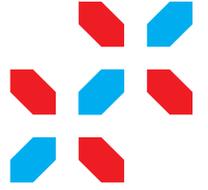


Lao People's Democratic Republic

LUXEMBOURG
AID & DEVELOPMENT



GUIDELINES FOR MAINSTREAMING CAPACITY DEVELOPMENT IN ICP V





TABLE OF CONTENTS

Rationale	4
Overall rationale and approach	4
Country context in Lao PDR	4
Capacity development for Human Capital Development and other impacts	5
Principles and guidelines on integrating capacity development	5
Planning based on the Theory of Change methodology	5
A progressive, adaptive and flexible approach based on ownership	6
Actor-focused and multi-faceted	6
Technical assistants as change facilitators	6
Synergies and complementarities with other capacity development initiatives	7
Impact of Covid-19	7
Locally adapted implementation guidelines and tools	7
Guidelines for the formulation of ICP V	8
Steps and tools of the formulation process	9
Guidelines for the inception phase of ICP V	10
Steps and tools of the inception phase	10
Guidelines for the implementation of ICP V	11
Resources	11
Human resources	11
Technical resources	11
Financial resources	12
Monitoring and evaluation	12
Monitoring system	12
Monitoring to support action-research	12
Capitalisation	13
Capacity development experiences in ICP IV	13

Rationale

Overall rationale and approach

“Capacity development is the process through which individuals, organisations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time.”

(UNDP, 2009)

Capacity development has been one of the core themes of the development discourse for several decades. The close link between capacity development and aid effectiveness was repeatedly underlined in the Paris Declaration (2005) and the Accra Agenda for Action (2008). Since then, the development community has stepped up the international debate on capacity development, ways to support it and a lot of emphasis has been placed on increased funding, harmonisation and alignment to improve aid effectiveness. However, donor and recipient countries alike are increasingly realising that these alone, do not automatically lead to demonstrably greater development.

In recent years, reflections on the approach to capacity development have been shaped by three mutually influencing dynamics that together are progressively determining the way cooperation interventions are conceived and implemented:

- results agenda: this agenda is driving the need to demonstrate results, outcomes and impact related to donor-funded interventions. Capacity development is no longer seen as an end in itself but as a means of achieving results at the level of the target population;
- complexity: combined with the drive for the delivery of results, there is a growing recognition of the complexities, ambiguities and uncertainties of development work, involving complex changes in dynamic country contexts. Capacity development approaches need to consider this inherent complexity to yield tangible results;
- country-owned development: the emphasis on country ownership in development cooperation focuses attention on supporting country strategies and programmes through collaboration and innovation with local actors and institutions. Capacity development not only contributes to the achievement of local objectives, but the approaches used are increasingly shaped by local actors who progressively take responsibility for planning and implementation of capacity development activities.

These dynamics have placed capacity development at the heart of international development cooperation while at the same time providing a clearer focus on change facilitation.

In line with these reflections and the commitments made at the international level on development effectiveness, the Luxembourg Cooperation also considers capacity development as a core component of its interventions.

In its own strategic documents (Road to 2030), capacity development has been identified as a “key priority” for the Luxembourg Cooperation. To improve its support for capacity development, LuxDev has developed an internal strategy and several approaches and tools, including an operational guide. Subsequent to the launch of an operational guide on capacity development, the Agency developed a new manual on the change facilitation approach, a methodological guidance to carry out formulations and implement new interventions while taking into account the dynamics mentioned above.

In the context of Indicative Cooperation Programme (ICP IV) implementation, most LuxDev interventions have experimented with novel approaches in the area of capacity development (see also p.13). In ICP V, the idea would be to deepen these experiments using a coherent methodological framework.

Country context in Lao PDR

The 9th five-year National Socio-Economic Development Plan (NSEDP 2021-2025) is the key policy document from the Lao government. It translates the 11th Party’s Congress Resolution of the Lao People’s Revolutionary Party, the 10-year National Socio-Economic Development Strategy (2016-2025) and the national vision to 2030 into actions. The 9th NSEDP contains six priority outcomes:

- continuous quality, stable and sustainable economic growth;
- improved qualities of human resources with enhanced research capacities, and abilities to meet development needs and utilised science and technologies to improve efficiency and add values to productions and services;
- gradually enhanced people’s material and mental well-beings as per the direction of food and income security;
- environmental protection and natural disaster preparedness and risk reduction;
- robust infrastructure development, utilisation of the country’s potentials and strategic location, and active engagement in the regional and international cooperation and integration;
- efficient public administration, and equal, just, and protected society following the direction of the effective and strict rule of laws.

