

MID-TERM
EVALUATION

LAO/024

Khammouane Local Development Project
(KHALODEP)

PROJECT SUMMARY DATA

Country	Lao People's Democratic Republic
Long project title	Khammouane Local Development Project
Short project title	KHALODEP
LuxDev Code	LAO/024
Version of the Report	June 2016

RATING OF THE PROJECT BY THE EVALUATION MISSION

Global rating (Effectiveness)	2 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: 2 Effectiveness: 3 Sustainability: cannot be judged

EXECUTIVE SUMMARY

Luxembourg is financing two bilateral projects, LAO/021 (2010–16), the Bolikhamxay Livelihood Improvement and Governance Programme and LAO/024 (2014–20), the Khammouane Local Development Project which both focus on poverty reduction and local development. 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, Olyvanh Singvialy and Somneuk Venevongsoth as Team Members. The Team visited Laos and the provinces of Bolikhamxay and Khammouane between 1 and 29 May 2016. For the visits to the target districts and villages in the provinces the Team split into two with Tauno Kaaria and Olyvanh Singvialy covering Khammouane and Teemu Jantunen and Somneuk Venevongsoth Bolikhamxay respectively.

This is the Mid-Term Evaluation report of LAO/024, or KHALODEP as the name is abbreviated. A separate report will be prepared on the Final Evaluation of LAO/021. In addition to these evaluation reports, the Terms of Reference also request the Evaluation Team to prepare a forward looking lessons learned report that can be taken into account in future projects and programmes.

The objective of the evaluation is to:

- Analyse the results reached at the time of the evaluation, compared to what had been anticipated;
- Analyse the results achieved in terms of capacity strengthening;
- Analyse the management and monitoring;
- Analyse the projects using the usual evaluation criteria, taking into account the LuxDev crosscutting aspects;
- Analyse the specific questions posed in the Terms of Reference.

The evaluation was carried out in three phases, first preparation at the home office, followed by a field mission to Laos from 1 to 29 May 2016, and then the preparation of reports. The evaluation was done in a participatory manner, involving representatives of all stakeholders and beneficiaries. The programme of the field mission and list of people interviewed is attached as Appendix B. The Project Support Office and the Provincial Department for Planning and Investment representatives were provided the opportunity to attend all sessions.

The **overarching goal** of LAO/024 is to support Khammouane province in achieving poverty reduction according to set national and provincial targets. In other words the project's overall objective is: "To contribute towards Khammouane Province achieving the targets set in its socio-economic development plan and the national MDGs".

The **specific objective** of KHALODEP is "to support the districts of Boualapha, Mahaxai, and Nakai to implement their socio-economic development plans in 35 villages". There are three expected results:

- RESULT 1, the governance capacity and outcomes for rural and local development are increased in Khammouane province.
- RESULT 2, the quality of life of people living in the 35 target villages is enhanced through community-led development.
- RESULT 3, planning, management and access to rural infrastructure are improved in the three target districts.

In **project management** the highest organ for the project is the Project Steering Committee, co-chaired by the Vice-Governor of Khammouane and the Embassy of Luxembourg. The Project Steering Committee should meet once a year but has met only once.

Project implementation is managed by a Project Support Office, physically located at the Department for Planning and Investment, which is the executing agency of LAO/024 under the Ministry of Planning and Investment. The Project Support Office is headed by a National Project Director, who is also the head of the International Cooperation Unit of Department for Planning and Investment. The national Project Coordinator is also from that Unit and she sits within the Project Support Office.

The technical assistance team is headed by the Chief Technical Advisor and consists of three locally recruited experts, a Junior Advisor, an Administration and Finance Officer and an Administration and Finance Assistant, an Interpreter / Translator and three drivers. The technical assistance team is an all-male team. The Project Support Office has an advisory role to the Department for Planning and Investment. All activities are planned and implemented through local line agencies.

The management set-up and project implementation emphasise the principles of the Vientiane Declaration and the use of existing government structures and rules and procedures in implementation. This emphasis has often times caused slower progress than expected, but has at the same time resulted in capacity building with the different government levels involved, although this again has required sufficient time for consultation and coaching by the Project Support Office.

The Project Document envisaged that Technical Monitoring and Coordination Committees would be established at the provincial level and in each district. In practice such committees have not been established. However, in each of the districts, there is a coordinator for KHALODEP who are (male) members of the District Planning Office. This set-up functions well.

