RRPM demonstrated the need to enhance this convergence strategy by improving coordination, management capacity, and accountability across the three levels of government, hence Component 4.

59. **Rigorous evaluations and assessments should inform the expansion of innovative programs.** While basic design should be in place for implementing effective CCT programs, improving their impact requires ongoing assessments and adjustments. Experiences worldwide show that impact assessments, process evaluations, spot-checks, and beneficiary perception surveys are essential M&E activities to enhance program effectiveness. This is particularly important during the first stages of implementation when the program is new to a country. This has been the case with many CCT programs in Latin America, Africa (Tanzania’s PSSN), Europe (Turkey’s Social Risk Mitigation Project; P120643), and East Asia (Philippines’ Pantawid). It is also the case in Lao PDR, where independent and rigorous impact evaluations and process

³⁷ Component 1 will support MAF in promoting its use through intra-government advocacy at the strategic and technical levels. The strategic level will include meetings and workshops that promote the Social Registry and its benefits to the government officials, National Assembly members, and development partners.



assessments have informed the expansion under the proposed operation. The proposed project will continue the necessary assessments at operational and impact levels.

60. **CCTs are an adequate mechanism to support access to services and contribute to changing behaviors among beneficiaries.** Well-implemented and targeted CCT interventions are effective instruments to facilitate access by eligible families to available services and promote adequate mother and infant health and nutrition practices. This has been demonstrated by CCT programs across the globe, including Latin America (Brazil’s Bolsa Familia, Colombia, Mexico’s Oportunidades, and several programs in Central America), Africa (Tanzania), and East Asia (Indonesia, Philippines). Preliminary results from the impact evaluation show similar outcomes in RRPM. Consequently, the Government of Lao PDR and the World Bank have agreed to continue this approach for program expansion following some necessary changes to improve the effectiveness and efficiency of the intervention.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

61. The institutional and implementation arrangements of the RRPM II will follow the overall principles and structure defined and operationalized during the RRPM while introducing some adjustments to strengthen the Nutrition Convergence program and improve the efficiency and effectiveness of the Helping Hand CCT program. Project implementation will be based on a dynamic interaction between the central administration and implementation, verification, and monitoring at district and village levels, supported by provincial authorities. RRPM II will be fully implemented within the framework of the Nutrition Convergence approach and collaboration with projects such as HANSA 2 and CLEAR will be enhanced. Within this framework, the institutional arrangements for the proposed operation depart from the RRPM operation in two ways:

- RRPM II will have two implementing agencies: MAF, which will be responsible for implementing activities to improve social assistance mechanisms (e.g., Social Registry, targeting process) and the operation of the Helping Hand CCT program (components 1, 2 and 3), and MPI, which will be responsible for implementing activities related to and coordination of the Nutrition Convergence approach (component 4). Therefore, in RRPM II, MPI will be a second implementation agency, though disbursements will continue to be through a single Designated Account under MAF. MPI will be involved in the planning and budgeting of the nutrition convergence program, which guides the proposed operation as well as other projects supported by the World Bank and other development partners.
- To reflect the maturity of the Helping Hand CCT program, the roles, size, and operational processes of provincial and district offices have been adjusted. Specifically, there will be no consultant hired for the provincial level in RRPM II (in comparison to having three consultants in RRPM). At the district office, there will be only one coordinator consultant in RRPM II (in comparison to having an accountant and coordinator in RRPM) and 3 to 4 community mobilizing officers (CMOs) depending on the number of beneficiaries in each district. The CMOs will be responsible for the day-to-day field operation of the CCT activities. Government appointed staff from the ministries will lead and complement the works provided by the consultants. The government will assure that the project is properly staffed at the central, provincial, and district levels, based on the functions established in the Operations Manual.

62. The project’s strategic direction and progress will continue to be reported to the National Nutrition Committee. Implementation progress and challenges will be discussed during the annual, biannual, and quarterly coordination forums at national and subnational levels, such as the National Nutrition Forum and Provincial and District Nutrition Committee to course-correct implementation and facilitate cross learning.



B. Results Monitoring and Evaluation Arrangements

63. **The Results Framework indicators for the project will be monitored using a combination of administrative data, citizen feedback surveys, and population survey data.** The CCT management information system (PEDIS) will serve as the main source of administrative data for tracking indicators such as the number of CCT beneficiaries, timeliness of payments, project response to grievances, and attendance at village SBCC sessions. The beneficiary registry will be used to report on the number of interventions received by the target population. This will support the rollout of the Child Scorecard as a key monitoring tool to track the convergence of nutrition services at household level. The spot checks and grievance redress mechanism systems will capture citizen feedback on program implementation. Impact evaluations and KAP survey data will be used to capture household and individual outcomes such as nutrition outcomes, dietary diversity at the child or household level, and the use of essential health and nutrition services.

64. **Administrative data will be used several times a year, in rapid cycles, to inform course correction.** The nutrition convergence module of the MIS will combine the CCT data with other data collected through the Child Scorecard. In collaboration with MPI's Development Research Institute, MAF will house both the nutrition convergence module and the CCT module in the PEDIS. The project will strengthen existing data collection, reporting system, and data-use to improve the timeliness and accuracy of data on outputs. The Child Scorecard data will be discussed at local meetings with the community, service providers, and local government bodies to identify service gaps and implement actions to resolve these. The Scorecard will also inform district planning and monitoring.

65. **The nutrition convergence impact evaluation initiated in RRPM will be continued in RRPM II to assess the impact of the convergence approach and identify the combination of interventions with the greatest impact on nutrition outcomes.** For this purpose, two nutrition convergence impact evaluation surveys and KAP surveys were conducted in 2020 and 2022 and have been used as baseline and midline indicators for most projects. Two additional rounds of household surveys will be undertaken in 2024 and 2026 to measure the long-term impact and sustainability of the program. These surveys will be representative of the 25 selected districts. Surveys will be conducted by an independent firm contracted under the project.

66. **Process monitoring, citizen engagement, and grievance redress mechanisms financed by the project will be enhanced to solicit regular beneficiary feedback.** These will comprise spot checks to track a narrow set of indicators such as timeliness of payments, grievance handling, and participation in community nutrition sessions. Two such surveys will be conducted in the second and fourth year of project implementation. Citizen engagement will be monitored through administrative data on grievances filed and resolved in the PEDIS MIS. Additionally, the two rounds of spot checks will measure beneficiary satisfaction.

C. Sustainability

67. **The proposed project has been prepared to be sustainable from the policy agenda, institutional, and operational, and perspectives.** Although CCTs are likely to require development assistance finance for the foreseeable future, the project will improve the financial efficiency of CCTs and the Bank's macro-fiscal policy dialogue will continue evidence-based advocacy for greater Government spending on targeted social protection.

68. **As for the policy agenda, reducing stunting and extreme poverty is a priority of the government's social policy.** As specified in the 9th National Socioeconomic Development Plan (2021–2025), the government is committed to addressing the causes of chronic malnutrition. From the supply-side perspective, the government has endorsed a sound approach to ensuring the availability of services with specific actions and measurable indicators, taking into consideration



the multiple causes of stunting and the role of stakeholders. From the demand-side perspective, the government is also committed to helping eligible families use maternal and infant health and nutrition services.

69. **From an institutional perspective, the project is sustainable as roles and responsibilities are clear, and the highest level of government shares a common vision.** The interventions proposed by the project are based on existing institutional arrangements, and the project includes substantial technical assistance to enhance capacity. From the nutrition convergence perspective, clear roles and responsibilities have been defined. From the CCT component perspective, existing institutional arrangements under MAF (responsible for the poverty reduction strategy) and subnational roles and responsibilities are being strengthened. Finally, the project will promote the gradual involvement of the Ministry of Labor and Social Welfare as the central agency responsible for social protection policies in the country.

70. **Operationally, the proposed project is designed to develop instruments and mechanisms to allow the government to continue and scale up the supported interventions in the long term.** RRPM and this proposed follow-up project have developed operational tools that equip the government to better plan, design, implement, and monitor key elements of the government's social policy agenda. The Social Registry, together with an efficient payment system and an accurate targeting mechanism, allow the government to scale up the interventions and quickly and effectively respond to shocks.

71. **Fiscal sustainability is an area the project will strengthen.** The average fiscal cost of the proposed project is under 0.03 percent of GDP, which currently will be fully financed by IDA. As an essential part of strengthening fiscal sustainability, RRPM II will begin the transition from project financed consultants to government staff at the central, provincial and district levels, streamlining the administrative costs of the CCT, within existing government functions and expenditure. The World Bank's macro-fiscal and sectoral dialogue will continue to advocate for a gradual increase government's resources in key project activities.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

72. The project's development impact is to improve health and nutrition outcomes for pregnant women and children under two years by increasing access to health and nutrition services, enabling households to access more diverse diets, and encouraging behavior change for optimal nutrition.

73. **Growing evidence shows sustainable gains in nutrition require support beyond the health sector and investing in interventions that address both immediate and underlying causes of malnutrition.**³⁸ The convergence approach, where nutrition-specific and nutrition-sensitive interventions are jointly targeted to vulnerable populations, has proven highly effective in reducing chronic malnutrition (e.g., Brazil, Bangladesh, Peru, Rwanda, Indonesia). Childhood stunting has lifelong consequences, not just for health, but also for human capital and economic development. The cost of undernutrition, represented in losses in earnings, productivity, and healthcare spending, can be significant.³⁹ In Lao PDR, losses due to malnutrition represent on average 2.4 percent of GDP.⁴⁰ Investments in nutrition are highly cost-effective.

³⁸ Levinson, F. James, and Yarlini Balarajan. "Addressing Malnutrition Multisectorally: What have we learned from recent international experience?" UNICEF Nutrition Working Paper. UNICEF and MDG Achievement Fund, New York, August 2013.

³⁹ Studies have estimated losses from 2.4 to 11 percent of GDP. See "Global Economic Losses Attributable to Malnutrition 1900–2000 and Projections to 2050." International Food Policy Research Institute. Report estimates losses at 4 to 11 percent of GDP in Africa and Asia each year.

⁴⁰ Bagriansky, Jack, and Saykham Voladet. "The Economic Consequences of Malnutrition in Lao PDR: A Damage Assessment Report." NERI and UNICEF Working Paper, 2013.



Investments to reduce stunting in 17 high-burden countries show average benefit-cost ratios of between 3.8 and 34.1, with a median of 18.⁴¹

Economic and Financial

74. **Evidence from Lao PDR indicates that the convergence approach supported under RRPM is effective at reducing stunting, demonstrating the relevance and benefits of supporting convergence in RRPM II.** Findings from the impact evaluation show that a coordinated, nutrition-specific, and nutrition-sensitive interventions have a greater and significant impact on stunting than a standalone intervention. The interaction of three interventions (PRF, HANSA, and Helping Hand CCT Program) led to a reduction of stunting by 7.7 percentage points (from 35.6 to 27.9 percent). Wasting for children under two was also reduced by 3.4 percentage points. Some behavioral changes may explain the decrease in stunting. Poor children in convergence villages were more likely to have received health services. These increases in health services use included growth monitoring (an increase of 10.7 percentage points) and the receipt of Vitamin A supplements (an increase of 3.6 percentage points). Child feeding practices also improved. Children aged 6–23 months in treatment areas were 12.7 percentage points more likely to consume foods from four or more recommended food groups than were those in control areas. Significant increases were also seen in the diversity and availability of nutritious food at the household level. The household dietary diversity score increased by 6.6 percentage points, and availability of nutritious foods increased by 7.8 percentage points.

75. **A cost-effectiveness analysis calculates the ratio of the amount of “effect” a program achieves for a given amount of cost incurred or conversely the amount of cost required to achieve a given impact.** Cost-effectiveness analysis, rather than cost-benefit analysis, is preferred, given the focus on one specific outcome (stunting)⁴².