For each of these outcomes, several outputs have been identified, together with indicators allowing to monitor their achievement.

The Luxembourg Cooperation will strive to contribute to the achievement of some of the outcomes highlighted in the 9th NSEDP. The four priority areas in which this contribution will be situated, selected during the identification phase, are the following:

-  health and nutrition (Outcome 2);
-  skills development and employability (Outcome 2);
-  local development (Outcome 3);
-  governance and the Rule of Law (Outcome 6).

Capacity development for Human Capital Development and other impacts

As highlighted in 2009 UNDP definition, the purpose of capacity development is to help individuals, organisations and societies to set and achieve their own development objectives over time. Translated to the Lao context, this means that all capacity development activities under the ICP V are to contribute, in one way or another, to facilitating the achievement of some of the 9th NSEDP outcomes.

In this context, it is important to highlight the difference between Human Capital Development, as defined in the 9th NSEDP and capacity development. In the 9th NSEDP, Human Capital Development includes the following thematical areas:

- more inclusive and better-quality healthcare services and nutrition;
- access to and quality of education improved at all levels, to enable regional and international integration and Industry 4.0;
- workforce with improved skills in diverse professions in line with socio-economic development needs;
- scientific research, technologies, innovations and knowledge applied to socio-economic development.

The underlying assumption is that, investing in people's health, nutrition, education and skills will help them to realise their potential as productive members of society. And this is considered to be key to ending extreme poverty and creating more inclusive societies.

In Lao PDR, as in any other country in the world, a multitude of national (public and private) actors are responsible for providing the population with the necessary services that allow them to be healthier, have a better nutrition, have improved skills, etc. Strengthening the capability of these national actors to better deliver these services, alone or in collaboration with other national actors, is what capacity development is all about. In that sense, capacity development is to be considered a means of achieving human capital development in Lao PDR. In the same way, capacity development is also to be seen as a means of contributing to local development, inclusive governance and the rule of law, the other priority areas of Lao-Luxembourg cooperation.

Principles and guidelines on integrating capacity development

As mentioned above, the vision put forward in this guidance note is to see capacity development as a way of facilitating positive changes in the priority sectors of development cooperation between Lao PDR and Luxembourg, more specifically those related to outcomes 2, 3 and 6 of the 9th NSEDP. As such, capacity development is seen as a key component of a broader change facilitation approach that also includes other types of support.

Below, some of the principles underpinning the change facilitation approach, which includes the capacity development approach, are presented in greater detail. These principles are based on international best practices. In this context, it is important to note that Lao PDR doesn't have specific national reference frameworks on capacity development and/or change facilitation. Instead, the country seems to seek alignment to the same international best practices.

Planning based on the Theory of Change methodology

In order to effectively contribute to the achievement of the 9th NSEDP outcomes, capacity development support should be targeted at those areas that are likely to produce the biggest effect. At the planning stage, the Theory of Change (ToC) methodology will be used to make explicit:

- WHAT are the intended long-term objectives of the ICP V interventions, related to the 9th NSEDP outcomes;
- HOW stakeholders involved believe these changes will come about;
- in WHICH WAY the new ICP V interventions intend to contribute to these changes.

Using the ToC methodology provides a stronger focus to the planning process. It helps to target priority areas for intervention and avoids supporting areas that are less relevant for the achievement of the overall change objective of the intervention.

A progressive, adaptive and flexible approach based on ownership

The change facilitation approach, that will guide capacity development support under ICP V will take into account the inherent uncertainty related to complex interventions in social systems. This complexity requires a best fit approach to ensure that the methodology is appropriate and adapted to the local context, both in terms of circumstances (external environment (rules), organisational culture, operations) and capacities. A learning culture will also need to take root as interventions are rolled out to ensure adequate integration of lessons learned within both planning and implementation cycles. Such a flexible and adaptive approach will be supported by a solid monitoring framework.

However, capacity development can only be effective and sustainable if it is anchored within national organisations and related to their institutional mandate. A progressive approach will be used to gradually transfer responsibility for capacity development to (specialised) national bodies in Lao PDR.

Actor-focused and multi-faceted

Anchoring change facilitation within national organisations also means that such facilitation will seek to contribute to improvements in their functioning and performance, in line with their institutional mandate. Capacity development in this setup will target three interrelated and complementary levels of capacity:

- individual capacity: competencies, aptitudes and attitudes of individual staff members of the supported national organisations;
- organisational capacity: organisational processes, procedures, systems, structures, etc. of the supported national organisations;
- institutional capacity: rules and regulations, networks, systems, partnerships, etc. shaping the functioning of the national organisations in question as well as its relationships with other stakeholders of the same system.

