

FINAL EVALUATION

LAO/029

Skills Development
in the Tourism and Hospitality Sector
in Lao People's Democratic Republic

PROJECT SUMMARY DATA

Country	Lao People's Democratic Republic
Long project title	Skills Development in the Tourism and Hospitality Sector in Lao People's Democratic Republic
Short project title	Skills for Tourism
LuxDev Code	LAO/029
Version of the Report	January 2023

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: 1 Coherence: 2 Efficiency: 2 Impact: 2-3 Sustainability: 3-4

EXECUTIVE SUMMARY

In 2022, Luxembourg Agency for Development Cooperation (LuxDev) commissioned Eurecna to carry out an external final evaluation of the Skills Development in the Tourism and Hospitality Sector project in the Lao People's Democratic Republic, also known as the "Skills for Tourism" (LAO/029). The purpose of the evaluation was to assess the relevance, coherence, effectiveness, efficiency, impact and sustainability of the project over 2016-2022, and identify lessons learned for the design of a next phase of project activity with an expanded outlook for education and training. The findings, conclusions and recommendations in the report are based on meetings with key stakeholders, semi-structured interviews and general discussions with LuxDev itself as well as the review of documents.

The observations by the evaluation team led to following assessment:

Relevance: The project was relevant for the stakeholders and beneficiary groups, it aligned with government priorities and strategies and the development context of Lao People's Democratic Republic. It was relevant for development partners active in Tourism and Hospitality including the Swiss Agency for Development Cooperation. The project was highly relevant for the direct beneficiaries especially disadvantaged groups, the country's tourism, and hospitality sector as well as the country as a whole. The project retained a high level of relevance by reacting flexibly and appropriately to the challenges brought about by the COVID-19 pandemic and its negative impact on the Tourism and Hospitality sector.

Poverty reduction was a key focus and theme of the project as was training leading to employment. Poverty dimensions were found with the targeting of populations who required or sought improved access to education and training opportunities in Tourism and Hospitality both within the capital Vientiane and the numerous provinces of Lao People's Democratic Republic. The focus on people from disadvantaged backgrounds was maintained throughout the project's life span with an emphasis on trainees or students from a poor family background or poor households, living in rural and/or remote areas, those who did not complete basic education, and people from an ethnic minority or those who were orphaned or abandoned.

Coherence: The project was in line with government priorities and strategies as well as LuxDev's and Swiss Agency for Development Cooperation's development priorities. It cooperated and coordinated effectively with development partners and stakeholders active in the Tourism and Hospitality sectors. The project worked with development partners in areas of mutual interest and there was evidence of complementarity between development partners and government agencies that focus on Technical and Vocational Education and Training and tourism. The 'Informal Technical and Vocational Education and Training Group' is an example of solid cooperation between development partners. Cooperation has been reported such as the successful rollout of basic vocational skills training, including the expansion to rural settings in Vientiane Province, in cooperation with the LAO/030 local development project.

Effectiveness: the project met the desired results and specific objectives, despite the challenges related to the COVID-19 pandemic. The project reached and exceeded two out of three key-targets at the specific objective-level. Importantly, more than 12,300 people participated in project-supported training more than twice the target of 5,000. 85% of employed graduates have an income (cash or in-kind) at or above the minimum wage, which exceeds the target of 80% for this indicator. At the time of the evaluation, 57% of graduates of Tourism and Hospitality Technical and Vocational Education and Training and skills development programs are employed or pursuing further studies within three months of graduation. This is below the target of 75%. However, it is assumed that this lower employment rate is due to the impact of the COVID-19 pandemic since before COVID-19 employment rates for graduates were above 87%. The project achieved its targets for Outcome indicators and the majority of output targets for all four Outcomes/Result Areas.

Efficiency: The project was well managed and led with an effective project steering mechanism. The financial and administrative processes were efficient in delivering value for money. The management structures were simple but efficient. Project management was led by an effective team of international consultants and a well-managed project office. Moreover, the project reacted efficiently and appropriately to COVID-19 related challenges for the sector and the project itself. The project achieved a good balance between disadvantaged groups and meeting labour market requirements. Regarding cost effectiveness, the Cost-Benefit Analysis concluded that the project provided "value for money" and the benefits justified and outweighed the costs.

Impact: The impact of the project was overshadowed by the negative impact of the COVID-19 pandemic on the tourism sector and the difficult macro-economic situation the country faced as a whole. Still, the project had an impact on the livelihood of the majority of graduates benefitting from the project and their families. Employers who recruited graduates contributed to the impact given the percentage of graduates who were employed within three months. The potential of the education-to-employment transition may have a significant wider impact for some time particularly as tourism recovers and larger numbers of international tourists arrive. The country's enormous potential for tourism suggests that the project will have a significant positive impact on the Tourism and Hospitality sector over the medium to long-term since it is very likely that tourists' numbers will catch-up quickly after the COVID-19 pandemic.¹ The project's outcomes will contribute to the ability of the sector to provide high-quality services to international and regional visitors and this will contribute to poverty reduction through direct and indirect job creation. This will help to stabilize the national economy by providing valuable foreign exchange.