76. **The analysis of the costs and benefits of expanding the CCT under RRPM II suggests that the program is a cost-effective option for reducing malnutrition and other maternal and child indicators.** The cost-effectiveness analysis of the CCT Program, as it was implemented in RRPM, estimates a 0.03 percentage point reduction in stunting per US\$100 spent (or a cost of US\$4,430 per case of child stunting averted).⁴³ The cost-effectiveness of CCTs was modest given the large initial costs of establishing the building blocks for a social protection system. However, the cost-effectiveness analysis estimate for the transfers in RRPM is probably an underestimation of the cost-effectiveness of the program, given that the program’s impact is only measured over two years, but costs are included for goods that can continue to be used over many more years. These estimations do not exclude costs that may overlap with other future programs (i.e., targeting). Other existing and future programs could piggyback onto the Social Registry and information system to identify beneficiaries or to guide policymaking. The CCTs moreover aim to achieve objectives other than reducing malnutrition. Estimates for CCTs in RRPM II suggest greater cost-effectiveness due to the lower administrative cost of implementing the program and an expected higher significant impact on stunting. The government has committed to deploy a more cost-efficient implementation architecture and consolidate the program in the existing convergence districts. As a result, the proportion of administrative to transfer costs (the amount of money transferred to families who have met the program conditions) will improve considerably for this project. Based on RRPM II costs and expected impact, it is possible that CCTs may reduce stunting rates by 0.12 percentage points per US\$100 spent (or cost US\$814 per case of child stunting averted). The estimated improvement in cost-effectiveness of the project supports the investments for improving and scaling up the Helping Hand program.

⁴¹ Hoddinott, J., A. Alderman, J. Behrman, L. Haddad, and S. Horton. "The Economic Rationale for Investing in Stunting Reduction." *Maternal and Child Nutrition* 9, no. 2 (2013): 69–82.

⁴² Cost-effectiveness analysis shows the amount of effect a program achieves on one outcome measure for a given cost, while cost-benefit analysis combines all the different benefits of a program onto one scale (usually a monetary scale) and shows the ratio of combined benefits to cost.

⁴³ This cost-effectiveness analysis estimate does not consider cost of transfers.



77. **The project is aligned with the goals of the Paris Agreement on both mitigation and adaptation.**

- **Assessment and reduction of mitigation risks:** Systems for delivering social protection activities such as developing social registries, databases, online platforms for registration and payments, the expansion of social assistance (i.e., Helping Hand CCT) and strengthening the delivery and monitoring of nutrition convergence are expected to have no impact on GHG emissions, and are thus considered universally aligned. The support for IT infrastructure is considered universally aligned, as the project is not supporting data centers. The minor project office renovations at the central, provincial, and district levels have low mitigation risks, as the existing offices are grid connected and the renovation work will take into account energy efficiency/low GHG emission measures such as the use of energy efficient lighting and materials. Thus, the operation is not at a material risk of having a negative impact on the country's low-GHG emissions development pathway.
- **Assessment and reduction of adaptation risks:** A screening of the project for short- and long-term climate change disaster risks was undertaken using the WB Climate and Disaster Risk Screening Tool, indicating that the project has a moderate risk of climate hazards having a material impact on the operation and its Development Objective. As summarized in the Climate Co-benefit section and Annex 3, Laos is one of the most vulnerable countries in the world to climate change, with the country particularly exposed to flooding. While climate hazards are likely to impact activities related to renovations of existing offices and IT infrastructure financed under this operation, appropriate measures have been incorporated in the project design to reduce the risks from climate hazards to an acceptable level. These design measures include conducting office renovations in a dry season to minimize the risks of heavy rain and flooding and installing a generator and back-up system in the same building as well as in a different location to support the IT infrastructure. In addition, the operations manual of the CCT and relevant training to staff considers the program implementation in the rainy season and emergency operations for disaster response. Social and behavior changing communication activity supports implementation of climate and disaster preparedness at the village-level to enhance their capacity to respond to impacts of climate hazards. As such, risks from climate hazards are not likely to have a material impact on the operation and its development objective and the project is considered aligned.

B. Fiduciary

(i) Financial Management

78. A financial management capacity assessment was conducted to determine whether existing financial management capacity and systems within the existing project management unit in the Department of Rural Development, Ministry of Agriculture and Forestry are acceptable and sufficient to implement the project.⁴⁴ This project is also expanding into three new provinces and districts that have no implementation experience. The main risk identified is weak financial management capacity in new provinces and districts. This increases the likelihood of noncompliance and misuse of funds. Another risk would be delays in financial reporting due to multiple levels of implementing agencies and overstretched staff in the program management unit of the Department of Rural Development and CCT transfers not received by the intended beneficiaries.
79. **The financial management risk is assessed as 'high' due to the nature, complexity, and multiple layers of implementation with weak capacity at different levels.** Financial management risk can be reduced to 'substantial' when the following mitigation measures are put in place:

⁴⁴ In accordance with the World Bank Policy and Directive on Investment Project Financing.



- (i) designate accountants to be placed at provincial and at district level Department of Rural Development offices. Cascade financial management training and hands-on support to provinces and districts by project management unit and provincial financial management staff, respectively. This arrangement works well in the current phase of the project;
 - (ii) use of accounting software to record and report project expenditures at different levels of project implementation. This is currently practiced with project management units and at the provincial level. This will help reduce delays in recording, reporting project receipts and expenditures and producing financial report;
 - (iii) appoint independent and qualified auditors to conduct annual financial audits to ensure that funds are used for intended purposes. The audit will also include an audit of at least 10 percent of CCT grants approved and implemented in a province for a given year to ensure they are implemented in compliance with the processes laid out in the CCT operations manual;
 - (iv) in relation to overall implementation of CCT grants, a compliance verification system is in place and documented in the project operations manual. This is to ensure that cash is only paid out when conditions are met and to mitigate misuse of funds. A third-party payment provider has been contracted under the current project and the same arrangement is expected to be implemented in this phase of the project. Digital payments will be encouraged whenever and wherever possible;
 - (v) periodic spot-checks are performed on a sample CCT payments in target provinces to confirm that payments were received by the intended beneficiaries.
80. A consolidated Interim unaudited financial report shall be prepared on a biannual basis by the Department of Rural Development and submitted to the World Bank no later than 45 days after the end of each period. The project will be audited annually by an independent and qualified audit firm. The audit report and management letter are to be submitted to the World Bank no later than six months after each reporting period. The World Bank will conduct at least two implementation support missions per year to review the adequacy of financial management arrangements. One Designated Account , denominated in US dollars, will be opened at the Bank of Lao PDR to receive advances. Applicable disbursement methods will be advance, reimbursement, direct payment, and special commitment. Disbursement of US\$37 million will be made for eligible project expenditures on goods, works, non-consulting services, consultant services, training, and operating costs under components 1, 2, 3 and 4; cash transfers under component 2 and Contingent Emergency Response. Refer to Annex 1 for more details on financial management and disbursement arrangements.

(ii) Procurement

81. Project procurement will be carried out in accordance with Procurement Regulations for Investment Project Finance Borrowers dated July 1, 2016, revised November 2017, August 2018, and November 2020. Approaches to national markets (request for bids and request for quotations) will be carried out in accordance with the national regulations, including the Lao Law on Public Procurement No. 30/NA, dated September 2023, and its Instruction on Implementation of Law on Public Procurement No. 0477/MOF issued by MOF on 13 February 2019. These regulations will be subject to a few conditions specified in the procurement plan and incorporated into the harmonized bidding documents and request for quotations for procurement of goods and non-consulting services agreed with the World Bank. For procurements in international markets, the World Bank's standard procurement documents will apply. In addition, the World Bank's planning and tracking system, Systematic Tracking of Exchanges in Procurement (STEP), will be used to communicate all procurement requests and information to the World Bank.



82. **Procurement risk is assessed as 'moderate'**. Details of procurement arrangements, together with risk assessment and mitigation measures, are discussed in Annex 1. Because procurement capacity within the implementing agency is still weak, and this weakness is exacerbated by the introduction of a new mandatory contract management module in STEP by the World Bank, it is recommended that the current procurement consultant be retained and supported by a procurement assistant. This will enable Department of Rural Development to carry out procurement activities under the project in a timely manner. In addition, the internal review and approval processes by the implementing agencies will need to be strengthened by specifying realistic timelines for clearances required for each stage of the procurement process in a revised Project Operations Manual. This will bring greater clarity and ensure accountability in the governance of the procurement arrangements. The revised Project Operations Manual will further strengthen other areas, including inspection and documentation of receipt of goods to enhance controls and transparency. Finally, the implementing agency prepared a Project Procurement Strategy for Development (PPSD) to inform fit-for-purpose procurement arrangements in the procurement plan that covers the first 18 months of implementation of the project. The PPSD has been submitted and agreed on with the World Bank alongside the procurement plan before negotiations.

C. Legal Operational Policies

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

D. Environmental and Social

83. **Overall, environmental, and social (ES) risk is classified as 'Moderate'**. The project is expected to have positive environmental and social impacts by improving a social protection system for poor and marginalized communities in the country. The project will finance the integrated beneficiary registry with enhanced targeting mechanisms, some small civil work such as nutrition halls/centers, and delivery of the conditional cash transfer (CCT) program to support specific social groups including pregnant women and/or children among poor and vulnerable households in selected priority target areas. The anticipated environmental and social risks include (i) occupational health and safety of project personnel who are implementing project activities, (ii) Community Health and Safety (CHS) of those involved in project activities and accidents (iii) exclusion of certain prospective beneficiaries from the poorest and vulnerable households including Indigenous People (IP) communities (iv) risks related to labor and working conditions and potential Occupational Health and Safety (OHS) risks; (v) construction induced impacts to people's mobility and access, and (vi) potential Sexual Exploitation and Abuse (SEA) /Sexual Harassment (SH) during the distribution of services and goods to the targeted population. In order to mitigate potential environmental and social risks and impacts, the client has developed, consulted, and disclosed the draft ESF instruments (i) an Environmental and Social Commitment Plan (ESCP) (ii) an Environmental and Social Management Framework (ESMF), (iii) Labor Management Procedure (LMP), and (iv) a Stakeholder Engagement Plan (SEP), including a Grievance Redress Mechanism (GRM) on May 05, 2023. All these documents are publicly disclosed



in-country as well as on the World Bank’s external website on September 07, 2023. The Bank team reviewed the above instruments and found these acceptable.⁴⁵

V. GRIEVANCE REDRESS SERVICES

84. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank’s independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank’s Grievance Redress Service (GRS), visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank’s Accountability Mechanism, visit <https://accountability.worldbank.org>.

VI. KEY RISKS

85. **The overall risk of the project is 'moderate'.** This project builds on the first RRPM project which had a ‘substantial’ residual risk. Given that the measures introduced under RRPM will continue under this follow-up project and that the main aspects of the RRPM operation (as technical design, ICT infrastructure, institutional and implementation arrangements, etc.) have been tested and successfully deployed, the overall risk is deemed as ‘moderate’.

86. **The residual macroeconomic risk is 'high'.** Lao PDR’s public and publicly guaranteed debt has risen to unsustainable levels. The Lao economy has been showing signs that its growth is stagnating due to an unfavorable business environment and lack of infrastructure compared with its neighbors, which was aggravated by the COVID-19 pandemic lockdowns. Poor public debt management has left the government with little fiscal space as they have been forced to decrease spending. Although mitigation measures for the country’s debt management are beyond the scope of the proposed operation, the design of the cash transfer instrument permits adjustments to its parameters in response to inflation or other macroeconomic pressures.

87. **The residual institutional and implementation capacity risks are 'substantial'.** Although the capacity of MAF and MPI to implement the Decree 348/PMT survey, the CCT Program, and the nutrition converge at central, provincial, and district levels have improved, the inherent institutional and implementation capacity risk is still 'substantial'. Capacity at the local and community levels are generally more constrained, not only regarding the need to improve specific CCT processes (e.g., payments, verification of compliance), but especially for effective multisectoral coordination critical for the Nutrition Convergence approach. Local governments in new target areas will require extensive training to build their capacity. Inadequate capacity at local level may delay beneficiary registration, payments, or verification of conditionalities and as a result jeopardize the achievement of the PDO on time. The project includes several mitigation measures, including substantial technical support at central and local level during implementation, and enhancing the capacity of the existing

⁴⁵ The final ESF documents will be disclosed locally at the MAF website and the World Bank’s external website once being adopted by competent authorities.



project implementation unit, which already has extensive experience and certainly will contribute to mitigating institutional and implementation capacity risks.