For each level of capacity, specific support activities can be implemented. Below, some examples are provided for each level:

INDIVIDUAL	ORGANISATIONAL	INSTITUTIONAL
Trainings	Technical assistance	Networking events
E-learning	Benchmarking	Institutional or legal analysis
Training-of-trainers	Study tours	Development of national strategies or policies
Workshops	Process management	Benchmarking
Peer learning	Development of guidelines and manuals	Technical assistance at the strategic level
Secondment	Capitalisation and exchange of good practices	
Exchange programmes	Job descriptions	
Coaching	Change of organisational chart	
Mentoring		

Specific capacity development support needs are to be identified in a participatory way, through a diagnostics exercise that assesses all three levels of capacity.

Capacity development is one of the main approaches when contributing to endogenous change processes. As such, it needs to be complemented by other types of support, such as infrastructure, equipment and financial support that, strictly speaking, don't fall under the definition of capacity development but that are part of a broader change facilitation approach.

Technical assistants as change facilitators

Change facilitation is more than just a methodological framework, it's a specific mindset that guides every aspect of ICP V preparation and implementation. As such, it requires a new way of working for experts and technical assistants working in (preparation of) Luxembourg interventions in Lao PDR. For ICP V preparation, this new approach will mean shifting from interventions developed, to a large extent, by external experts to ones co-created with Lao PDR

representatives. During implementation, instead of faithfully implementing a set of activities detailed in the technical and financial document, technical assistants will support Lao PDR partners in implementing agreed upon change processes.

Progressively, technical assistants's role will evolve from managers-experts into one as advisers, in charge of facilitating change processes in partners organisations. This will also require a complementary skill set to sector expertise, more related to change management and capacity development.

This shift in the role of technical assistants will coincide with (the preparation of) a gradual transfer of responsibilities for capacity development to (specialised) national bodies in Lao PDR. A progressive approach, related to existing capacity levels assessed during the formulation process, will be used in this transfer process.

Synergies and complementarities with other capacity development initiatives

In order to rationalise support and avoid duplication and overlap, potential areas of synergy and complementarity with other development partners and national initiatives will be identified early in the ICP V preparation process. These synergies and complementarities will be developed, based on the strengths and added value of each development partner as well as available resources. The Lao partners should play a key role in this identification process and in brokering agreements between development partners.

Impact of Covid-19

Even though it is hard to predict how the Covid-19 pandemic will evolve in the coming years, it is clear that it will have some impact on the formulation process, and probably also on the launch of interventions under ICP V in Lao PDR. More specifically, the pandemic is expected to have a negative impact in the following areas:

- the possibility for international travel which will make it more difficult for external experts to contribute to the formulation and launch process;
- the possibility to organise in-person workshops and meetings which will make coordination and co-creation more challenging.

On the other hand, the proposed approach that emphasises collaboration, joint analysis and consensus building around intended changes, is difficult to implement without personal interaction between stakeholders. For that reason, it will be important to adopt a flexible and pragmatic approach throughout the entire formulation process. This approach would consist in weighing, for each step of the process, the relative risk related to a physical presence and in-person exchanges in Lao PDR against the risk of delivering sub-optimal results.

From what is known now on the COVID-19 virus, respecting the basic sanitary measures (quarantine upon entry, safety distance, mouth masks, hand washing, etc.) already considerably reduces the risk of infection or transmission. In this context, it is important to note that a growing body of evidence also suggests that fully vaccinated experts are potentially less likely to transmit Covid-19 to others. Given all this, there seems to be no good reason to outright exclude missions to Lao PDR and in-person workshops during the formulation process and the inception phase.

During implementation, greater emphasis could be put on the use of digital learning sources, especially when knowledge transfer is the final objective. Opportunities in this area will be explored in greater detail during the formulation process.

Locally adapted implementation guidelines and tools

As mentioned above, the ToC methodology will be used to guide planning and implementation of ICP V interventions. The development of a ToC is a co-creation exercise to elaborate the change facilitation strategy of the new interventions in order to contribute to the intended changes outlined in the 9th NSEDP.

