

FINAL
EVALUATION

LAO/021

Bolikhamxay Livelihood Improvement and
Governance Programme

PROJECT SUMMARY DATA

Country	Lao People's Democratic Republic
Long project title	Bolikhamxay Livelihood Improvement and Governance Programme
Short project title	Bolikhamxay Programme
LuxDev Code	LAO/021
Version of the Report	Juin 2016

RATING OF THE PROJECT BY THE EVALUATION MISSION

Global rating (Effectiveness)	1.5 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: 1.2 Effectiveness: 1.0 Sustainability: 2.0

EXECUTIVE SUMMARY

The bilateral cooperation between the governments of Luxembourg and Lao People's Democratic Republic began in 1997. Over the years, projects in various fields including healthcare, vocational training, governance and rural development have been implemented.

A framework for the cooperation is provided in the Indicative Cooperation Programme. The first Indicative Cooperation Programme 2003 – 2006, was signed in 2003, had a total of 18 million EUR, followed by Indicative Cooperation Programme 2007 – 2010, with a total of 35 million EUR, and focussing on the poorest areas of the provinces of Vientiane, Bolikhamxay, and Khammouane, and the 47 poorest districts as identified in the Government's National Growth and Poverty Eradication Strategy.

The third Indicative Cooperation Programme 2011 – 2015, totalling 50 million EUR, was a continuation of cooperation, with a strong pro-poor focus. The Indicative Cooperation Programme was aligned with the national Socio-Economic Development Plan 2011-2015. It supported the aim of Laos to meet the Millennium Development Goals by 2015 and to graduate from least developed country status by 2020.

The present fourth Indicative Cooperation Programme 2016 – 20 between Luxembourg and Lao People's Democratic Republic was signed in October 2015. The Indicative Cooperation Programme coincides with the 8th National Socio-Economic Development Plan of the Lao Government and is in line with its goals and with the objectives of EU Joint Programming. The Indicative Cooperation Programme IV has inter alia the specific objectives of *“strengthening local participation in the identification and implementation of local development priorities through strengthening capacities and systems at provincial, district and village levels”*. The focus on local development remains essential as rural areas have so far benefited less from economic growth and local livelihoods are under threat from emerging external factors.

Recently, Luxembourg has financed LAO/021 bilateral project (2010–16), which focus on the very priority areas of the Indicative Cooperation Programme. Similar project LAO/024 started in 2014 in Khammouane, and a third one, LAO/026, is financed together with International Fund for Agricultural Development. A new bilateral local development programme (LAO/030) is under preparation based on the experience of the modalities and successes already carried out in the two ongoing projects in Bolikhamxay and Khammouane. It will draw on the lessons learned from these projects.

As part of the normal project cycle LuxDev commissioned a Final Evaluation of LAO/021 and a Mid-Term Evaluation of LAO/024. LuxDev fielded an Evaluation Team composed of two international and two Lao experts, Tauno Kaaria, Team Leader and Teemu Jantunen, Olayvanh Singvilay and Somneuk Venevongsoth as Team Members. The Team visited Laos between 1 and 29 May 2016 and visited the provinces of Bolikhamxay and Khammouane as well as target districts and villages in these target provinces. The mission was split into three phases, namely preparation at the home office, a field mission, followed by the report preparation. The evaluation was done in a participatory manner, involving representatives of all stakeholders.

This is the Final Evaluation report of LAO/021 - Bolikhamxay Livelihood Improvement and Governance Programme. The evaluation objective was assessing the results and the specific objective reached at the time of the evaluation, results achieved in terms of capacity strengthening and project management and monitoring. The evaluation criteria used is relevance, effectiveness, efficiency and sustainability while reviewing the crosscutting aspects of Governance for Development, Gender equality, and Environment and climate change.