88. **The residual stakeholder risk is rated as 'substantial'.** The project involves several stakeholders, including government ministries, beneficiary populations, various sector teams within the World Bank, and potentially other development partners. While stakeholders agree on the common objective of stunting reduction, and there have been substantial improvements in coordination and consultation on activities through implementing the RRPM, policy agendas and priorities for achieving that objective may not be the same. As demonstrated by the impact evaluation, coordination among nutrition convergence interventions is essential for improving nutrition outcomes, and the lack of it may delay the achievement of key PDO indicators. Therefore, the residual stakeholder risk is 'substantial'. Stakeholder risks will continue to be mitigated by (i) strengthening the multisectoral approach that will focus on synchronizing supply and demand interventions in the same proposed geographical convergence areas; (ii) continuing coordination of nutrition-related World Bank-supported projects and activities and full involvement of line ministries during project preparation and implementation; and (iii) promoting further collaboration between ministries to the extent possible and specifically with the government's National Plan of Action on Nutrition to encourage greater communication and better performance.

89. **Fiduciary risks are 'substantial'.** The main risk identified is weak financial management capacity of the implementing agency MPI and of the new provinces and districts. Financial management capacity needs to be strengthened to ensure that the project's financial reporting requirements are met. Payment of cash transfers under the current project were mostly made in cash, although options for transferring to mobile money or bank accounts are available. Cash payments are susceptible to risk of loss and delays in completing the advance and payment reconciliation. More robust communications and training for beneficiaries about digital payments will be carried out to help shift more beneficiaries to electronic payments. Procurement activities under the recent phase were conducted with the support of a national procurement consultant. Though the Department of Rural Development's procurement capacity has improved over time, the current capacity is less than needed to handle procurement activities under the second phase. Continuation of the current consultant will be necessary to accelerate procurement activities and strengthen the existing capacity of the Department's procurement staff. In addition, efforts will be made to further streamline internal approval processes and strengthen the inspection and controls functions to promote increased transparency in procurement. Refresher training on financial management, procurement and disbursement requirements of the World Bank will be conducted after a project effectiveness assessment. Detailed mitigation activities to the risks here described have been presented in part "B" of the Appraisal Summary section of this PAD.



VII. RESULTS FRAMEWORK AND MONITORING

PDO Indicators by PDO Outcomes

Baseline	Closing Period
Improve efficiency of the Helping Hand Conditional Cash Transfer Program	
Percentage of CCT beneficiaries receiving cash transfers regularly (Percentage)	
Feb/2023	Dec/2028
80.00	95.00
Improve convergence implementation & tracking of nutrition interventions at the individual level	
Percentage of first 1,000-day households with access to a package of convergent nutrition interventions in targeted districts (Percentage)	
Apr/2023	Dec/2028
0.00	60.00
➤ Number of first 1,000-day households with access to a package of convergent nutrition interventions in targeted districts (Number)	
0	6,000
Improve Nutrition Behaviors of CCT Program Beneficiaries	
Percentage of Children 6 – 23 months from CCT beneficiary household consuming foods from at least 5 out of 8 recommended food groups (Percentage)	
Apr/2023	Dec/2028
36.00	40.00

Intermediate Indicators by Components

Baseline	Closing Period
Component 1: Strengthening Social Protection Building Blocks	
Number of programs and/or projects using information from social registry (Number)	
May/2023	Dec/2028
1.00	3.00
➤ Number of programs, projects or schemes using information from social registry for climate and disaster response projects/programs (Number)	
May/2023	Dec/2028
0.00	1.00
Percentage of households in the CCT implementing area with complete socio-economic information updated no later than 3 years in the social registry (Percentage)	
Apr/2023	Dec/2028



100.00	100.00
Number of databases that are interoperable or integrated with PEDIS MIS (Number)	
Apr/2023	Dec/2028
0.00	2.00
Shock Responsive Modality included in the Helping Hand Operations Manual (Yes/No)	
Apr/2023	Dec/2028
No	Yes
Percentage of CCT-related grievances addressed and/or resolved within the stipulated service standards for response times (Percentage)	
Apr/2023	Dec/2028
78.00	90.00
Percentage of CCT beneficiaries (benefit recipient) who receive cash transfers through bank accounts or e-wallets (Percentage)	
Apr/2023	Dec/2028
4.30	20.00
➤ Percentage of female CCT beneficiaries (benefit recipient) who receive cash transfers through bank accounts or e-wallets (Percentage)	
May/2023	Dec/2028
3.60	20.00
Component 2: Supporting the Implementation of the Nutrition-Sensitive Conditional Cash Transfer Prog	
Beneficiaries of social safety net programs (Number) ^{CR1}	
May/2023	Dec/2028
32000	85000
➤ Beneficiaries of social safety nets programs (persons with disabilities) (Number)	
Aug/2023	Dec/2028
55	140
➤ Beneficiaries of social safety net programs - Female (Number) ^{CR1}	
29000.00	68000
Percentage of CCT beneficiary households who participate in community nutrition sessions at least once per month (Percentage)	
Apr/2023	Dec/2028
80.00	90.00
Percentage of CCT beneficiary children under two years receiving growth monitoring and promotion services according to the standard monitoring schedule (Percentage)	
Apr/2023	Dec/2028
60.00	80.00
Percentage of pregnant women from cash transfer beneficiary households with at least 4 ANC checkups during their pregnancy (Percentage)	
Apr/2023	Dec/2028
80.00	90.00



Percentage of villages where complementary SBCC is being delivered (Percentage)	
Apr/2023	Dec/2028
53.00	90.00
Component 3: Implementation Management Support and Institutional Strengthening	
Percentage of beneficiaries satisfied with program implementation (Percentage)	
Apr/2023	Dec/2028
0.00	90.00
Component: 4: Enhancing the Nutrition Convergence Oversight and Coordination	
Percentage of villages reporting Child Scorecard to track convergence of nutrition interventions (Percentage)	
Apr/2023	Dec/2028
0.00	90.00
Percentage of project districts convening a multi-sectoral nutrition coordination meeting at least once every three (3) months (Percentage)	
Apr/2023	Dec/2028
67.00	90.00
Percentage of project districts using Child Scorecard to inform annual district development plan (Percentage)	
Apr/2023	Dec/2028
0.00	60.00
Component 5: Contingent Emergency Response	



Monitoring & Evaluation Plan: PDO Indicators by PDO Outcomes

Improve efficiency of the Helping Hand Conditional Cash Transfer Program	
Percentage of CCT beneficiaries receiving cash transfers regularly (Percentage)	
Description	This indicator monitors the latest payment every six months Numerator: Number of beneficiaries receiving cash grants according to program cycle. The program cycle shall follow the definition in the CCT Operations Manual. Denominator: Total number of beneficiaries eligible to receive payment.
Frequency	Every 6 months
Data source	RRPM MIS, Poverty Eradication and Development Information System (PEDIS)
Methodology for Data Collection	Data obtained from RRPM MIS, PEDIS
Responsibility for Data Collection	Department of Rural Development, MAF
Improve convergence implementation & tracking of nutrition interventions at the individual level	
Percentage and number of first 1,000-day households with access to a package of convergent nutrition interventions in targeted districts (Percentage)	
Description	For the percentage the numerator: number of 1,000 -day households in targeted districts that have received the complete package of priority nutrition interventions. Denominator: total number of 1,000 day households registered in the Child Scorecard. The sub-incator will use the number of 1,000 -day households in targeted districts that have received the complete package of priority nutrition interventions.
Frequency	Quarterly
Data source	Child Scorecard Module of the RRPM Management Information System, PEDIS
Methodology for Data Collection	Data obtained from the RRPM Management Information System
Responsibility for Data Collection	Development Research Institute, MPI
Improve Nutrition Behaviors of CCT Program Beneficiaries	
Percentage of Children 6 – 23 months from CCT beneficiary households consuming foods from at least 5 out of 8 food groups recommended food groups (Percentage)	
Description	Numerator: Children 6 - 23 months old from cash transfer beneficiary household who have reported to have consumed at least five out of eight recommended food groups during 24 hour preceding the time of the interview. Denominator: Total number of children 6 -23 months old from cash transfer beneficiary households.
Frequency	Every two years
Data source	Impact Evaluation Rounds
Methodology for Data Collection	Household Survey on nutrition knowledge, attitude and practice
Responsibility for Data Collection	Survey Firm contracted by the Development Research Institute, MPI

Monitoring & Evaluation Plan: Intermediate Results Indicators by Components

Component 1: Strengthening Social Protection Building Blocks	
Number of programs and/or projects using information from social registry (Number)	
Description	Number of government, International Organization or NGO programs or schemes, making use of the social registry data to plan implementation or identify potential areas and/or beneficiaries of their projects/programs.
Frequency	Every 6 months
Data source	Official Letters and/or MoUs signed with interested Line Ministries, international agencies or NGO's
Methodology for Data Collection	Reported in the 6 month report
Responsibility for Data Collection	Department of Rural Development, MAF



Number of programs, projects or schemes using information from social registry for climate and disaster response projects/programs (Number)	
Description	Number of Shock- responsive government, International Organization or NGO programs, project or schemes, making use of the social registry data to plan implementation or identify potential and affected beneficiaries.
Frequency	Every 6 months
Data source	MoUs signed with interested Line Ministries, international agencies or NGOs
Methodology for Data Collection	Reported in the 6 month report
Responsibility for Data Collection	Department of Rural Development, MAF
Percentage of households in the CCT implementing area with complete socio-economic information updated no later than 3 years in the social registry (Percentage)	
Description	Numerator: The number of households living in the CCT implementing areas, whose latest socio-economic information was validated and/or updated within the last 3 years from the indicator reporting time. Denominator: Estimated number of households living in the CCT implementing areas. The CCT implementing area means that the villages that has at least one CCT beneficiary at time of the indicator reporting.
Frequency	Bi-Annual
Data source	Social Registry Module RRPM MIS, PEDIS
Methodology for Data Collection	PEDIS/Social registry will record the latest update date of each household. MAF is responsible to aggregate the information.
Responsibility for Data Collection	Department of Rural Development, MAF
Number of databases that are interoperable or integrated with PEDIS MIS (Number)	
Description	The number of government and/or non-government management information system that is integrated or interoperable with the PEDIS that manages information on Social Registry and Integrated Beneficiary Registry including CCT registry. Interoperable means that two or more systems can share data in a secure manner (e.g., through API, using online data sharing platform).
Frequency	Bi-annual
Data source	MOUs signed by MAF and interested Ministry
Methodology for Data Collection	MAF will report this in the 6 month report
Responsibility for Data Collection	Department of Rural Development, MAF
Shock Responsive Modality included in the Helping Hand Operations Manual (Yes/No)	
Description	The Helping Hand Program operations manual which was developed under the RRPM does not include specific operational procedures in case of an emergency including natural disasters. The indicator can meet the target, when the operations manual is updated to include standardized operational procedures (SOPs) for an emergency – guiding potentially modified process on enrollment, compliance monitoring, grievance redressal and payment during and after an emergency.
Frequency	Bi-annual
Data source	Helping Hand Operations Manual
Methodology for Data Collection	The MAF update the manual and request NOL from the WB. Once the WB share the NOL, the status can be changed to 'yes'.
Responsibility for Data Collection	Department of Rural Development, MAF
Percentage of CCT-related grievances addressed and/or resolved within the stipulated service standards for response times (Percentage)	
Description	Numerator: Total number of grievance cases from the CCT Program beneficiaries addressed in accordance to established protocol defined in the CCT operations manual. Denominator: Total number of grievance cases received from the CCT Program beneficiaries .
Frequency	Quarterly
Data source	PEDIS (Program MIS)
Methodology for Data Collection	GRM Module of program MIS