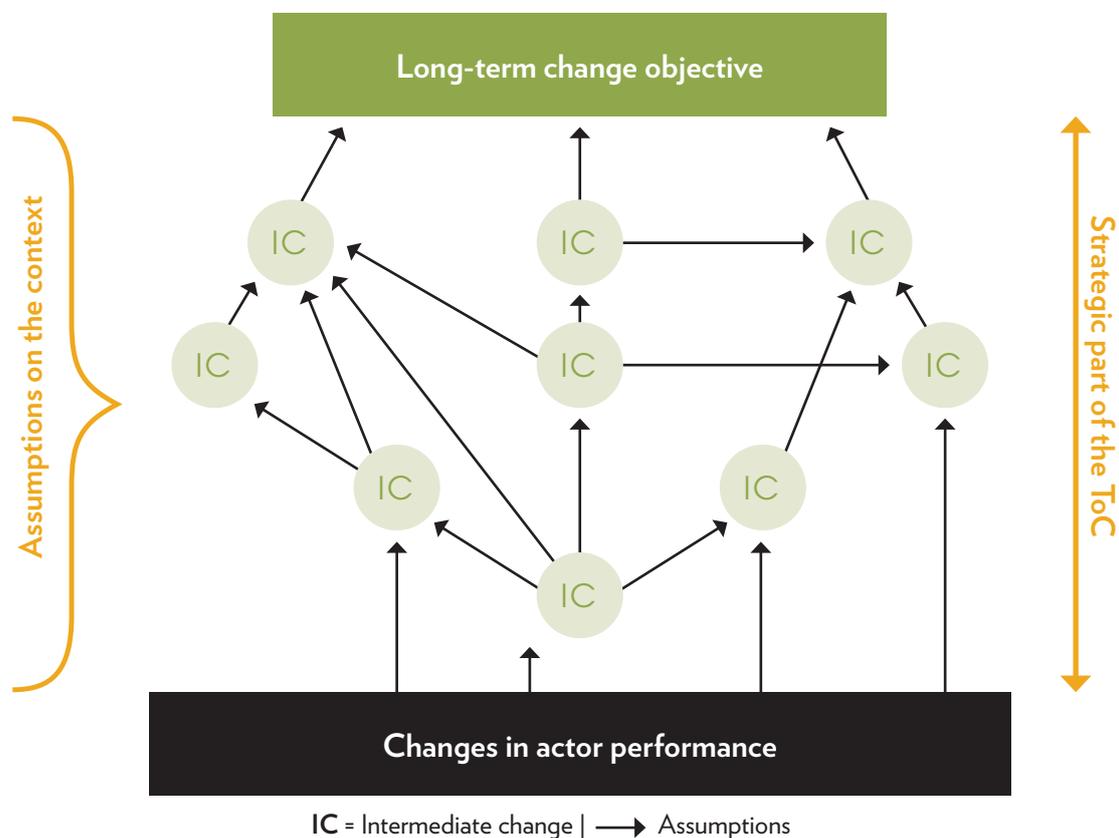
The development of the ToC will be split up into two parts:

- during the formulation of ICP V, a ToC at the strategic level will be developed;
- during the implementation (inception) phase, a Theory of Action (ToA) will be developed in which the contribution of the different interventions to the intended changes in actor performance, and thus to the long-term change objectives outlined in the 9th NSEDP, will be made explicit.

Guidelines for the formulation of ICP V

The objective of the formulation phase is to design future interventions that will contribute to the objectives agreed upon during the identification phase. For this purpose, a ToC will be developed at the strategic level to link the long-term change objectives, selected from among the 9th NSEDP outcomes, to changes in the performance and functioning of key stakeholders.

Fig. 1: Schematic representation of the strategic part of the ToC



Key outputs of the formulation process

The formulation process will aim to identify:

- who are the key actors of each priority sector?
- what are the desired/required changes in the performance of and in the interaction between these actors?
- what type of support to provide to these key actors to facilitate the agreed change processes (general definition of types of support—details are to be determined during implementation)?
- which resources are to be made available through which modalities?

In order to make this happen, the formulation process of the new Lao-Luxembourg ICP should at least include:

- a joint exercise to develop the strategic part of the ToC. This ToC could also serve as a vector for harmonising with other development partners;
- a joint preliminary diagnostics exercise of key actors to help identify potential areas of intervention without going into too much detail at this stage;
- a preliminary identification of potential priority areas of intervention;
- an identification of adequate implementation modalities adapted to the objectives of the future interventions and the capacities of key stakeholders.

Steps and tools of the formulation process

In line with LuxDev guidelines on the change facilitation approach, a 9-step formulation process is proposed for ICP V in Lao PDR. These nine steps are briefly presented below.

