

MID-TERM EVALUATION

LAO/030

Local Development Programme for Bokeo,
Bolikhamxay, Khammouane and Vientiane
Province

PROJECT SUMMARY DATA

Country	Lao People's Democratic Republic
Long project title	Local Development Programme for Bokeo, Bolikhamxay, Khammouane and Vientiane Province
Short project title	LDP 2016-2020
LuxDev Code	LAO/030
Version of the Report	February 2019

RATING OF THE PROJECT BY THE EVALUATION MISSION

Global rating (Effectiveness)	3 On a scale of 1 (excellent results, significantly better than expected) to 6 (the project was unsuccessful, or the situation has deteriorated on balance)
Rating using other evaluation criteria	Relevance: 1.5 Efficiency: 2.5 Sustainability: 2

EXECUTIVE SUMMARY

Project Overview

With a budget of 23 million EUR and a life of five years, LAO/030 supports Lao Government poverty reduction strategy, focusing on the 14 poorest districts in four provinces of Bokeo, Bolikhamxay, Khammouane and Vientiane. The project targets 229 villages with a total population of 150 000, 76% of whom are from ethnic minorities. On average, funding in the region of 35 000 EUR is available to each village for community development and social services infrastructure. The programme is executed jointly by the Ministry of Planning and Investment and LuxDev, while the provincial and district planning departments coordinate field implementation. Relevant provincial and district line departments, normally agriculture, education, health and public works, provide technical support for implementation.

At the overall objective level LAO/030 aims to:

- reduce poverty levels in Lao People's Democratic Republic;
- end hunger and reduce stunting and malnutrition; and
- improve environmental protection and sustainable natural resources management.

The specific objective is to reduce poverty in all target villages and bring them above the poverty line. The project has three components:

- a governance and capacity development component to strengthen the ability of the Government in local development;
- a community-led development component to improve target villagers' livelihoods and well-being; and
- a component to upgrade village infrastructure such as schools, village water supplies, bridges and access roads.

Mid-Term Evaluation Overview

The primary objective of the Mid-Term Evaluation was to assess the likelihood of LAO/030 fulfilling its objectives based on the project design and initial strategic and institutional interventions carried out during the inception and early implementation phase. The Mid-Term Evaluation occurred after only one full year of project implementation in order to provide strategic direction and recommendations on the approach early in the life of the project to ensure that adjustments were made at an early stage so as to have the greatest impact. This meant that the Mid-Term Evaluation addressed strategy, process and systems in the recommendations rather than focusing on detailed achievements. However, more specific recommendations considered beneficial to the project were also made and are included in Appendix F.

The LAO/030 Mid-Term Evaluation was conducted in November and December 2018, timed to contribute to the Mid-Term Review of the overall Lao Indicative Cooperation Programme. Although the timing did not coincide exactly, coordination between the two reviews was maximised by a joint visit to Bolikhamxay province, and a draft LAO/030 Mid-Term Evaluation report was provided to the Indicative Cooperation Programme team prior to their wrap-up meeting on 7th December.

Any Mid-Term Evaluation designed to help projects improve their future performance necessarily focuses on problems and constraints, and often gives an unduly negative impression. LAO/030 Mid-Term Evaluation is no exception to this, and the Mid-Term Evaluation team would like to emphasise that the positive elements of the project far outweigh the problems and weaknesses. LAO/030 is seen as an extremely exciting initiative with a huge potential for beneficial impacts at all levels up to the nation, far beyond merely the four target provinces.

Progress and Current Status

Good progress has been made in the short time since implementation began. Project management structures have been established and are operating at all levels; coordination offices have been established at national, provincial and district levels; the Sub-Sector Working Group on Rural Development has been established and has held two meetings and 32 national and international technical and administrative staff are in place. A total of 11 Delegation Agreements for Funds and Implementation have been signed for governance (one), infrastructure (four), local development (four), Department of Planning financing (one) and procurement (one). Vehicles and office equipment have been mainly procured and 18 partner offices have been upgraded. 58 infrastructure projects are underway and a further 92 have been planned for 2019. Village Development Committees have been established; Village Development Plans have been formulated; Village Development Fund activities have been prioritised in 205 villages and village bank accounts have been opened, but withdrawals have only been made in few villages as preparation activities are still ongoing. Capacity development is continuing at all levels, with many orientation, training and hands-on coaching events completed. In summary, good foundations are in place for future implementation.

Evaluation Scores

Owing to early timing, evaluation scores at the time of the Mid-Term Evaluation are still low compared to the potential that can be achieved at the end of project. In order to assess the real situation scores have been given for three scenarios:

- the current status;
- expected status at end of project (2021) following current project design; and
- the potential status at end of project (2025), if the Mid-Term Evaluation recommendations are adopted.