Responsibility for Data Collection	Department of Rural Development, MAF
Percentage of CCT beneficiaries (benefit recipient) who receive cash transfers through bank accounts or e-wallets (Percentage)	
Description	Numerator: Number of CCT benefit recipients (grantees) who receive program benefits through digital means (i.e. transfer to beneficiary account, e-wallet, debit or cash card). Denominator: Total number of CCT benefit recipients (grantees).
Frequency	Every 6 months
Data source	PEDIS (Program MIS)
Methodology for Data Collection	Administrative Data in PEDIS
Responsibility for Data Collection	Department of Rural Development, MAF
Percentage of female CCT beneficiaries (benefit recipient) who receive cash transfers through bank accounts or e-wallets (Percentage)	
Description	Numerator: Number of female CCT benefit recipients (grantees) who receive program benefits through digital means (i.e. transfer to beneficiary account, e-wallet, debit or cash card). Denominator: Total number of female CCT benefit recipients.
Frequency	Every 6 months
Data source	PEDIS (Program MIS)
Methodology for Data Collection	Administrative Data in PEDIS
Responsibility for Data Collection	Department of Rural Development, MAF
Component 2: Support to the Helping Hand Conditional Cash Transfer Program	
Beneficiaries of social safety net programs (Number) ^{CR1}	
Description	Cumulative number of individuals that have been enrolled and received at least one transfer in the CCT program.
Frequency	Quarterly
Data source	RRPM Management Information System, PEDIS
Methodology for Data Collection	Number to be extracted from PEDIS based on enrolled number of beneficiaries in the program, cumulative
Responsibility for Data Collection	Department of Rural Development, MAF
Beneficiaries of social safety nets programs (persons with disabilities) (Number)	
Description	Cumulative number of individuals with at least one disability that have been enrolled and received at least one transfer in the CCT program.
Frequency	Quarterly
Data source	RRPM Management Information System, PEDIS
Methodology for Data Collection	Number to be extracted from PEDIS based on enrolled number of beneficiaries in the program, cumulative
Responsibility for Data Collection	Department of Rural Development, MAF
Beneficiaries of social safety net programs - Female (Number) ^{CR1}	
Description	Cumulative number of female individuals that have been enrolled and received at least one transfer in the CCT program.
Frequency	Quarterly
Data source	RRPM Management Information System, PEDIS
Methodology for Data Collection	Number to be extracted from PEDIS based on enrolled number of beneficiaries in the program, cumulative
Responsibility for Data Collection	Department of Rural Development, MAF
Percentage of CCT beneficiary households who participate in community nutrition sessions at least once per month (Percentage)	
Description	Numerator: Number of beneficiaries (individuals) who attend the monthly community nutrition sessions at least once per month. Denominator: Total number of beneficiaries.



Frequency	Every 6 months
Data source	RRPM MIS, PEDIS
Methodology for Data Collection	Reported from MIS numbers
Responsibility for Data Collection	Department of Rural Development, MAF
Percentage of CCT beneficiary children under two years receiving growth monitoring and promotion services according to the standard monitoring schedule (Percentage)	
Description	Numerator: Number of CCT beneficiary children under two years of age whose growth has been measured (that is, weight and height) and results plotted in their growth chart/pink book as per MOH growth monitoring and promotion procedures and schedule. Denominator: Total number of CCT beneficiary children under two years of age.
Frequency	Every 6 months
Data source	RRPM MIS, PEDIS
Methodology for Data Collection	Reported from MIS numbers
Responsibility for Data Collection	Department of Rural Development, MAF
Percentage of pregnant women from cash transfer beneficiary households with at least 4 ANC checkups during their pregnancy (Percentage)	
Description	Numerator: Number of CCT pregnant women who had at least 4 ANC visits (at health facilities or during health outreach sessions conducted by health staff). Denominator: Total number of CCT pregnant women.
Frequency	Every 6 months
Data source	RRPM MIS, PEDIS
Methodology for Data Collection	Reported from MIS numbers
Responsibility for Data Collection	Department of Rural Development, MAF
Percentage of villages where complementary SBCC is being delivered (Percentage)	
Description	Numerator: Number of villages where complementary SBCC is being delivered. Denominator: Total number of targeted villages (targeted areas).
Frequency	Every 6 months
Data source	6 month report
Methodology for Data Collection	Reported in the SBCC section of the 6 month report by the Communications Specialist and verified against spot checks results
Responsibility for Data Collection	Department of Rural Development, MAF
Component 3: Implementation Management Support and Institutional Strengthening	
Percentage of beneficiaries satisfied with program implementation (Percentage)	
Description	Numerator: Number of CCT beneficiaries responding to the beneficiary survey that they are satisfied with the program implementation. Denominator: Total number of beneficiaries responding to the beneficiary survey under the project.
Frequency	Annually
Data source	Spot-Checks surveys
Methodology for Data Collection	Spot Checks Survey
Responsibility for Data Collection	Firm contracted by Department of Rural Development, MAF
Component 4: Enhancing the Nutrition Convergence Oversight and Coordination	
Percentage of villages reporting Child Scorecard to track convergence of nutrition interventions (Percentage)	
Description	Numerator: Number of villages implementing the Child Score Card. Denominator: Total number of targeted villages (targeted areas).
Frequency	Quarterly
Data source	RRPM MIS, PEDIS, Child Scorecard Module



Methodology for Data Collection	Numbers obtained from RRPM MIS, Child Scorecard Module
Responsibility for Data Collection	Development Research Institute, MPI
Percentage of project districts convening a multi-sectoral nutrition coordination meeting at least once every three (3) months (Percentage)	
Description	This indicator will measure the functionality of oversight and coordination mechanism. Numerator: number of districts convening a multi-sectoral nutrition coordination meeting at least once every three (3) months, Denominator: Total number of targeted districts (targeted areas).
Frequency	Every 6 Months
Data source	6 month report
Methodology for Data Collection	District Reports collected by the Development Research Institute, MPI
Responsibility for Data Collection	Department of International Cooperation, MPI
Percentage of project districts using Child Scorecard to inform annual district development plan (Percentage)	
Description	The indicator will measure the use of CSC data to inform planning process as measure for accountability. Enumerator: number of districts using Child Scorecard to inform annual district development plan. Denominator: total number of targeted districts (targeted areas).
Frequency	Every 6 Months
Data source	6 month report
Methodology for Data Collection	Information gathered by MPI through regular monitoring of district level convergence activities
Responsibility for Data Collection	Department of International Cooperation, MPI
Component 5: Contingency Emergency Response Component	



ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Lao People's Democratic Republic
Reducing Rural Poverty and Malnutrition Project II (RRPM II)

1. Implementation Arrangements

(i) Project Institutional and Implementation Arrangements

Implementation Arrangements for Components 1, 2, and 3

1. MAF will be responsible for implementing the activities related to strengthening the social assistance system (component 1) as well as the consolidation and expansion of the CCT Program Helping Hand and associated activities, including the operation of the project management unit (PMU) under MAF (components 2 and 4).

2. The reasoning to keep MAF responsible for components 1, 2, and 3 is based on their mandate for rural development and poverty reduction, as well as their experience and tools developed during RRPM. The arrangements developed during RRPM were designed to scale up the CCT Program, improve coordination with the Nutrition Convergence program, and enhance social programs and services planning. These arrangements include the targeting system, Social Registry rollout, payment mechanisms, and monitoring processes.

3. As in other CCT programs, during the initial phases of the CCT program, setup and administrative costs are high but expected to decrease over time as the implementing agency gains experience and streamlines processes. Under RRPM II, adjustments will be made to improve program efficiency, expand coverage, and support the poorest and most vulnerable, while enhancing the Nutrition Convergence approach. Although implementing the CCT Program will be structured within the country's three administrative divisions (central, provincial, and district), the proposed project will support streamlining program implementation through the adjustments described in the next two sections.

Central Level

4. At the central level of government, implementing the program will be maintained under DRD, MAF and supported by the PMU, which has been functioning since the beginning of the RRPM. The PMU will continue to be responsible for day-to-day implementation, including overseeing fiduciary aspects, promptly producing a list of beneficiaries in each payment cycle, and providing technical assistance to subnational levels. As defined in RRPM, payment of cash benefits will be contracted out by MAF to one or more payment agents, wherever feasible, considering factors such as distance to the payment provider for the majority of beneficiaries in any particular location and cost. If a village is too far from a payment provider, the payment provider must arrange for delivery of cash.

5. During the entire implementation period, the PMU will maintain a national project coordinator, a deputy coordinator, and specialists in the areas of management information systems, cash transfer management, M&E, IT communication and outreach, procurement, financial management, and Environmental and Social Framework, complemented by a small team of administrative and technical support staff. PMU operation and efficiency will be improved by these measures: (i) standardization of compensation for both specialist and administrative support in line with other PMUs in the Lao PDR, and (ii) spending reviews to adjust costs and activities that are less relevant as the



program has been consolidated (e.g., number of vehicles and drivers, number of assistants) which will be reflected in the project operational manual.

Subnational Level

6. At the subnational level, implementing the project will be streamlined to gain efficiencies based on the experience achieved by RRPM. Three main changes in the implementation arrangements are expected to improve the efficiency of the program.

- The main function of the provincial level through provincial authorities will be supporting districts and villages to implement the project. Because direct implementation is based on strong teams at district and village levels, there will not be any consultant hired at this level. Based on the experience of RRPM and the refocused responsibilities of provincial teams, two staff will be needed at the provincial level. The first will combine the functions of provincial coordinator and IT support, and a second will serve as provincial accountant. MAF will be responsible for formally assigning these functions to a provincial government staff, based on agreed criteria, informing the World Bank of the name, profile, and position of the assigned personnel.
- As in the RRPM, direct implementation will be the responsibility of district teams focused on coordinating and supporting the activities of community mobilizers and village facilitators. Under RRPM II two changes will be made to streamline program implementation at the district and village level. First, district offices will be strengthened, focused on coordinating the work of community mobilizers, and supported by the provincial office as necessary. Second, following international best practices, the caseload of community mobilizers will be reviewed and adjusted to optimize the support they provide to beneficiaries. Therefore, MAF will maintain during the entire implementation period the following staff in each of the districts in which the project is supporting the implementation of the Helping Hand program: a coordinator/IT support specialist, a government staff assigned to financial management function (district accountant), and the number of community mobilizers based on agreed criteria. This will be included in the project Operations Manual.
- Monitoring and verifying compliance with conditionalities will also be strengthened to ensure that the program can authorize payments and pay cash benefits every two months. Following international best practices, the proposed project will gradually move toward a service provider-based compliance verification approach, under which district-level health staff would take a more active role in certifying beneficiaries' compliance with health conditionalities. This approach is more efficient and will ensure that information is provided by the primary source, which is the health service provider.

Implementation Arrangements for Component 4

7. The Department of International Cooperation (DIC) of the MPI will be responsible for implementing component 4, which is focused on consolidating the Nutrition Convergence approach. Given the importance of this approach and the role of the proposed operation in further strengthening it, the proposed project will enhance MPI's capacity building and accountability. MPI will be responsible for the overall coordination of programs and operations within the Nutrition Convergence program, in collaboration with the NNC. Following the structure defined during RRPM, MPI will closely collaborate with MAF for the overall planning, coordination, and M&E of nutrition-specific and nutrition-sensitive activities across the different ministries. MPI will be the main driver and responsible for the development, implementation, and monitoring of the Child Scorecard and, in coordination with MAF, the Scorecard design and its



corresponding IT modules. District Nutrition Committees chaired by the district vice governor and comprising deputy district directors of health, agriculture, and education will review the monthly progress of each convergence intervention, identify the causes of potential issues and delays in service delivery, take actions that can be discussed at the local level, and report other issues that need the intervention of higher levels of administration.

8. As the MPI will be the central agency responsible for the overall coordination and monitoring of the nutrition convergence interventions, MPI will work closely with MAF, MOH, and other implementing partners, including the Laos Women’s Union for SBCC mapping and harmonization of materials and key messages and delivery at village level. Coordination with MOH will be crucial in ensuring quality provision of essential health and nutrition services to maximize the impact of the demand-side interventions supported by this project. The Laos Women’s Union was instrumental in delivering behavior change communication to local communities.

9. MPI will also work closely with the National Nutrition Secretariat to share the strategic direction, progress, and results of the nutrition convergence projects with the NNC and widely share them at the National Nutrition Forum and other nutrition events. Semi-annual progress will also be reported to the Provincial Nutrition Committee and District Nutrition Committee. MPI will lead the organization and define the discussion and coordination issues to be addressed at the annual, biannual, and quarterly meetings at national and subnational levels.