STEP 1: PREPARATORY ANALYSES

The objective of the step is to deepen the already existing knowledge on the context in each priority sector. As such, this step usually includes studies on stakeholders, possible implementation modalities and specific issues such as value chains, economic potential, etc. In the context of ICP V preparations, these preparatory analyses are part of the pre-formulation phase and essentially include three deliverables:

- the ICP V formulation terms of reference which sets out the overall formulation strategy;
- mainstreaming guidelines on key topics such as gender and human rights, digital for development, environment and climate change. The present guidance note is part of these guidelines;
- sectoral studies related to technical and vocational education and training and local development.

STEP 2: STAKEHOLDER PREPARATION

In order to ensure understanding of and create buy-in for the formulation process, a series of awareness raising workshops on the change facilitation approach will be organised. These workshops will target decision makers, potential working group members and technical experts involved in the formulation process.

STEP 3: SETTING UP A WORKING GROUP

In this step, change agents representing key stakeholders in the supported sectors will be identified and their participation in the formulation process formalised. The working group members will be actively involved in every step of the formulation process.

STEP 4: DEVELOPMENT OF THE STRATEGIC PART OF THE TOC

During a workshop, working group members will jointly identify the preconditions necessary for achieving the change vision in each of the priority sectors. They will also identify required changes in the internal and external performance of key actors. These changes will be objectified through indicators that, ideally, are borrowed from national monitoring mechanisms. All these elements will constitute a first version of the ToC for each sector. This ToC will be further refined in step 6.

STEP 5: CHANGE-ORIENTED ANALYSES

In the timespan between steps 4 and 6, change-oriented analyses can be conducted to complete the existing diagnostics exercise (step 1). These analyses can involve a range of topics: verification of certain disputed assumptions, level of achievement of intermediate changes outlined in the ToC, interventions of other development partners, implementation modalities, etc. Their purpose would be to provide further input for step 6 by providing more depth and contrast to the ToC developed. This should help to finetune intended changes and to identify priorities later. The aim is not to conduct full organisational diagnostics; these will be carried out at the start of the implementation phase, during inception.

STEP 6: FINALISATION OF THE TOC

In this step, the preliminary ToC and its related indicators, developed in step 4, will be further refined and finalised.

STEP 7: PRIORISATION OF SUPPORT

In this step, the operational scope of support of the future ICP will be determined. This will be done using criteria such as the history and added value of Luxembourg Development Cooperation, the capacity of actors and their potential as agents of change, potential complementarities and synergies with other development partners, leverage effect of different options, available resources, etc.

STEP 8: FINALISATION OF THE WORK ON THE IMPLEMENTATION MODALITIES

In this step, decisions will be made on how the new ICP will be implemented in the different sectors. The choice of modalities will seek to balance the need to stimulate ownership by Lao partners (delegation) and the capacity of these partners to manage this responsibility.

STEP 9: ELABORATION AND VALIDATION OF TECHNICAL AND FINANCIAL DOCUMENT

In this last step, the products developed in the previous steps will be integrated in technical and financial documents. These documents will then be formally validated by both the Lao and the Luxembourg authorities.

Guidelines for the inception phase of ICP V

During the inception phase, the two key objectives are to familiarise the team recruited for implementation with the new methodological framework and to translate the overall strategies and orientations, outlined in the technical and financial documents, into operational plans.

Key outputs of the inception phase

At the end of the inception phase, the following elements need to be in place to start implementation:

- competent technical assistance needs to be recruited and familiarised with the change facilitation approach;
- an operational planning needs to be developed, based on the outcome of collaborative ToA exercises;
- the monitoring and evaluation system needs to be in place to allow for monitoring of change at different levels.

Steps and tools of the inception phase

STEP 1: RECRUITMENT OF TECHNICAL ASSISTANCE

In this step, technical assistance will be recruited to accompany and implement the intervention. The role and positioning of technical assistance in implementation will be determined according to the implementation modalities chosen. Nonetheless, each technical assistant should have a sufficient level of expertise related to capacity development.

STEP 2: STAFF TRAINING

Once recruited, technical assistants will be familiarised with LuxDev's change facilitation approach and the ToC methodology. Soft skills required for facilitating change will also be further developed. This to ensure that technical assistants understand their role in the new intervention and that they are able to pilot the intervention using this new methodological framework.

STEP 3: DEVELOPMENT OF TOA

In this third step, technical assistance will embark on the process of translating the orientations and strategies developed in the technical and financial documents into action. Together with key representatives of each actor, they will develop a ToA for each actor supported by their intervention. In the ToA, the link between the envisaged change in that actor's functioning and performance and support activities selected by the intervention will be made explicit.