In the design KHALODEP was aligned with the provincial five-year Socio-Economic Development Plan (Socio-Economic Development Plan) and divided into **two implementation phases** of two and five (2+5) years. The first two-year phase (2014-2015) was to focus largely on supporting the development of Socio-Economic Development Plans and providing capacity building, training and other support to that end. This is by and large the content of component or result area 1 of the project. In addition, during the first phase preparations were made for starting the implementation of activities and interventions under components 2 and 3 in the second phase. The second five-year phase (2016-2020) will focus on implementing the KHALODEP investments in the selected target villages and areas, as well as on supporting the province and districts in managing, monitoring, and evaluating the provincial Socio-Economic Development Plan.

Implementation of LAO/024 started in March 2014 with an inception phase, which ended in the end of the year. During the inception period strategies, plans and implementation mechanisms provided in the Project Document were reviewed and updated. The focus on poverty reduction was sharpened and indicators for crosscutting issues were developed further.

Implementation of the first phase focused largely on supporting the development of Socio-Economic Development Plans and on providing capacity building, training and other support to that end. This is by and large the contents of component or **Result 1** of the project. In addition, during the first phase preparations were made for starting the implementation of activities and interventions under components 2 and 3 in the second phase.

In May 2014, the Prime Minister issued a letter making the application of the Ministry of Planning and Investment Guidelines and spatial planning for district Socio-Economic Development Plans compulsory for all provinces. According to Ministry of Planning and Investment, district Socio-Economic Development Plans were to be the basis for the provincial Socio-Economic Development Plan. This somewhat changed the focus of LAO/024 away from preparing and planning the provincial Socio-Economic Development Plan. The Luxembourg support in the Socio-Economic Development Plan process covered the entire province and all 10 districts and therefore KHALODEP was to assist in implementing the Prime Minister's order. The logic was that LAO/024 would support the province and districts in developing an area-based, spatial planning system which has been adopted at the national level and should also be the approach in planning at the lower government levels so as to have a modern and more effective planning system throughout the country.

Implementation worked quite well for the district Socio-Economic Development Plans, where LAO/024 and Department for Planning and Investment provided training with the new guidelines to all the districts. The District Socio Economic Development Plans with improved data and related maps were prepared in all districts with some coaching from the project and Department for Planning and Investment. The training has strengthened the capacity of the target districts to undertake similar planning in a more independent way, with much less coaching required. However, one shortcoming in the process was that the districts did not transform the Socio-Economic Development Plans into programme priorities, which would be a requirement for high quality plans that include meaningful investment projects. The process of improving the Socio-Economic Development Plans after they were compiled is continuing by Department for Planning and Investment with the support of the project.

As for the provincial Socio-Economic Development Plan, the time available is too short to introduce and provide training on the new comprehensive guidelines. As a result, the province resorted to the

old planning method instead of the spatial planning method used for the district Socio-Economic Development Plan as promoted by the Ministry of Planning and Investment. KHALODEP was actually not involved in the process and was only requested to do some editing and fine-tuning of the Provincial Socio Economic Development Plan.

LAO/024 has supported information exchange through six-monthly coordination meetings with development partners at the district level. The capacity of the District Planning Offices has been strengthened by providing training and some equipment and the districts should be well equipped in keeping information on Overseas Development Assistance and Non-Government Organisation projects up-to-date. The website of Department for Planning and Investment has been designed (www.dpikhammouane.gov.la) but it seems that its English language pages lack some information and its updating is lagging, whereas the Lao version side did contain a lot of useful information.

The development of the Monitoring and Evaluation system is progressing slowly. There seems to be no clear tasks assigned to this end within Department for Planning and Investment and the districts. The institutional set up for Monitoring and Evaluation should be thoroughly re-considered. Department for Planning and Investment has not received the necessary guidelines from Ministry of Planning and Investment and thus the monitoring system has not been fully established at Department for Planning and Investment or the districts. A KHALODEP monitoring matrix has been developed but due to delays at Department for Planning and Investment it is not aligned to monitor fully the implementation of the Socio-Economic Development Plans. The preparations for the baseline survey for the KHALODEP Monitoring and Evaluation system have been on-going since May 2015 in consultation with the Provincial Statistical Centre as the database should also record and analyse the data related to the Socio-Economic Development Plan monitoring.