	Current Status	Status at end of project (2020) following current design	Status at end of project (2025) following Mid-Term Evaluation recommendations
Effectiveness:	3	2	1.5
Relevance:	1.5	1.5	1
Efficiency:	2.5	2.5	2
Sustainability:	2	2	1

The **Effectiveness** score is on track and as planned, but due to the early timing of the Mid-Term Evaluation some activities have not yet started, thus reducing the score. Effectiveness has been reduced somewhat due to the late signing of the Governance Delegation Agreement for Funds and Implementation (October 2018) but this was minimised through the direct funding of activities in the interim.

The high **Relevance** scores across all of the above scenarios demonstrate how well LAO/030 is aligned with the Lao Government policy priorities of poverty reduction; graduation from Least Developed Country status; achieving its Sustainable Development Goals; devolution of decision-making authority (*Sam Sang*); green growth; and climate-resilient, sustainable development. The project's close integration with the National Social and Economic Development Planning system will ensure that it remains relevant even if policy priorities change, as any changes will also be reflected in the National Social and Economic Development Planning.

Although the score for **Efficiency** is currently only average due to the early stage of implementation before capacity, systems and processes has been fully developed, the project's planned overhead costs are relatively low, and 58% of the budget will support development in the target villages. Owing to the project's insistence on using existing Lao Government structures and systems, efficiency will always be dependent on the organisational and institutional capacity of government agencies and the systems they use. This is not meant as a criticism but rather it is seen as a strength, as by working through existing Lao Government systems and regulatory frameworks, LAO/030 will be able to influence these systems from within and thereby increase efficiency over the longer term.

There are two important aspects to **Sustainability** in the LAO/030 context, namely institutional sustainability and secondly environmental and resource management sustainability. Firstly, the use of Lao Government structures and systems and the close integration of LAO/030 with the National Social and Economic Development Planning are important strengths in regard to ensuring institutional sustainability, but as explained above, this may reduce project efficiency in the short term. Secondly, sustainable resource management will be critical in ensuring that the benefits from livelihood development interventions are maintained into the future. This second aspect of sustainability is seen as still somewhat weak. In particular, land governance and climate change adaptation need to be strengthened.

Main Conclusions and Recommendations

The most important strategic recommendations of the Mid-Term Evaluation are summarised in the following Table and described in more depth in a later section. More specific recommendations are presented in Annex F3. The Mid-Term Evaluation mission recognises that some of the most important recommendations will require significant additional funding to be made available in both the current phase, and also for the proposed extension, but consider this a sound and worthwhile investment given the overall potential of the project.

Issue	Recommendations
<p>LAO/030 is seen as relevant and timely in regard to government policy priorities and development of the Five-Year National Social and Economic Development Planning, which has just undergone its own Mid-Term Review. By linking more closely with the National Social and Economic Development Planning process, LAO/030 is potentially capable of having important impacts at the national as well as local levels.</p>	<ul style="list-style-type: none"> • Revise the logframe and outcome level indicators to reflect potential national-level impacts; • become more proactive in integrating LAO/030 methods and processes into National Social and Economic Development Planning structures; • support implementation of the recommendations of the recently completed Mid-Term Review of the 8th Five-Year Plan; and • consider an extension to the end of the 9th Five-Year Plan in 2025 in order to cover one complete National Social and Economic Development Planning cycle, including additional budget for national level Ministry of Planning and Investment support for the next plan.
<p>Coordination among province, district and villages has proved difficult, and is an important governance issue that needs to be strengthened under LAO/030.</p>	<ul style="list-style-type: none"> • Respective roles of the province and districts should be clarified with specific responsibilities produced for each; • as capacity is built, a phased hand-over plan should be used to delegate responsibilities to districts in line with Lao Government's "Sam Sang" policy; • as experience is gained, specific technical roles should be allocated to individual Village Development Committee members.
<p>Governance is closely linked to capacity development at all levels and together these will be the key to LAO/030 meeting its stated objectives. Unfortunately, the difference between governance and capacity development is not well understood by either Lao Government or project Technical Assistance staff.</p>	<ul style="list-style-type: none"> • Stronger project support for organisational and institutional capacity development will help to promote improved governance at all levels; • to strengthen capacity, consideration should be given to extending the contracts of Technical Assistance team members until adequate capacity has been built in Lao Government staff.
<p>One recommendation of the Mid-Term Review of the 8th Plan is to strengthen the role of the Provincial Assemblies in development planning. LAO/030 is strategically well-placed to support this recommendation.</p>	<ul style="list-style-type: none"> • Strategic involvement of Provincial Assemblies in LAO/030 would be an important step in improving governance structures and supporting the "Sam Sang" policy. Providing provincial budget support for poverty reduction would also provide opportunities for provinces to plan development in a more integrated manner, thereby promoting a more programmatic approach in line with LAO/030 objectives.