The ToA for each actor will be based on the results of a participatory diagnostics exercise, targeting all levels of capacity: the individual, organisational and institutional levels. National bodies specialised in capacity development could also be involved in this exercise, if such bodies exist in Lao PDR.

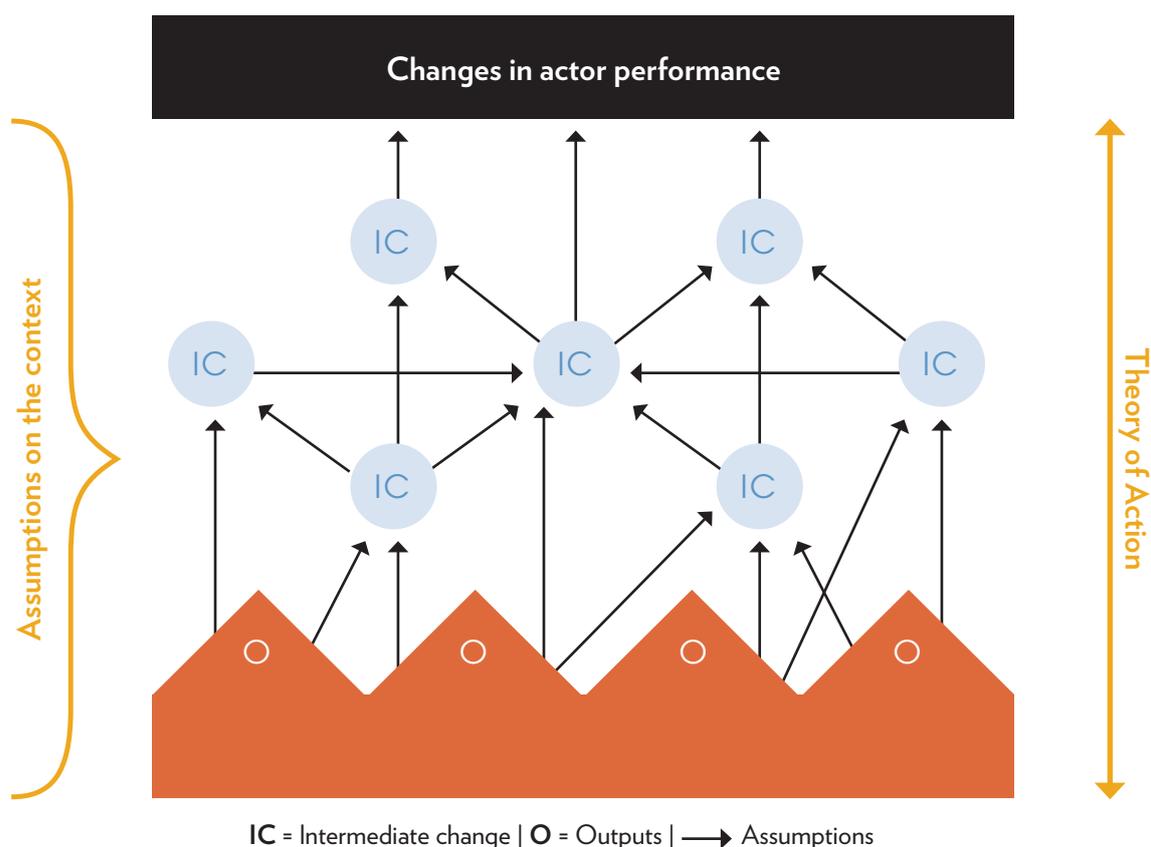
STEP 4: OPERATIONAL PLANNING

After the ToA exercise, the identified activities will be adequately budgeted and planned. Each actor will have a specific operational plan which will also be consolidated in one global operational plan. This global plan will be validated by the Steering Committee and will become the starting point for implementation.

STEP 5: DEVELOPMENT OF THE MONITORING AND EVALUATION SYSTEM

In this step, the monitoring and evaluation system of the intervention will be (further) developed. This involves refining and identifying adequate indicators to monitor changes at different levels. This step also includes defining the organisational setup of monitoring and evaluation: processes and procedures, roles, timetable, etc. (see also p.12).

Fig. 2: Schematic representation of a ToA



Guidelines for the implementation of ICP V

Ideally, implementation of ICP V will take the form of a sequence of action-research cycles that cover the duration of the entire intervention. This approach is described in more detail in the monitoring and evaluation chapter on p.12.