Implementation of the second phase and **Result 2 and 3** should have started fully in April 2016. However, due to various delays only few activities have started. Village Development Plans have been prepared for all of the target villages with the villagers' priorities for projects for implementation. There have been delays in finalising the Delegation Agreement model through which implementation is to be delegated directly to the district level and in finalising the guidelines for the Village Credit Scheme through which villagers could get small loans mainly for livelihood activities. Recently two Delegation Agreements have been signed and project implementation has started.

Capacity building has been provided to the communities and the Village Development Committees during preparation of the Village Development Plans and selection of priority projects. The selection was carried out in a very participatory and democratic way ensuring also a strong role for women in the process. Special awareness building and training has also been provided in respect of Village Development Funds that will be available through village credit or grant schemes, depending on which is preferred by each community.

In relation to infrastructure projects, guidelines have been prepared for the Inclusion of Environmental Considerations in Infrastructure although in the view of the Mid-Term Evaluation Team the guidelines are unnecessarily strict and the project should consider applying the LAO environmental rules. The guidelines include the selection criteria of sub-projects: a positive list and a negative list.

As regards the Guidelines for the Maintenance Fund there have been serious delays. Discussions with the districts were futile, as the districts would not have funds to put in as seed money to the Fund. Therefore, now the Fund will be based on the village level with a link to the project's village development grants. After a one-year delay the guidelines can now be completed.

In assessing **relevance** of the project the Team has given an overall rating of 2. All the components are truly relevant for implementing the policies of Laos and the project falls well into the priorities of Luxembourg's development cooperation. The quality of the Socio-Economic Development Plans prepared under component 1 leave some room for improvement, as the overall planning system of Laos is not fully in place. The plans are not yet up to the level where they would be very valuable tools for directing investment funds to the highest priority areas of the province and the districts. Components 2 and 3 are also highly relevant but as implementation is just starting it would be difficult to give them a well-justified rating.

Only component 1 can be assessed from the point of view of **effectiveness**, as the other components have not yet been implemented. The rating of the Team for effectiveness is 2. **Efficiency** is rated at 3. The administrative set-up which follows largely the example of LAO/021 is quite efficient with the lean technical assistance component. Implementation is the responsibility of the Lao counterparts and the

delays in implementation has brought the rating down. Again, components 2 and 3 are difficult to assess in terms of efficiency.

It is too early to make any solid assessment of **sustainability** of KHALODEP at this stage. Some aspects of capacity building will most likely have a lasting effect and improvements in the planning process may also be lasting if the overall system is further developed in the direction of spatial planning. No rating has been provided for sustainability.

As regards **crosscutting issues** the project is particularly designed for supporting governance for development and capacity building to that end at various levels from the province down to the districts and villages. Gender equality is also well built into the project already in the Project Document and is fully taken into account during implementation. Component 3 (infrastructure) has got a DAC marker “1” for the environment but even there the sub-projects are small and of the nature that they have very little, if any environmental impacts. The project selection criteria (positive and negative lists) for the infrastructure projects contain environmental considerations.

LuxDev is in the process of finalising the design of a new local development project LAO/030 to which LAO/024 would be merged. Therefore, the Mid-Term Evaluation Team does not have **recommendations and lessons learned** that should be taken into account in the remaining part of LAO/024 implementation. However, some lessons learned may be taken into account in finalising LAO/030 when weighing them together with lessons learned from LAO/021, perhaps from LAO/026, and from the preparation of the LAO/030 Project Document so far.

As regards LuxDev’s very strict procedures for its project administration the recommendation is:

- LuxDev should consider reviewing its project administration procedures so as to streamline them and make it possible to align cooperation better with Lao rules and regulations and administrative procedures. LuxDev should also align all Luxembourg supported projects to the same government level for obvious synergies and to have maximum poverty reduction impact.

LAO/024 is trying to cover a very wide range of activities, which do not necessarily have clear linkages. The recommendation is that:

- In finalising the design of LAO/030 it would be advisable to avoid activities and interventions, which have little links to the main thrust of the project or its components. 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.

As regards training and capacity building:

- LAO/030 should incorporate a structured training and capacity building approach with government staff job descriptions, Training-Needs Assessment and Human Resources Development Plan, and support district and provincial levels to develop necessary training materials for transfer of skills and knowledge. In addition an Monitoring and Evaluation system should include monitoring of the results of training and capacity building.

Support for planning should continue, but:

- 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 Plan’s 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.