Sustainability: Sustainability remains a challenge for several project interventions. The main concerns are linked to systemic aspects of the Technical and Vocational Education and Training system. The sector is generally underfunded and almost entirely dependent on donor funding for activity outside of staff salaries. Initiatives such as the Vocational Education Financing Facility may provide a mechanism for some longer-lasting financial support. Definitions of sustainability are difficult to agree on and have varied with literature, context, and time. Sustainability is commonly described as having three dimensions or pillars: environmental, economic, and social. As the next phase of the project concerns tourism, agriculture and forestry these dimensions will need to be thoroughly explored.

There are many sustainable elements of the "Skills for Tourism". These are discussed throughout. The number of people trained under the project, the partnerships with other development partners, a number of initiatives put in place in response to the COVID-19 pandemic, support to the provincial Technical and Vocational Education and Training colleges and engagement with employers are sustainable elements. Critical to this support is the project's continuing relevance, flexibility and responsiveness which historically have contributed to project sustainability. In general, the LuxDev investment in Technical and Vocational Education and Training has been quite lengthy. The number of people trained, the percentage of women and girls benefitting from the project, support to Technical and Vocational Education and Training schools and colleges, the strong levels of graduate employment and synergies with other Technical and Vocational Education and Training projects has collectively contributed to sustainability both directly and indirectly.

Lessons learned

The project was not implemented as a lock-sequenced linear project where activity by component could be measured in terms of intention, progress, and completion. The project was responsive to the Intermediate Evaluation and COVID-19 2020-2022 during which a project extension was agreed. The "Skills for Tourism" has numerous lessons learned:

- a key lesson learned concerned diligence, responsiveness and a commitment from the "Skills for Tourism" team to make adjustments to the project owing to changes in the project environment and other turns of events. The preparedness of the "Skills for Tourism" to temporarily suspend activity, drop other activity and introduce variations on delivery of courses and other activity has been instructive. A clear lesson learned concerned keeping the project relevant and flexible. As a result, the project enjoys a good reputation with stakeholders and beneficiaries holding a favorable impression of the project;
- project effectiveness was enhanced by keeping a good balance between the focus on disadvantaged populations and market requirements. A feature of this was project recognition that there was little purpose in delivering courses for people in a context where downstream employment was unlikely owing to the impact of COVID-19 on employment;

¹ During the evaluation and preparation of the report, China opened its borders. Over December 2022 and January 2023, the COVID pandemic escalated throughout China. It was reported that 'After the easing of China's "zero Covid" policies in December 2022, the country is struggling with a massive wave of infections and deaths.' <https://www.nytimes.com/interactive/2021/world/china-covid-cases.html>

- the project has maintained partnerships with local institutions to deliver project activities such as course development and delivery strategy consistent with the Technical and Vocational Education and Training Law. That the courses included a credential (Certificate or Diploma) makes a strong contribution to ownership and the recognition of training. This means it is paying out in terms of ownership, commitment, and the transferability of training, all of which contributes to sustainability. Transferability may need to be explored further to figure out if the training in Tourism and Hospitality is relevant to other sectors and industries. There will be components of curriculum programs that are relevant to training on other sectors such as hospitals (e.g. front line management and commercial cooking).

Recommendations

- It is recommended that the Tourism and Hospitality and skills development sectors become part of a broader contextualization of Technical and Vocational Education and Training comprising education, training and skills development relating to a wider range of occupational fields, services and livelihoods which is part of a lifelong learning continuum.
- There is a need for stronger inter-ministerial cooperation in Tourism and Hospitality as there was evidence of confusion in the roles of participating Ministries and some evidence of frustration when roles were not fully understood. This could involve strengthening activity at the sub-national level where there is less confusion in the roles of separate Government Departments and agencies.
- There is a need to re-define and strengthen working relationships between the public and private sector. Diversifying funding for the Technical and Vocational Education and Training sector is necessary as there is a heavy and steady dependence on donors. It is understood that Technical and Vocational Education and Training is chronically underfunded (by the government) but a dependence on donors is neither healthy nor sustainable. Stronger and joint activity in sector financing is required. The “Skills for Tourism” recognized the need to strengthen the Tourism and Hospitality Technical and Vocational Education and Training and skills development regulatory framework and saw merit in continuing to cooperate with development partners as LuxDev develops a new project in tourism and skills development for a wider range of sectors
- It is recommended that the Ministry of Education and Sports and the participating Technical and Vocational Education and Training colleges develop a long-term financial and operational plan for Technical and Vocational Education and Training campuses, facilities and equipment. In conjunction with the National University of Laos, the Pakpasak Technical College is one of two public educational institutions under the State’s three-year pilot financial self-sufficiency programme in the expectation that it will become a financially autonomous institution. *The next phase should investigate and include this State initiative to ensure the financial and operational viability of the system.*
- To further strengthen the governance, institutional, and regulatory framework for Technical and Vocational Education and Training and skills development, particularly in Tourism and Hospitality, it is recommended that support and assistance be provided to Ministry of Education and Sports and Ministry of Labour and Social Welfare to continue to improve and develop legislation that facilitates career paths and pathways by means of a national qualifications framework that takes account of the project’s activity in curriculum development and accreditation of Certificate and Diplomas.
- The clear lesson learned from the project over 2016-2022 is that activity selection be demand-led and to stick to targeting objectives (e.g., disadvantaged populations, women, and girls). No design is perfect but in a context of shocks there is a clear need to build on demand-led interventions in Technical and Vocational Education and Training as again the sector in Lao People’s Democratic Republic is resource stretched and needs ongoing technical assistance relevant to the environment and context. It is recommended to build this outlook into 2023.