10. Within MPI, the team responsible for implementing activities under component 4 will be in the Department of International Cooperation (DIC) and the Development Research Institute (DRI). The project team will be comprised of the Nutrition Convergence coordinator, SBCC consultant, financial analyst, administrative assistant, M&E advisor and M&E analyst. Fiduciary and ESF responsibilities will be the responsibility of the DIC. As described in the procurement section, procurement activities for MPI will be carried out by a national procurement consultant housed in the DRD PMU.

(ii) Financial Management

Organization and Staffing

11. DRD, MAF is the lead implementing agency for components 1,2 and 3. Under the current project (P162565), a PMU is established within DRD, MAF and is fully staffed. An FM team comprising an FM consultant and two assistant accountants is part of the PMU. FM systems including Financial Management Manual (FMM) are in place. FM performance of the project had been Moderately Satisfactory throughout the implementation. Staff and consultants had gained experience; however, they seem to be overstretched as the project implementation intensified. Reporting of expenditure paid from the designated account was not carried out regularly as required and project sub-ledgers are often not up to date. Moreover, due to capacity of some provinces, PMU still has to enter accounting transactions on their behalf. This adds more to the workload. It is recommended that an assistant accountant be recruited to support the PMU in ensuring that project expenditure is entered to the software in a timely manner to enable timely reporting of funds from the designated account as well as preparing the project’s financial report. With the expansion of CCT to two new provinces and districts, accountants and assistant accountants will be required to support FM work district offices. The government will designate local accounting staff at provincial and district levels within one month of the project becoming effective and training provided by the PMU.

12. DIC, MPI is the lead implementing agency for component 4. DIC has been implementing activities of a component in the predecessor RRPM project. The FM capacity is limited to managing operating a bank account and reporting



expenditure back to PMU for consolidation. The FM work is being carried out with the support of an accountant due to lack of FM capacity at DIC. Moreover, FM procedures follow that already established by PMU, DRD. The FM implementation arrangement will remain the same as in the previous phase for MPI. An accountant will be hired to provide support to the MPI team.

Budgeting and Planning

13. A budget shall be prepared for each component annually and cover the period of the GoL fiscal year (January to December) and in accordance with the approved annual work plan. The FMM describes the process and timing for the preparation and approval of the annual budget following a similar process stated in the State Budget Law. PMU/DRD will be responsible for consolidating budget for all components. The project annual budgets will be submitted by PMU/DRD and DIC for the World Bank's review and no objection. To ensure timeliness of the approval of the annual budget and availability of funds, the annual budgets are to be submitted to the Bank no later than November 30 of each year.

Accounting Policies and Procedures

14. Cash basis of accounting will be used by the project to prepare financial statements. ACCPAC accounting software currently used at the PMU/DRD will continue to be used to record transactions and produce project financial reports. Field offices will also use the same software to record transactions and to enable automatic download of financial data. The existing FM Manual currently used at PMU/DRD for RRPM is acceptable for use under RRPM II.

Financial Reporting

15. The project will follow the GoL fiscal year (January to December). A consolidated Interim unaudited Financial Reports (IFR) will be prepared by PMU/DRD to report on receipts and expenditure for all components. The IFR will cover the period of six (semester) months and will be due for submission within 45 days of the end of each semester ends. The IFRs will follow a format agreed with the World Bank and report the sources and uses of funds by project components/activities including fund balances. Variance analysis between actual and budgeted expenditure will be performed and reported as part of the IFR. PMU/DRD, MAF will be responsible for preparing consolidated IFR and annual financial statements for audit.

Audit Arrangements

16. The project will be subject to an annual audit by qualified auditors to be recruited on behalf of the project by PMU/DRD with TOR acceptable to the World Bank. The audit will cover expenditure incurred at all levels including transfer of grants to beneficiaries. The audit report, together with management letters, will be submitted to the World Bank no later than six months of each fiscal year-end. Audited financial statements and audit opinion will also be subject to disclosure in accordance with the World Bank Policy on Access to Information. In addition to annual audit, spot-checks will also be performed on a sample basis to ensure that funds reached the intended beneficiaries.

(iii) Disbursement

Funds Flow and Disbursement Arrangements

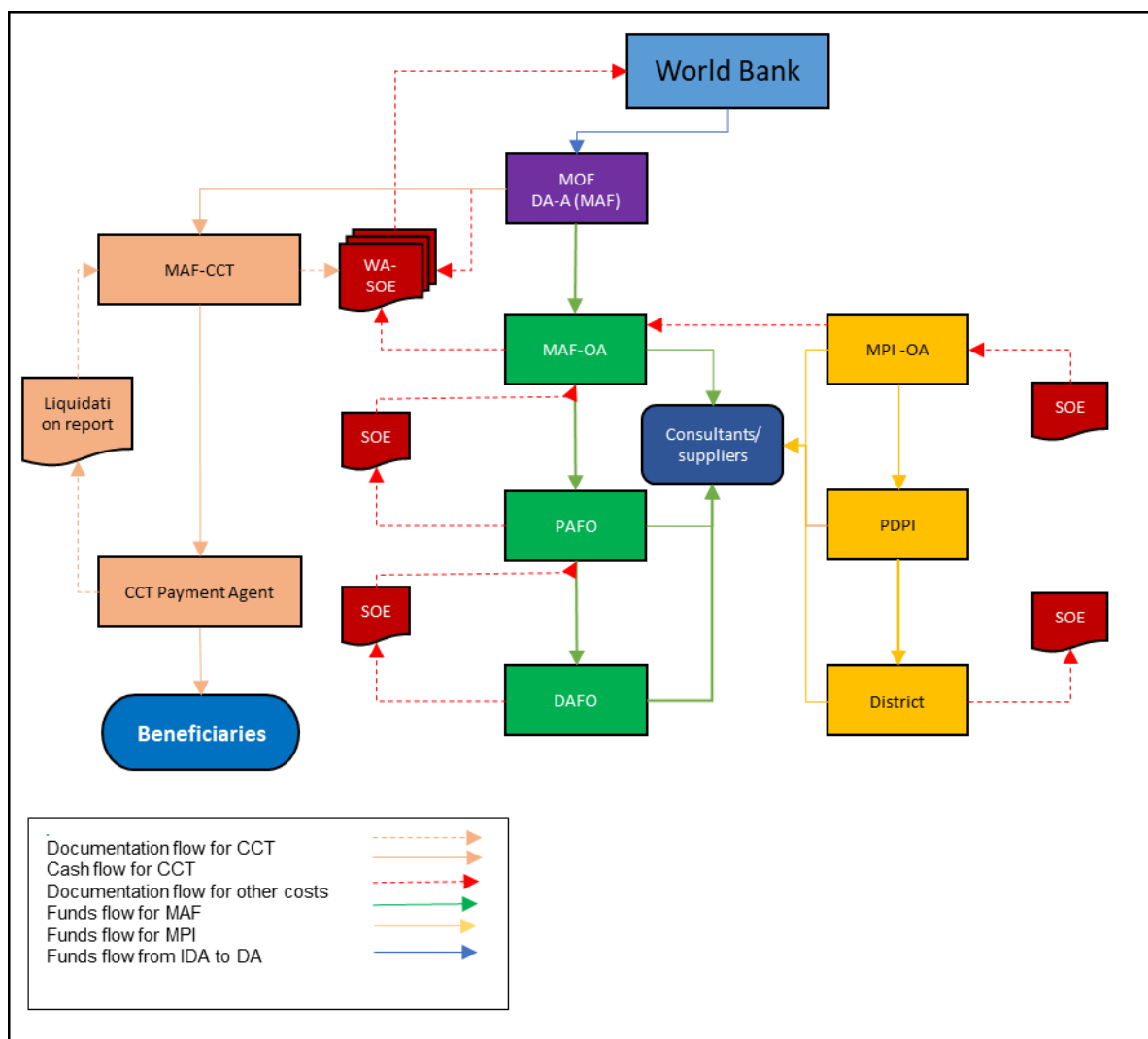


17. A Designated Account (DA) denominated in US Dollars will be opened at the Bank of Lao (BOL), managed by the National Treasury, Ministry of Finance (MOF). IDA funds will flow to this DA. PMU/DRD will be responsible for arranging payments from and replenishment of funds into the DA. The DA will have variable ceiling based on the approved six-month forecast. Applicable disbursement methods will include: (a) advance; (b) reimbursement; (c) direct payment; and (d) special commitment. Minimum value for application for direct payment, reimbursement and special commitment will be US\$100,000. Reporting of expenditure paid from the DAs will be based on submission of the statement of expenditure (SOE) and reporting on a quarterly basis (every three months). Disbursements of both financing (Credit and shorter maturity loan) will be made against 3 disbursement categories: (i) goods, works, non-consulting services, consultant's services, training and workshops, and operating costs, (ii) Cash transfers under Component 2 and (iii) Emergency Expenditures.
18. The following funds flow arrangement is proposed:
- (a) For cash transfer to beneficiaries under component 2.1, this follows the arrangement of the RRPM project. The Treasury will transfer funds from the DA to a bank account opened for CCT at the commercial bank. Once the requirements for each CCT transfer are met, PMU/DRD will transfer from the CCT bank account to a trust account, opened specifically for the purposes of CCT payment, of the third-party payment provider to carry out the cash transfer. The third-party payment provider will then provide liquidation reports that the funds were transferred to the rightful beneficiary.
 - (b) The PMU/DRD will open a project operating account to facilitate smoother day-to-day operations and for emergency situations. This will be opened at a commercial bank with a ceiling of US\$250,000. Replenishment from DA to operating account shall be made monthly or when the balance reaches 20 percent of the ceiling. The funds will be downloaded to PAFOs and DAFOs based on the quarterly budget and expenditure reported on a monthly basis. The amount transferred to the provincial and district operating account will be considered as advance payment.
 - (c) DIC, MPI will also open a project operating account to facilitate day-to-day implementation. This will be opened at a commercial bank with a ceiling of US\$ 130,000. Transfers to provincial and district levels will also be based on quarterly plan and considered as advance to be reported to DIC on a monthly basis.
 - (d) To the extent possible, funds from IDA Credit 74310-LA (Credit B) shall be exhausted first. Once Credit B is fully disbursed, the Recipient will disburse Credit A. For each Application for withdrawal, the recipient shall specify the source of the Association's financing (i.e., 74300-LA or IDA 74310-LA).
 - (e) Disbursement for component 5: Contingent Emergency Response. No withdrawal shall be made under component 5 until the government has: (a) declared that a crisis or emergency has occurred, and the WB has agreed with the determination; (b) prepared and disclosed all safeguards instruments required for activities under component 5 of the Project, if any, and the government has implemented actions which are required to be taken under said instruments; (c) established adequate implementation arrangements, including a positive list of goods and/or specific works and services required for emergency recovery, satisfactory to the IDA, including staff and resources for the purposes of said activities; and (d) has prepared and adopted the CERC manual acceptable to IDA, so as to be appropriate for the inclusion and implementation of activities under component 5. A Contingency Emergency Response Implementation Plan (CERIP) will be developed in accordance with the CERC manual prior to the release of any funds under component 5. Disbursements would be made either against a positive list of critical goods and/or against the procurement of works, and consultant services required to support the immediate response and recovery needs of GoL. All expenditures under this component, should it be triggered, will be in accordance with Bank Policy on Investment Project Financing and will be



appraised, reviewed, and found to be acceptable to the Bank before any disbursement is made. All supporting documents for reimbursement of such expenditures will be verified by the PMU/DRD, certifying that the expenditures were incurred for the intended purpose and to enable a fast recovery following the crisis or emergency before the withdrawal application is submitted to the Bank. This verification would be sent to the Bank together with the application.

Figure 2. RRPM Fund Flow



(f) The project will have a Disbursement Deadline Date (final date on which the IDA will accept applications for withdrawal from the Recipient or documentation on the use of Credit proceeds already advanced by the IDA) of four months after the Closing Date of the project. This “Grace Period” is granted in order to permit the orderly project completion and closure of the Credit account via the submission of applications and supporting documentation for expenditures incurred on or before the Closing Date. Expenditures incurred between the Closing Date and the Disbursement Deadline Date are not eligible for disbursement. All documentation for expenditure forwarded to IDA for disbursements will be retained and be made available to the external auditors for their annual audit, and to the IDA and its representatives if requested. In the event that auditors or the IDA



implementation support missions find that disbursements made were not justified by the supporting documentation or are ineligible, the IDA may, at its discretion, require the Recipient to: (a) refund an equivalent amount to the IDA; or (b) exceptionally, provide substitute documentation evidencing other eligible expenditures.