Resources

Mainstreaming has often been more successful in producing effective policy outcomes than in translating them into concrete initiatives on the ground. This implementation gap is primarily due to a lack of effective human, technical and financial resources. Under ICP V, the following resource allocation should be considered:

Human resources

Formulation

In order to formulate the new ICP using the change facilitation approach, a methodological expert should coordinate the formulation process and provide support to the different sectoral experts, for instance by facilitating ToC workshops. For this reason, this expert will need to be well-versed in change facilitation and ToC methodologies. The technical sector experts should have in-dept knowledge of their respective sectors. Both the methodological expert and the sector experts should have sufficient experience working in the Lao PDR context. This team of experts should be complemented with other experts, such as an monitoring and evaluation expert, public finance management expert, etc.

The team of international experts will work closely with LuxDev HQ's capacity strengthening expert and will also make use of national experts from national bodies specialised in capacity development (if such bodies already exist) or nationally recruited specialists for improved contextual relevance.

Implementation

The human resources required for implementing the ICP V interventions will depend on the choices made during the formulation, both in terms of priority areas of interventions and in terms of implementation modalities. But regardless of the exact choices made, the role of technical assistants should gradually shift from that of technical expert towards one of change facilitation. This new orientation should be reflected in the terms of reference of these experts.

Furthermore, it would be useful to anticipate sufficient methodological support in the areas of change facilitation and monitoring and evaluation to support teams responsible for implementation in using this new approach.

Technical resources

Formulation

In order to fully integrate the change facilitation approach, an adapted technical and financial document format should be used in which the new approach to ICP formulation would be reflected. A draft proposal of such a technical and financial document format has already been proposed by LuxDev HQ's capacity strengthening expert.

Implementation

For the implementation phase, some funding should be allocated to further development the monitoring and evaluation dashboard that reflects the ToC of each intervention. Such a dashboard would facilitate monitoring, evaluation and learning.

Financial resources

Formulation

Financial resource allocation for mainstreaming capacity development will be determined based on identified needs during the formulation, inception and implementation phases by LuxDev regional office in consultation with the project implementation team.

At this stage, it is already clear that several workshops will have to be organised during formulation:

- workshops for stakeholder preparation (step 3);
- workshops for development of ToC (steps 4 and 6);
- workshop for validation of the technical and financial documents (step 9).

Implementation

During the inception phase, resources need to be foreseen for staff training. ToA workshops for each of the supported actors also need to be budgeted for. This involves logistics as well as external expertise.

During implementation, sufficient time and resources should be made available for action-research as described below. External specialist support should be provided to implementation teams with limited experience in this area and such support should be foreseen in the budget of the different interventions.

Monitoring and evaluation

Monitoring system

Monitoring and evaluation are crucial for preparing and implementing an intervention according to the change facilitation approach. The complexity related to this type of intervention requires an iterative learning approach, based on regular and rigorous monitoring of outputs and (intermediate) outcomes. Monitoring is not just a means to ensure accountability, it is a crucial tool for active learning and informed decision making throughout the lifespan of each intervention.

In the new ICP, monitoring of each intervention should be focused on the following four questions:

- were the activities of the intervention correctly implemented? Did they produce the desired outputs?
- did the outputs produce the desired effect on the functioning and performance of selected key actors?
- did these changes in the functioning and performance of key actors contribute to changes in the functioning of the sector as a whole?
- did these changes in the functioning of the sector contribute to the achievement of the overall change objective for the sector?

Answering these four questions requires a solid monitoring system to be in place. Ideally, the monitoring system of the interventions should, as much as possible, be based on existing monitoring systems at the national level, especially when it comes to monitoring of higher outcomes or impacts. In some sectors, such as the health sector, such national systems are already in place.

Monitoring to support action-research

During implementation, the change facilitation approach ideally takes the form of a sequence of action-research cycles that cover the duration of the entire intervention. Each cycle involves the planning of activities, based on the assumptions made explicit in a ToA. After implementation, the results and effects are to be observed and analysed, using the monitoring and evaluation system put in place. Lessons learned will then serve to confirm or contradict the initial assumption and might lead to a revision of the intervention strategy.

Operational changes to the intervention strategy will be decided by the team responsible for implementation while more strategic changes should be validated by the Steering Committee.

Capitalisation

Capacity development experiences in ICP IV

Many good practices have already been identified in the ongoing interventions. Some of these good practices have been highlighted below.

Use of ToC for planning and implementation of capacity strengthening activities

Both the LAO/030 and the LAO/033 programmes have experimented with the use of the ToC methodology for planning and monitoring of capacity strengthening activities. Even though these experiments have only just started, it is clear that the use of this methodology provides a stronger focus to the planning process. It has helped to target priority areas for intervention and avoid supporting areas less relevant for the achievement of the overall change objective of the intervention.