Project introduction

The implementation of LAO/021 started on 15 February 2010 with an inception phase, which ended on 15 November 2010. The project was extended total of two times, first with additional 1.6 M EUR funding and the latter as no-cost extension until end of June 2016. The programme's overall objective is: *“to contribute towards Bolikhamxay Province meeting priority national socioeconomic targets and Millennium Development Goals for sustained poverty reduction”*; the specific objective is: *“to improve the rural livelihoods in Bolikhamxay Province based on a client responsive local authority-lead planning and implementation process, on investments in social and productive infrastructure, and on the promotion of income generating activities”*.

This is to be achieved through three results: (1) improved governance at province, district and village level for efficient and effective poverty reduction; (2) social and production infrastructure established and efficiently managed in support of poverty reduction in three priority districts and 60 villages; and (3) increased household income and living standards through micro-credit and village development grants for primary production, non-farm, and small and medium enterprises.

While Result 1 covers the entire province, the Results 2 and 3 are targeting 60 poor villages in the three districts in the province that are officially classified as poor: Khamkeut, Viengthong and Xaychamphone.

Project management

The project is managed by a Project Support Office, located at the Department of Planning and Investment, which under the Ministry of Planning and Investment serves as the local executing agency of LAO/021. The Project Support Office is headed by a National Project Director, assisted by a National Project Coordinator, the Chief Technical Adviser, and technical and administrative staff. Implementation partners are the Planning and Investment and several line agencies in the province and the districts.

Implementation places a very strong emphasis on the principles underlying the Vientiane Declaration on Aid Effectiveness, namely ownership, alignment, harmonisation, result-based management and mutual accountability, and uses whenever possible existing government structures and rules. Overall, the Final Evaluation team found the project interventions significantly have contributed both directly and indirectly to the achievement of the priority national socioeconomic targets and Millennium Development Goals for sustained poverty reduction at the village level. Moreover, for the key indicators the project has exceeded its targets.

Result 1

Overall, the Final Evaluation team found that the main targets as listed in the LogFrame indicators were achieved for result 1. Some of the major achievements include its general approach to training via learning-by-doing. This has contributed greatly to strengthening the capacity in planning, budgeting, reporting, and decision making at province, district and village level and fostering the participation of villages and districts in the decentralization process. The capacity building and awareness raising activities especially at village level has contributed significantly to empowerment of the villagers.

At district level the support from LAO/021 for District Socio-Economic Development Plan and Provincial Socio-Economic Development Plan took place through overall capacity strengthening of the staff especially through their important role in participatory village planning, statistics, mapping, learning-by-doing of the project application procedures, use of Lao Government Procurement rules and various training sessions on related topics. The 60 participatory Village Development Plans actually consisted more of 'needs analysis' rather than useful spatial planning pending on resources and possibilities. Under Result 1 there has also been many other activities in terms of mapping, statistics, databases, village level awareness raising, etc.

Result 1's activities and investments were strongly re-focused after the Mid-Term Evaluation in 2013 recommended a more structured approach. Action was taken to speed up the activities, which was requested by LuxDev and the Project Steering Committee. This in the view of the Final Evaluation team caused fracturing of the activities into small and sometimes unrelated fields to the main outputs, and some wasteful use of resources.

Result 2

The operational target for the infrastructure was comfortably achieved and the results are very good in terms of direct contribution to poverty reduction in the villages through fulfilling Millennium Development Goals and government poverty indicators, such as access to water, toilets, schools and meeting halls. All infrastructure investments were channelled through Operational Partnership Agreements and District Development Funds where the responsibility was delegated to the provincial and district authorities. Total of 70% of the budget was actually spent in the target villages, including 43% for basic infrastructure.

Overall, the structures as such were suitable for village conditions, but adequate Operations and Maintenance systems were not in place in any of the infrastructure projects funded via Operational Partnership Agreements and District Development Funds mechanisms. The unit costs for the various

constructions were generally economical and compared well with those of the Lao government and with other donor projects, particularly considering that most of the constructions were carried out in relatively remote areas with considerable transport costs.