- (g) In the event that auditors or the IDA implementation support missions find that disbursements made were not justified by the supporting documentation or are ineligible, the IDA may, at its discretion, require the Recipient to: (a) refund an equivalent amount to the IDA; or (b) exceptionally, provide substitute documentation evidencing other eligible expenditures.

(iv) Procurement

19. Procurement capacity and risk assessment. Procurement activities under the current project were conducted with the support of a national Procurement Consultant. Though DRD's procurement capacity has improved over time, the current capacity seems inadequate to solely handle procurement activities under RRPM II. Continuation by the current consultant will be necessary to accelerate procurement activities as well as strengthen the existing capacity of DRD's procurement staff. A procurement capacity and risk assessment of the DRD and MPI conducted by the World Bank identified the following procurement risks: (a) lack of adequate DRD and MPI staff and staff who has experience with World Bank Procurement Regulations that may lead to delays and noncompliance, (b) lengthy internal procurement review and approval process; (c) governance risks associated with conflict of interest and transparency. To mitigate the risks, the following actions are recommended:

- a. A full-time national procurement consultant to be continued working with RRPM II to provide procurement support and further build capacity within DRD and MPI.
- b. To ensure that capacity is built and sustained within DRD and MPI, they will assign at least one government staff each to be assigned as the procurement officer to work full time alongside the consultant.
- c. The POM from RRPM will be updated to clearly define roles and responsibilities and strengthen the coordination arrangements between the DRD, MPI and other implementing units to ensure well-coordinated implementation.
- d. All procurement notices will be posted on the websites of MAF, MPI and of the Procurement and Price Monitoring Division of MOF.

20. Considering the proposed mitigation measures, the residual procurement risk is **Moderate**.

21. Procurement strategy and procurement approach. DRD has prepared a Project Procurement Strategy for Development (PPSD) for the RRPM and has been updated for RRPM II, and the document will be available in separate project files and uploaded in STEP. The PPSD presents how procurement activities will support PDOs of the project and deliver the best value for money under a risk-based approach. In addition, the PPSD includes the rationales for procurement decisions, including selection of the approach to market and procurement methods. The PPSD and the Procurement Plan of the project shall be regularly updated as appropriate during project implementation.

22. The PPSD has identified the selection of the consulting firm to establish data interoperability, and to support MIS enhancement (US\$500,000), as the major procurement activity of potential interest to the international market. The PPSD analysis recommends that most of small consulting services would be carried out by national consulting firms, and national approach is considered as appropriate using the Consultants' Qualifications Selection (CQS)



method. For major procurement activities above (over US\$300,000), Quality and Cost Based Selection (QCBS) or Quality Based Selection (QBS) will be used. For contracts with individuals for some positions that do not require international experience and for which there are individuals with the qualifications and experience in the national market, national approach would be used. The international market approach would be considered for contracts that need international experience, in which case hiring international consultants would be beneficial for project implementation.

23. Other main procurement activities are the procurement of social registry, integrated beneficiary registries, CCT MIS and ICT equipment (US\$400,000) and the payment agent for cash transfer (US\$315,000). The PPSD shows that there are sufficient potential suppliers/service providers in the country with the capacity to supply this type of goods/services. Therefore, it proposes to use Request for Bids method for contracts costing US\$600,000 and above, the national market approach for contracts between US\$100,000 and US\$600,000, and the request for quotations method with a national market approach for contracts less than US\$100,000.
24. Procurement Plan. Based on the PPSD, an initial Procurement Plan covering the first 18 months of project implementation has been developed by the Borrower and reviewed by the World Bank. The initial Procurement Plan will be uploaded in STEP and a copy is available in a separate project document. The plan will be updated at least annually, or as needed, to reflect the current status of implementation of each procurement activity/contract, or to modify/delete, or add activities/ contracts. Updates of the Procurement Plan will be submitted through STEP to the World Bank for its review and approval before implementation. Contracts below the prior-review thresholds as captured in the approved Procurement Plan shall be subject to post review by the World Bank on an annual basis, in accordance with the procedures set forth in the Procurement Regulations. The sampling rate of post review is at least 10 percent of the total World Bank-financed contracts awarded that have not been subject to prior review by the World Bank.
25. The project will be implemented following the Project Operations Manual (POM) which will be developed and adopted before project effectiveness. The POM will lay out the project's overall implementation arrangements, operating, fiduciary and decision-making procedures and its results monitoring arrangements. The POM will set the framework of rules based on which DRD and MPI will manage the project according to the World Bank regulations for FM and procurement. The POM will also include written job descriptions that clearly define responsibilities, lines of supervision, and limits of authority. The POM will be revised throughout the life of the project as necessary.

2. Strategy and Approach for implementation support

26. The innovative approach of the operation and engagement with actors will continue to need intensive implementation support, particularly for nutrition convergence and strengthening of social protection delivery systems beyond CCTs. The implementation support proposed focuses on implementing risk mitigation measures as outlined below:
 - **Implementation capacity and coordination.** The core team will closely collaborate with the project implementation team to ensure effective design and scaling up of the Social Registry, beneficiary registry interoperability, CCT Program, and nutrition convergence. As this will be the first time for MPI to be the implementing agency of the nutrition convergence, significant effort will need to be placed in strengthening the implementation capacity of the project implementation unit.



- **Nutrition convergence:** Nutrition convergence includes closer coordination with other convergence projects, including CLEAR, HANSA, SWSSHP, and GPE III projects. With dedicated support from a nutrition convergence specialist, the core team member will ensure smooth coordination among the projects to address child malnutrition.
- **Adaptive social protection and social protection delivery system strengthening.** RRPM II component 1 requires the project to maintain close collaboration with agencies not involved in RRPM. Specifically, collaboration with the Ministry of Home Affairs and other agencies to promote the use of the Social Registry and strengthening data interoperability, and with the Ministry of Labour and Social Welfare to ensure the program and systems are well-aligned with the country's protection policy and future social protection operations. The DRM specialist will be a core team member to facilitate this work.
- **Monitoring and evaluation.** The function of M&E will continue to be significant for the project and the overall Nutrition Convergence approach and therefore requires specialized support. The M&E specialist will be a core team member and work across the other World Bank nutrition convergence operations.
- **Financial management.** During implementation support, the World Bank's financial management specialist will support the implementing agencies (and ad hoc training) and routinely review the project's management capacity, including but not limited to accounting, reporting, and internal controls, to ensure they are satisfactory to the World Bank.
- **Procurement.** The World Bank's procurement specialist will work closely with the implementing agencies to build capacity and support them in their routine procurement activities.

3. Implementation support plan and resource requirements

27. Key World Bank team members involved in implementation support will be based in at World Bank Headquarters in Washington D.C. and World Bank Country Offices in Bangkok, Tokyo and Vientiane to ensure timely, efficient, and effective implementation support. The core team is expected to conduct two formal implementation support missions annually. In addition, the team may conduct technical missions to provide needed technical guidance and advisory services during project implementation. Detailed inputs from the World Bank team are outlined below:

- **Technical inputs.** (i) technical experts and professionals to support the elaboration of terms of reference (consultant and non-consultant services), (ii) field visits to follow implementation of the planned operational enhancements, (iii) technical assistance to the system components, and (iv) the organization of technical workshops to share best practices and support the evaluation agenda.
- **Fiduciary requirements.** During preparation, the World Bank team identified capacity building needs to strengthen financial management capacity and improve procurement management in the context of World Bank operations. Support will be provided from the World Bank Country Office in Lao PDR. Formal implementation support and procurement support missions will be carried out semi-annually, while World Bank prior reviews for contracts will be carried out in accordance with the provision of the procurement plan.
- **Environmental and Social Framework.** During implementation, the environment and social specialists will closely monitor project implementation to ensure full inclusiveness of Indigenous Peoples and women.

**Table 2. Required Project Supervision and Overall Nutrition Convergence Monitoring and Evaluation**

Skills need	Staff weeks	Comments
Senior Economist/Task Team Leader	30	Senior Economist will oversee entire operation, supervise technical and fiduciary aspects, and ensure effective coordination of the overall project implementation.
Senior Nutrition Specialists/Task Team Leader	30	Senior Nutrition Specialists will oversee entire operation, supervise technical and fiduciary aspects, and ensure effective coordination of the overall nutrition convergence approach.
Social Protection Specialist (local ETC)	32	Social Protection Specialist will provide overall implementation support for the project and coordinate with the projects involved in social protection and convergence approach.
Social Protection convergence specialist (local consultant)	32	Social Protection Specialist will provide overall implementation support for the project and coordinate with the projects involved in social protection and convergence approach.
Lead Economist	10	Lead Economist will give guidance to the overall project operation and implementation.
Social Protection/Disaster risk management specialist	10	Social Protection/Disaster risk management specialist will provide overall implementation support to the adaptive social protection.
Senior Social Protection Specialist (consultant)	10	Senior Social Protection Specialist will provide overall implementation support to the social protection system agenda.
Nutrition Convergence Specialist (local)	10	Nutrition Convergence Specialist will provide overall implementation support for the project and coordinate with the projects involved in the convergence approach.
Senior FM Specialist	5	Senior FM Specialist will support the implementing agencies on related issues.
Senior Procurement Specialist	5	Senior Procurement Specialist will support the implementing agencies on related issues.
Senior Environment Specialist	2	Senior Environment Specialist will ensure effective environmental compliance into project design and implementation.
Senior Social Specialist	2	Senior social Specialist will ensure effective inclusion of indigenous peoples and women into project design and implementation.
PMT Specialist (consultant)	6	Senior system specialist will be responsible for the TA to the social registry and PMT formula.
Senior IT Specialist (consultant)	6	Senior IT Specialist will be responsible for the TA to the design and implementation for the information systems.
Senior Economist	5	Senior Economist will provide implementation guidance for the setup of the targeting system and the impact evaluation agenda of the project.
Communication Specialist (local consultant)	4	The communication Specialist will support the team in the improvement and implementation of a communication strategy at central and provincial/district/village levels. The Communication Specialist will work in close collaboration with other teams involved in the nutrition convergence approach, providing SBCC.



ANNEX 2: Nutrition Convergence Program

1. In 2018 the World Bank developed a multi-sectoral, multi-phase long-term Nutrition Convergence strategy to support the government in operationalizing the National Plan of Action on Nutrition (NPAN) 2021–2025 to reduce under-5 stunting from 33 percent to an ambitious target of 25 percent by 2025. The goal of the overall approach was to optimize the synergy across existing and future World Bank operational and technical assistance (TA) commitments to accelerate stunting reduction. While good progress was observed in Phase 1 of the World Bank strategy in terms of improved service coverage and strengthened delivery system, the measured impact on outcome has been mostly limited to mitigating the effect of COVID-19 pandemic and rising inflation. Phase 2 will focus on consolidating the priority interventions in targeted areas and strengthening the institutions to enhance oversight and accountability for results.

2. In Phase 2, six operations will continue to be co-located mainly in 25 priority districts: 12 in the existing four Northern provinces (Xieng Khouang, Houaphan, Phongsaly, and Oudomxay) and 13 expansion districts in three Southern provinces (Savannakhet, Saravanh, and Sekong). RRPM II and HANSA 2 will be rolled out in the same areas (25 districts) and will overlap in 10 out of 14 covered by CLEAR. In the four Northern provinces, all 454 convergence villages will eventually receive three interventions (RRPM II, PRFIII, and HANSA 2). Implementation of the SWSSHP will also start in 450 villages, of which 229 villages overlap with the PRFIII Project and achieve full convergence (RRPM II, PRFIII, HANSA 2, WASH). The specific projects in phase 2 and its coverage and scope of activities are outlined in Table 3.