<p>Land governance issues are not clearly defined in the project design and activities in this area have still not been identified. Participatory Land Use Planning has been conducted in most LAO/030 villages and is a valuable source of land governance information.</p>	<ul style="list-style-type: none"> • Participatory Land Use Planning outputs should be used as an entry point, not only for land governance, but also for Village Development Fund planning; • Participatory Land Use Planning conducted a number of years ago, can still be useful by asking villagers what changes have occurred and what have been their impacts; • in villages without previous Participatory Land Use Planning, District Agriculture and Forestry Office should be requested to do so using the 7% overhead fund.
<p>Under a new decree, Strategic Environmental Assessments will be a legal requirement for Five-Year Provincial Social and Economic Development Plans. Although one Strategic Environmental Assessment workshop was conducted in Bokeo, it did not address provincial planning or the Provincial Social and Economic Development Plans.</p>	<ul style="list-style-type: none"> • LAO/030 should support the conduct of Strategic Environmental Assessments for the upcoming 9th Provincial Social and Economic Development Plans in all target provinces; • respective Provincial Offices of Natural Resources and Environment should be requested to partner the project and provide technical guidance on Strategic Environmental Assessment; • Strategic Environmental Assessment results should be used to identify land and other environmental issues in each province that the LAO/030 governance component can then address.
<p>Climate change is increasingly impacting on livelihoods and is clearly recognised by target villagers. Following this year's devastating floods, climate change and disaster risk management are also being emphasised as a national policy priority and are key areas targeted by recommendations in the Mid-Term Review of the 8th Five-Year Plan.</p>	<ul style="list-style-type: none"> • Climate change adaptation and disaster risk management should be strengthened under LAO/030; • climate change should be emphasised as a cross-cutting issue across all project components; • participatory climate change adaptation planning tools are available and should be used with villagers in Village Development Fund planning; • Village Development Fund activities should be screened for climate resilience and where possible modified to be better adapted to climate change and extreme weather events; • special attention should be paid to watershed protection for village water sources; • infrastructure designs should fully align with the International Finance Corporation environmental and social safeguards, and should be accepted/validated by LuxDev before moving forward.
<p>Rice deficit is endemic in most LAO/030 target villages and is the major cause of hunger, indebtedness and poverty, all stated targets of the project and of the 8th Five-Year Plan. Families with insufficient rice are caught in a poverty trap from which it is difficult to escape. Rice deficit is not adequately targeted by LAO/030. Even though paddy yields are generally twice those of upland rice, paddy land expansion is not currently included as an infrastructure activity.</p>	<ul style="list-style-type: none"> • Rice deficit alleviation should be included as an important indicator in the LAO/030 logframe; • rice deficit levels should be recorded in the baseline and in future monitoring surveys; • paddy land expansion, along with safeguards to ensure that the poorest benefit, should be considered for funding under LAO/030 infrastructure activities; • other less expensive interventions that target rice sufficiency, such as improved varieties, better agronomic practices, paddy land levelling, etc. should be explored for funding through the Village Development Fund.

<p>The baseline survey conducted by the project is exemplary. It is relevant, comprehensive and includes nearly all the important development indicators that are directly relevant to the Social and Economic Development Plan planning process.</p>	<ul style="list-style-type: none"> • Ministry of Planning and Investment should be encouraged to adopt the survey in support of Village Development Plans planning nationwide; • the survey should be conducted in control villages in each district to better assess impacts of LAO/030; • once the current data are uploaded into the relational database, further in-depth multi-factor analyses should be conducted.
<p>With one notable exception, project management structures are functioning effectively. Due to a historical hangover from LAO/024, project management in Khammouane is under Department of Planning and Investment's International Cooperation Office rather than the Planning Office, as in other provinces.</p>	<ul style="list-style-type: none"> • As all project activities still have to go through Department of Planning and Investment's Provincial Planning Office, International Cooperation Office's involvement is tangential, and should be dropped; • the management structure in Khammouane should be modified to come into line with other provinces which are functioning effectively and efficiently.
<p>LuxDev approvals, no-objections and administrative procedures are done mainly by Technical Assistance and are found by Lao Government staff to be complex, confusing, time-consuming and the cause of significant delays to project implementation. If followed correctly, Lao Government regulations will provide adequate accountability.</p>	<p>It is recommended that:</p> <ul style="list-style-type: none"> • LuxDev approval procedures are better aligned with Lao Government systems; • as adequate capacity is developed, LuxDev procedures are as far as possible systematically replaced by the use of Lao Government procedures and regulations; and • as Technical Assistance staff are phased out, this should be accompanied by a parallel phasing out of LuxDev procedures.