The Final Evaluation team feels that for Operations and Maintenance there is a critical need to increase local village ownership, build local technical capacity and encourage self-help mentality in the villages. Hence, more of the construction could have been carried out through the Village Development Fund mechanism while some of the Operational Partnership Agreements project construction work supervision could be delegated to the villages with higher capacity, and with appropriate oversight and technical support of the district and Project Support Office. At the same time this would increase the likelihood of creating a wider self-help attitude in the villages, which would be a tremendous achievement.

Result 3

The Village Development Fund aims to support poverty reduction and strengthen decentralization, local democracy and public participation in decision-making and resource control. It provides direct fund allocations to the villages through Village Grant Schemes and Village Credit Schemes. These are the main project activities for empowering the villages and providing direct poverty reduction impact.

LAO/021 more than comfortably has achieved the target as the wealth indicators in the target villages. However, it is not possible to say what the contribution of the investment by the project is compared to other economic activities in the target areas during the project period (mining, logging, road construction and hydropower).

In terms of Village Grant Schemes the results have been overwhelmingly positive in terms of the results generated and the enhancement of empowerment, participation and local democracy. Also, the Final Evaluation team also found that Village Grant Schemes projects seem to have much higher local ownership than the projects constructed via the Operational Partnership Agreements and District Development Funds infrastructure of the project due to high level of village involvement. The Village Grant Schemes structures are fit-for-purpose, as villagers tend to use the grant funds efficiently and with high value for money. Also the construction quality was adequate for the purpose. The Village Grant Schemes activities were very economical compared with what similar activities would have cost the programme had they been carried out through contractors, even if the free labour contribution of community members is included.

Most of the villagers do not have access to the banking system for credit. Hence, the Village Credit Schemes aims at giving poor people access to affordable credit without collateral, but with group repayment as guarantee in case of default. The Final Evaluation team found that in LAO/021 the credit scheme carried out in the 29 villages have provided largely positive results and with highly efficient use of the available credit funds. Overall the Village Credit Schemes are working very well, and contribute significantly to the empowerment of the villages and their capacity in handling funds and loans, and of course their livelihood.

Rating

The ratings of the Final Evaluation assigned are exceptionally good at 1.2 for relevance, 1.0 for efficiency, 1.5 for effectiveness and 2.0 for sustainability.

Recommendations

The Final Evaluation team makes the following recommendations:

- LuxDev should consider reviewing its project administration procedures so as to streamline them and make it possible to align cooperation with Lao rules and regulations and administrative procedures. LuxDev should also align the projects to the same government level for obvious synergies and to have maximum poverty reduction impact. LuxDev should participate actively in policy dialogue on key issues, such as fund transfer mechanisms.
- This approach could be taken into account in finalising the design of LAO/030. LuxDev should consider dropping activities, which do not have such a link so as to make more effective and efficient use of the limited time and resources.
- LAO/030 should promote a structured training and capacity building approach with government staff job descriptions, TNA and HRDP, and support district and provincial levels to develop necessary training materials for transfer of skills and knowledge. The Luxembourg Government as the donor, through LuxDev, should have discussion with the government partners to emphasize the importance of a structured approach to training and capacity building.
- Further capacity building related to planning should be focused on the district level. A new round of workshops and training should also be provided to the district planning officers, with participation from the province level, to bring about a change in the mind-set and to increase the understanding of what planning is all about and how the district Socio-Economic Development Plans could be further developed in the next round so as to be more useful tools. Village level 'planning' should be limited to finding out the most acute needs in terms of investments, taking into account the likely resources for implementation.
- LAO/030 should have embedded outcome for village self-help support via linked activities from all of the project results also supporting the LAO/030 exit strategy. LAO/021 60 villages should be used for testing Village Grant Schemes fund for Operations and Maintenance, emergencies and village development.