Table 3: World Bank Nutrition Convergence Interventions in Phase 2

Project	Objective	Geographic Coverage	Relevant Interventions
RRPM II (USD 37 million 2023-2028)	To strengthen the social protection system and enhance the convergence of multisectoral interventions at household levels	25 districts in 7 provinces, 1665 villages	Strengthen coordination at sub-national level; ensure convergence at household level; strengthen monitoring system and data use; improve SP delivery system
HANSA 2 (USD 58 million 2024-2029)	To increase supply and utilization of essential maternal and child health and nutrition services	25 districts in 7 provinces, 1665 villages	Enhance focus on quality of services; strengthened integrated service delivery through people-centered approach
CLEAR (USD 44 million 2023-2027)	To improve rural livelihoods and consumption of diverse foods for targeted vulnerable communities	14 districts in 4 northern provinces and 3 southern provinces, 450 villages	Strengthen livelihoods and nutrition activities; adapts activities to village type.
PRF III AF (USD 22.5 million 2020-2025)	To improve access to basic services, increased production and consumption of diverse food	12 districts in 4 northern provinces, 465 villages	Complement World Bank nutrition convergence; expands livelihoods and nutrition focus
SWSSHP (USD 25 million) (2019-2025)	To provide access to improved water supply, sanitation and hygiene services and strengthen capacity of select institutions to improve service delivery.	12 districts in 4 northern provinces, 450 villages	Support and promote the use of improved sanitation facilities and handwashing station; construct toilets and handwashing facilities in health centers and schools; SBCC to promote handwashing with soap.
GPE III LEAP (USD 30 million) (2021-2026)	To improve learning outcomes in primary grades in target districts and strengthen teacher and system performance.	22 Districts in 7 provinces overlapped with Nutrition Convergence areas	Support the development of play-based content and activities, including promotion of appropriate WASH behaviors, for children 3-5 years of age in Early Childhood Education centers setting.

3. The World Bank will closely monitor and evaluate the implementation of this multisectoral Nutrition Convergence approach. Informed by lessons learned from Phase 1 and experiences from Indonesia and Rwanda, a



comprehensive nutrition convergence M&E Plan will be developed in Phase 2 to: (i) ensure the convergence of nutrition interventions at the individual level; (ii) strengthen the use of monitoring data to inform course correction and facilitate learning; and (iii) measure the impact of the convergence approach. Four main tools will be used: (i) Knowledge, Attitude and Practice (KAP) surveys; (ii) Child Scorecard; (iii) citizen feedback surveys; and (iv) administrative data (integrated MIS). A robust data-use plan will be implemented to ensure that monitoring data is optimally used to improve implementation through continuous course correction and enhance feedback loops to the community for strengthening accountability.

- **The KAP Survey.** The KAP survey will be conducted in two rounds (2024 and 2026) to collect results monitoring indicators data, including project development objective level indicator on diet diversity and feeding practices. The selection of indicators and implementation will be coordinated with other Nutrition Convergence projects as the survey will provide relevant monitoring data for other projects as well (i.e. CLEAR, HANSA, PRF). The main funding will be shared between RRPM II and HANSA 2 with possible top-up from other projects.
- **Child Scorecard.** The Child Scorecard will track convergence of individual access to a package of priority nutrition services at individual level. MPI and MAF will be in charge with data collection. The Scorecard will be administered quarterly in all project areas. Community Mobilizers and Village Facilitators will be responsible for data collection and facilitating the use of data for decision-making. The Scorecard will include a set of high impact interventions selected from the NPAN 2021–2025 and relevant projects Results Framework. The use of CSC to inform the implementation on the ground and close the feedback loop with beneficiaries will leverage existing community platforms supported by other projects (i.e., CLEAR, PRF).
- **Citizen feedback surveys.** The surveys will combine elements of Iterative Beneficiary Monitoring (IBM) survey and Village Scorecard implemented in Phase 1. It will capture continuous feedback from program beneficiaries about the challenges and adequacy of delivery mechanisms for the interventions. It will be done using quick, small and targeted surveys that track a narrow set of indicators and can be implemented in relatively short time. It will also be used for process monitoring by including targeted questions on satisfaction with implementation arrangements and whether processes are being followed.
- **Administrative data.** The MIS data will also be used for monitoring program outputs, supplying some inputs, and program take-up. This includes both the sector-wide and project-specific administrative data and MIS.

Evaluation of Convergence Approach

4. **For Phase 2 convergence areas, evaluation will focus on the impact of RRPM and HANSA interventions, while CLEAR interventions will be included where possible.** Two rounds of impact evaluation surveys will be conducted in 2024 and 2026 (conducted along with KAP survey). Evaluation will be carried out to measure the impact of a bundle of HANSA and RRPM interventions and a bundle of HANSA, RRPM and CLEAR interventions which was not possible in Phase 1 due to the existence of HANSA interventions in all convergence villages before the other projects started. Assuming that Lao PDR economic conditions will return to normal, Phase 2 evaluation will likely be able to assess the positive impact of program interventions on nutrition rather than the mitigation impact as in Phase 1.



ANNEX 3: Climate Co-Benefits Analysis

1. The project contributes to climate Co-Benefits. Laos is one of the most vulnerable countries in the world to climate change and associated shocks, that disproportionately affect poor, malnourished, and marginalized communities. While Laos is exposed and vulnerable to various climate shocks, the country is especially exposed to flooding (see Table 4). The country is ranked 6th in the world as the most exposed to flood risk, and without action, the population annually exposed to river flooding is projected to double to over 80,000 people by the 2030s.46,47 The project target area has been affected by flooding. In the monsoon season of 2022 alone, Tropical storm Mulan caused heavy flooding in Houaphane and Savanakhet among others, affecting 10,131 households (42,550 people);48 Heavy rainfall associated with the monsoon season caused flooding, landslides, and associated disruptions across the northern parts of Laos including Houaphanh, Oudomxay, and Phongsaly provinces.49 The impacts of these climate shocks are likely to fall disproportionately on the poor households in rural remote areas who often lack access to the government social protection.

Table 4: INFORM Index 2019 (0-10)

Flood	Drought	Vulnerability	Lack of coping strategy	Overall inform risk level	Country rank (among 191)
9.1 [4.5]	3.3 [1.7]	4.0 [3.6]	5.8 [4.5]	4.5 [3.8]	69

* Global average scores are shown in brackets.

Source: World Bank and Asian Development Bank, 2021, Laos Climate Risk Country Profile

2. Climate change and natural disasters further increase the vulnerability of the population, particularly for those living in rural areas including the project target areas. There is strong evidence that climate change affects food quality (diversity, nutrient density, and safety) and food prices, negatively impacting childhood stunting and micronutrient deficiencies by reducing overall calorie consumption and healthy food consumption.50 Poor health and undernutrition will then further reduce households' resilience and adaptive capacity to climatic shocks. Climate change shocks in Laos can result in a range of negative consequences, such as increased temperatures, greater occurrence of extreme weather events including floods and droughts, disruption of water sources, increased frequency and intensity of disease and pest infestations, and decreased crop yields. These risks can have a detrimental impact on the economy, human health, and the environment in the area. In particular, the effects on local farming communities could be serious, with crop production and yields being severely affected.

3. The project targeted provinces, supported by both CCT (component 2) and nutrition convergence (component 4) were identified, in consideration of their climate risks. According to the Lao PDR National Climate Change Vulnerability Assessment (UN-HABITAT), the target provinces/districts have the following disaster risks:

1. Phongsaly is vulnerable to climate change related hazards, especially droughts affect 34 per cent of the villages. Nhot ou district, which will be added from Phase 2, is the most vulnerable district in the province.
2. Oudomxai is highly exposed to climate change hazard, as over half of the population reported that they were hit by drought in 2019.
3. In Houaphanh, droughts are main hazard, while target districts of Huameuang and Viengxay are also highly

46 https://www.nature.com/articles/s41467-022-30727-4

47 World Bank and Asian Development Bank, 2021, Laos Climate Risk Country Profile

48 https://reliefweb.int/disaster/fl-2022-000292-lao

49 https://crisis24.garda.com/alerts/2022/08/laos-disruptions-due-to-flooding-are-ongoing-across-northern-parts-of-the-country-as-of-aug-30



affected by floods and landslides.

4. In **Xiengkhuang**, the target district of Kham is affected by multiple hazards, such as floods, storms, and landslides, while others (Nonghed and Phoukoud districts) are prone to drought and flood, respectively.
5. In **Savannakhet**, Sepone district, which is added in Phase 2, is one of the most vulnerable districts, as it is exposed to floods, droughts, storms, and landslides. The other district, Nong, is exposed to floods and storms.
6. **Saravanh** is prone to climate shocks with nearly a quarter of its population being affected by floods.
7. **Sekong** is highly impacted by climate change related hazards, with floods and landslides being the main threat. Two target districts (Kaleumm and Dakcheung) are at high risks of floods, storms, and landslides.

4. **The Government of Lao PDR considers climate change adaptation and mitigation as a key policy priority, but it is not yet fully mainstreamed in the Social Protection sector.** The Climate Change Law and Decree as well as the Law on Disaster Management were all enacted in 2019, guiding the country’s climate change and disaster risk management (DRM) policy. Aligned with the DRM law, the National Social Protection Strategy (NSPS) includes a measure to support disaster-affected population, but actual support to be provided and delivery mechanisms are still unclear. NSPS Activity 4 is to “Provide services and benefits to victims of natural and man-made disasters”, recognizing the needs to provide relief emergency services and benefits to victims of disasters to restore their livelihoods. However, there is no clear policy and mechanisms to use the social protection system (e.g., social registry, information system, cash transfers) to deliver these assistances, and thus the strategy also highlights developing and revising relevant legislation on the services to disaster affected population.

5. **The project aims to reduce Lao PDR’s climate vulnerabilities and increase climate resilience, by mainstreaming climate change adaptation measures in each component (Table 5).** Activities under the project, including conditional cash transfers (safety net), and social protection system strengthening are considered as universally aligned with the Paris Agreement. The project does not have negative impacts on the country’s low Greenhouse Gas (GHG)-emissions development pathway.

Table 5: RRPM II Contribution to Climate Co-Benefits

Climate Change Risk	Climate-linked Project Activities	Contribution to Climate Change Adaptation and Mitigation
No policy to support disaster-affected populations using social protection systems (e.g., Social Registry, cash transfers). Difficult to identify and deliver support to populations vulnerable and exposed to climate risks and disasters.	<p>Component 1</p> <p>Social Registry</p> <ul style="list-style-type: none"> • Enhancing the Social Registry for climate shock response (e.g., exploring a link with early warning systems and disaster risk management data). • Energy efficiency will be considered for the Social Registry computer servers. <p>Beneficiary management and payment</p> <ul style="list-style-type: none"> • Enhancing the beneficiary registry, MIS, and payment systems to be used for climate shock responses (e.g., exploring a link with early warning systems and disaster risk management data). • Energy efficiency will be considered for servers of MIS. <p>Adaptive Social Protection</p> <ul style="list-style-type: none"> • Developing a policy and operations manual for CCT to be used for disaster risk management. • Promoting institutional coordination between agencies for shock response during climate-induced disasters. 	<ul style="list-style-type: none"> • Facilitate the identification of disaster-affected populations in the emergency programs in the event of climate-induced disasters. • Facilitate timely support to affected populations after future disasters.
CCT beneficiaries (poor households) are vulnerable to climate change and associated shocks. Some beneficiaries were affected by recent flooding which would	<p>Component 2</p> <ul style="list-style-type: none"> • Geographically targeted areas of CCT considers climate vulnerability as discussed in the main text. • Providing cash grants to CCT beneficiaries to ensure food security, deal with climate shocks, and strengthen their climate resilience. • CCT beneficiaries participate in social, and behavior change 	<ul style="list-style-type: none"> • Ensure food security and avoid malnutrition of children during climate shocks. • Avoid negative coping strategies during and after climate shocks.