Focus at the provincial and district level

Most of the ICP IV interventions are currently strongly anchored at the provincial level and present at the district and local levels. This anchoring allows these interventions to have a stronger relationship with local authorities and have a real impact on the lives of the population. At the same time, a good working relationship has been established at the central level which is crucial for overall coordination and mainstreaming for the entire country. This anchoring at multiple levels, with a strong focus at the provincial and local level, should be maintained in the next ICP.

Accompanying change on-the-job

The LAO/027 programme has invested a lot in innovative capacity strengthening approaches, especially in the area of on-the-job training. In a few hospitals, nurses-coaches work alongside less-experienced Lao colleagues to help them to correctly apply existing health standards and procedures. Similar approaches have been used by the LAO/030 programme to strengthen bottom-up development planning and implementation at the village, district and provincial levels. Such innovative approaches, that complement more classic ones such as training, should be favored in the next ICP.

Result-orientated Delegation Agreement for Fund and Implementation (DAFI)

The LAO/030 programme is currently experimenting the use of a change-oriented DAFI, based on the ToC developed for this intervention. Such a mechanism is an interesting instrument to support the progressive transfer of responsibilities for planning and implementation of capacity strengthening activities.

Demand-driven training

The LAO/029 programme has developed an interesting approach to demand-driven training whereby staff members justify training requests based on their own job descriptions. Within the national bodies, these requests are scrutinised to allow only for trainings that really provide added value to the organisations involved.

Strengthening of national actors responsible for capacity strengthening

With its support to faculties of law, the LAO/031 programme specifically focusses on strengthening of national bodies responsible for capacity strengthening in a priority sector. Where possible, this approach should be extended to other sectors.

Joint Participatory Mechanism

The Joint Participatory Mechanism was established by the LAO/027 programme to improve governance and the stewardship of the health sector at both national and provincial levels. It consisted in setting up funding mechanism, embedded in the Ministry of Health that helps leverage counterpart's financial contribution to finance priority activities in the health sector. It is worth exploring whether such a mechanism could also be using in the other priority sectors. Also, potential complementarities with other mechanisms, such as the Infrastructure Development Fund and the Capacity Development Fund under the LAO/030 programme, which have a strong focus on participation, should be further explored during formulation.

Capacity development in ICP V

As is apparent from the examples above, the different interventions under ICP IV have successfully experimented with some aspects of capacity development. At the same time, the Mid-Term Review of these interventions also show the need for a more focused and integrated methodological approach to the subject, as transpires from the following recommendations taken from the different Mid-Term Review for full implementation during subsequent programme phases in ICP V:

LAO/027

- focus on action research to guide the programme implementation to achieve best results;
- build province HR management capacity.

LAO/029

- strengthen understanding and orientation towards systemic change;
- strengthen internal and external learning and reflection.

LAO/030

- stronger project support for organisational and institutional capacity development will help to promote improved governance at all levels.

LAO/031

- design, adopt and implement a Capacity Strengthening Strategy in accordance with recognised interventional standards;
- strengthen the capacity enhancement modalities and processes for training activity throughout the project activity portfolio in line with an overall strategy;
- systematically harvest the lessons learned from the shift to relevant e-based modalities (...) as well as for other project activity in dialogue with the partners; and, when relevant and appropriate, include these modalities in future design of relevant activity (short and long term).

These recommendations clearly accentuate the need to further develop the existing capacity development approach in the direction highlighted in this guidance note: better planning of capacity development with a focus on change, a more holistic approach to capacity development and monitoring and evaluation to collect information on implementation and to integrate lessons learned in a new planning (action-research cycles). All of this with the aim to further improve the overall change facilitation and capacity development approach under ICP V.

It is important to note that Lao PDR is not the only country in which the Luxembourg Cooperation is applying the principles outlined in this guidance note:

- the new cooperation programme between Luxembourg and Senegal is being implemented using the change facilitation approach. A ToC has been developed for both priority sectors and ToAs and related action plans have been elaborated for the key stakeholders supported by the interventions;
- in Mali, Cabo Verde and Niger, new ICPs are being prepared using the change facilitation approach.





THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of Foreign and European Affairs

Directorate for Development Cooperation
and Humanitarian Affairs

**Directorate for Development Cooperation
and Humanitarian Affairs**

6, rue de la Congrégation
L-1352 Luxembourg
T (+352) 246-82351

www.cooperation.gouvernement.lu

 facebook.com/MAEE.Luxembourg

 Twitter.com/mfa_lu