Climate Change Risk	Climate-linked Project Activities	Contribution to Climate Change Adaptation and Mitigation
increase food insecurity among poor and vulnerable.	<p>communication (SBCC) sessions on disaster and climate shocks to receive cash (one of the conditionalities).</p> <ul style="list-style-type: none"> • With an enhanced operations manual supported under subcomponent 1-3, CCT transfers could also provide additional income to manage climate change impacts such as crop failures, water contamination, infectious diseases, or other socioeconomic shocks, helping reduce health and malnutrition risks. 	<ul style="list-style-type: none"> • Facilitate beneficiaries' continuous investments in climate change adaptation and mitigation. • Opportunity for a savings stream for climate-vulnerable populations.
Limited knowledge of climate change among households in target areas.	<p>Component 3</p> <ul style="list-style-type: none"> • Strengthening delivery of SBCC, including the climate change/disaster risk management module, food diversification module; and financial literacy module (that intends to increase the long-term financial resilience of beneficiaries to shocks) • Other activities (Project management, monitoring of CCT, and establishing capacity for expansion) would be prorated to Component 1 and 2. 	<ul style="list-style-type: none"> • Building climate resilience of beneficiary households by increased awareness and responsibility of households in climate change mitigation and adaptation
Food insecurity due to climate change and associated shocks raise concerns around the nutrition outcomes of young children.	<p>Component 4</p> <ul style="list-style-type: none"> • Geographically targeted areas of nutrition convergence (same as CCT) consider climate vulnerability as discussed in the main text. <p>Leadership and Coordination</p> <ul style="list-style-type: none"> • The project will help include the climate aspects in the nutrition convergence implementation guidelines at all levels (national, province, district, and village). <p>Promote and track convergence of services at the individual level.</p> <ul style="list-style-type: none"> • The Child Scorecard will include tracking SBCC interventions that include modules on climate change awareness. The Scorecard includes food security-related interventions (i.e. homestead food production). <p>Harmonized nutrition-related SBCC interventions</p> <ul style="list-style-type: none"> • As part of the SBCC harmonization and coordination of the delivery platform, the SBCC modules will include key messages on the abovementioned areas (risk of climate shock, food security). <p>Convergence monitoring and evaluation.</p> <ul style="list-style-type: none"> • The survey collects food security and climate shock relevant data. • The survey collects GPS codes and can geographically overlay these with hazard data for climate vulnerability analysis. <p><i>Local Level Integrated planning and budgeting</i></p> <ul style="list-style-type: none"> • Annual sectoral planning and budgeting will provide climate-related interventions and capacity-building activities. 	<ul style="list-style-type: none"> • Ensure food security and avoid malnutrition of children during climate shocks. • Nutrition convergence implementation guidelines include climate aspects. • Better monitoring of food security among vulnerable households and children. • Enhanced communication on climate shock and food security to vulnerable households and children. • Evidence building on the relationships between climate shocks, food security, poverty, and nutrition outcomes.



ANNEX 4: Gender

1. Violence against women and children is a major challenge in Laos with an estimated 15 percent of women suffering physical and sexual intimate partner violence (IPV).⁵¹ Based on EAPGIL research, the percentage was higher during COVID, it was estimated to be approximately over 20% for the violence in community against IP. According to the Laotian National Commission for Advancement of Women, financial stress is one of the root causes of IPV.⁵² Having access to cash can lessen argument over tight family budget and improved emotional wellbeing. A mixed-method review of cash transfer programs and IPV in low- and middle-income countries showed in 70 percent of cases, there was a reduction of IPV, 8 percent mixed impacts, and 22 percent no impact.⁵³ Impacts ranged from 11 percent to 66 percent reduction in IPV outcomes, with stronger impacts from cash transfers on reduction of physical and sexual violence. The review found that cash transfer program plus complimentary activities like SBCC is more likely to decrease IPV by empowering women through increased knowledge leading to increased self-esteem, social interaction, and social capital. Therefore, the social and behavior change communication (SBCC) sessions will include gender-based violence (GBV) as a topic to prevent and minimize the risks of IPV and GBV that may occur among the program beneficiaries. SBCC sessions will provide guidance to women about who to report to if they or someone they know is a victim of GBV (victim can report to e.g., village head, village Lao Women's Union, and village organization). SBCC will also include women's empowerment to inform women of their rights and encourage them to engage in decision-making within their households. The project will invite men, other household members, and the whole community to join the SBCC sessions, not limited to female beneficiaries. Additionally, a grievance redress mechanism (GRM) has been established and made available for program beneficiaries to report any concerns or problems including GBV. The project will add GBV as one of grievance categories.

2. Given the low incidence of bank account ownership, particularly among CCT grantees, it will be crucial for the project to make efforts to support and encourage grantees to open a bank or mobile money account. Financial inclusion, especially digital, can create new economic opportunities for beneficiaries, especially women.⁵⁴ When money flows digitally into a woman's account, she can benefit from the convenience and safety. Digital financial services such as mobile money allows owners to receive, store and spend safely and affordably for everyday needs, plan for emergencies, and make productive investments for the future, such as health, education, and other necessities.⁵⁵

4. Table 6 describes the gender gaps identified, the specific actions to narrow these gaps, and indicators that will be used to track their progress.

⁵¹ Lao National Survey on Women's Health and Life Experiences. 2014.

⁵² The Laotian National Commission for Advancement of Women. 2015

⁵³ Buller, Ana Maria, Amber Peterman, Meghna Ranganathan, Alexandra Bleile, Melissa Hidrobo, and Lori Heise. "A Mixed-method Review of Cash Transfers and Intimate Partner Violence in Low- and Middle-income Countries." Innocenti Working Paper 2018–02. United Nations Children's Fund Office of Research, Innocenti, Florence, 2018.

⁵⁴ Klapper, L, Ansar, S, Hess, J, and Singer, D. Sub-Saharan Africa Series: How Digital Solutions Can Bolster Women's Financial Inclusion in Sub-Saharan Africa. 2019. Development Research Group, The World Bank.

⁵⁵ The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19. World Bank.



Table 6: Gender Analysis, Actions, and Indicators

Gender Analysis	Specific Actions	Indicators
Lower uptake of antenatal care among poor and non-Lao-Tai women and women living in rural areas.	<ul style="list-style-type: none"> • Incentivize pregnant women in the cash transfer beneficiary households to access antenatal services to fulfill co-responsibilities of the CCT. • Provide key messages on nutrition, antenatal care, maternal nutrition, and other priority health challenges during monthly village SBCC sessions and incentivize participants to attend these sessions as a condition to receive the cash transfer. 	<p>Percentage of pregnant women from cash transfer beneficiary households with at least 4 antenatal checkups during their pregnancy Baseline = 80% Target = 90%</p>
Lower food diversity and growth monitoring among poor and non-Lao-Tai children.	<ul style="list-style-type: none"> • Incentivize families with children under 2 years to take the children for growth monitoring as recommended by the Ministry of Health to receive the cash transfer. • Provide key messages to mother and family members (e.g., father) from the cash transfer beneficiary households during the SBCC sessions provided by HANSA and RRPM projects to increase knowledge in appropriate nutrition intake for children. 	<p>Percentage of CCT beneficiary children under two years receiving growth monitoring and promotion services according to the standard monitoring schedule Baseline = 60% Target = 80%</p> <p>Percentage of Children 6–23 months from cash transfer beneficiary households consuming foods from at least 5 out of 8 recommended food groups. Baseline = 36% Target = 40%</p>
Lower electronic transaction account ownership among women in rural areas compared to men.	<ul style="list-style-type: none"> • Make cash transfers through digital payments (where feasible) or directly to accounts. • Provide support to women beneficiaries to open mobile money accounts (e-wallet) for example, training on how to use mobile money accounts. • Provide training on financial literacy and women’s empowerment to women beneficiaries through SBCC sessions to teach them how to manage their money and independently make decisions on family expenditures. 	<p>Percentage of CCT beneficiaries (benefit recipients) who receive cash transfers through bank accounts or e-wallets. Baseline = 4.3% Target = 20%</p> <p>Percentage of female CCT beneficiaries (benefit recipients) who receive cash transfers through bank accounts or e-wallets. Baseline = 3.6% Target = 20%</p>



ANNEX 5: Environmental and Social Risk Management

- Overall, environmental and social (ES) risk is classified as Moderate.** The project is expected to have positive environmental and social impacts by improving a social protection system for poor and marginalized communities in the country. The project will finance the integrated beneficiary registry with enhanced targeting mechanisms, some small civil work such as nutrition halls/centers, and delivery of the conditional cash transfer (CCT) program to support specific social groups, including pregnant women and/or children among poor and vulnerable households in selected priority target areas.
- The project applies the Bank's Environmental and Social Framework (ESF), and the potential risks and impacts are assessed accordingly.
- The environmental risks of the project are classified as Low.** Environmental risk and impact are mainly expected from minor renovation civil works to be funded by the project, occupational health and safety of project personnel who are implementing the project's activities, and Community Health and Safety (CHS) of those involved in project activities and accidents. Risks from these types of small civil works may include injuries from falling objects or from other construction activities, impacts from noise, vibration and dust generated from office renovation activities, community health and safety risks due to improper collection, transportation, and disposal of the construction waste, and accident caused by transportation of construction materials etc. However, these risks and impacts are mostly small, temporary, site specific, and can be mitigated through proper integration of ES management measures into the activity design and ensure that the ES measures are properly implemented by those involved in the civil works. In addition, the project will mobilize few local staff including young graduate students (called village facilitators or VFs) and other relevant professional staff to support activities implementation at the village level. It is expected that most of staff will be based at the district level with occasional travel to the target villages. Health and safety and/or road accident of staff while traveling and working in the remote village areas is also a concern. Similarly, health and safety of local communities involved in project activities or affected by project activities include accident caused by project vehicles will be carefully considered and addressed. Despite the expected risks and impacts, the project will enable the opportunity to enhance the knowledge and understanding of local authorities and local communities on the conservation of natural resources and protection of the environment, particularly, minimizing the generation of solid waste and management, especially those related to plastic wastes, and management of other environmental aspects.
- The social risks of the project are classified as Moderate.** The anticipated social risks include: (a) exclusion of certain prospective beneficiaries from the poorest and vulnerable households including IP communities (b) risks related to labor and working conditions and potential Occupational Health and Safety (OHS) risks; (c) construction induced impacts to people's mobility and access, and (d) potential Sexual Exploitation and Abuse (SEA) /Sexual Harassment (SH) during the distribution of services and goods to the targeted population.
- During the preparation period, the environmental and social risks and impacts were assessed through review of existing information and data, stakeholder engagements and rapid social assessments which reveal that there are concerns on the accuracy and determination of beneficiary households using the Proxy Means Test (PMT) methodology. Even though the PMT assures the efficiency through a quantitative approach in selection of households, there are qualitative aspects that need to be considered in reducing risks of exclusions of disadvantaged and vulnerable groups to ensure equity. In this regard, the current project parameters such as the level of the eligibility threshold (i.e., poverty threshold) and benefit amount, need to be reviewed based on lessons learned from the RRPM and adequacy analysis. A well-functioning and accessible grievance mechanism at village level is also required to implement the project in an inclusive manner.



6. The other potential social risks are mostly site specific and temporary. Minor physical renovation works will be confined to existing public buildings and do not envisage any land acquisition or physical/economic displacement. All the environmental and social risks and impacts that could be posed by the project will be identified, assessed, managed, and monitored to improve the project's overall environment and social performance throughout the project's lifecycle.

7. In order to mitigate potential environmental and social risks and impacts, client has developed, consulted, and disclosed following ESF instruments (1) an **Environmental and Social Commitment Plan (ESCP)** outlining actions, timeframe, and responsible party to govern the implementation of ESF requirement, (2) an **Environmental and Social Management Framework (ESMF)** to guide the implementation of site-specific mitigation actions addressing identified ES risks and impacts, (3) **Labor Management Procedure (LMP)** outlining the government regulations and Bank requirements for project workers health and safety, working conditions and procedures including contractor obligation of fair treatment for all types of workers and to ensure exclusion of forced and child labor from the project, and (4) a **Stakeholder Engagement Plan (SEP)**, including a Grievance Redress Mechanism (GRM). The Bank team reviewed the above instruments and found them to be acceptable. All these documents are publicly disclosed locally on the MAF website on May 05, 2023, as well as in the Bank external website since September 07, 2023. All the above instruments are live documents and should be updated and disclosed when there are any changes in the project scope to ensure material consistency.

8. The project staff including the local level community mobilizers need knowledge and capacity to implement environmental and social risk management and mitigation actions. There will be a series of training and capacity building programs that the project intends to implement throughout the period and included in the ESCP.