



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Affaires étrangères
et européennes

Direction de la coopération
au développement et
de l'action humanitaire

Mid-term review of the Third Indicative Cooperation Programme (ICP) 2011-2015 in Laos

Executive Summary

In 2014, the Development Cooperation Direction of the Ministry of Foreign Affairs ordered a Mid-term review of the Third Indicative Cooperation Programme (ICP) 2011-2015 in Vietnam and Laos. The evaluation was performed by ADE. The Ministry publishes hereafter a summary of the principal results of this exercise.

The observations, appreciations and recommendations expressed in this document represent the point of views of the evaluators and doesn't reflect necessarily those of the Ministry.



Evaluation mandate

The Ministry of Foreign Affairs of the Grand-Duchy of Luxembourg has requested an independent Mid Term Review (MTR) of its current Indicative Cooperation Programme with Lao PDR (ICP3 for the period 2011- 2015). Interventions are evaluated at sector level; and therefore not at project level. This MTR has a mandate to identify options for updating ongoing interventions, reshaping the organizational framework and identifying new opportunities to strengthen collaboration with Lao PDR. The evaluation process started in March 2014. A draft progress report was finalised in May 2014. The field mission was conducted in Laos in June 2014.

With an indicative budget of EUR 50 million, the ICP3 states a twofold approach:

- A pro-poor support to social sectors (namely in health and education through human resources), with attention to vulnerable groups.
- Support to economic needs of a future middle income country, through institutional capacity building and human resource development in hospitality, finance and banking.

The development cooperation between Lao PRD and Luxembourg has been successful and productive in the intervention domains of health, LRD, TVET and governance. Relations were built on mutual understanding, respect, interaction and collaboration. Interventions have achieved relevant impact at central and provincial levels, where bilateral projects have been implemented in the last decade. This has paved the way for future collaboration and interaction.

Projects are aligned with GoL policies and sector strategies. Attention is given to alignment in the formulation process. Identification is systematically based on requests expressed by local counterparts. The formulation process pays specific attention to coherence with the existing regulatory framework. In turn, all projects are aligned with GoL policies and strategies for all sectors.

Interventions are relevant to partners' needs

Each project has developed a participative approach for identifying, planning and implementing activities. Once projects are formulated, efforts are made to match individual activities (i.e. selection of relevant infrastructures or soft support) with the needs of partner ministries/provinces/districts. In turn, support is considered relevant to the needs of the partners. Local partners are in general involved in monitoring and in strategic and operational decisions.

But the ICP doesn't make explicit Luxembourg's priorities and sector objectives in Lao PDR

The ICP3 doesn't define how Luxembourg wants to position itself in Laos, what the sector priorities and the expected results are. Additionally selection criteria for engaging in a specific sector or province are not made explicit. This affects the readability of Luxembourg priorities

in Laos. Further, the content of the ICP is little known to most partners and technicians interviewed. The ICP has not provided a roadmap for Luxembourg cooperation.

At project level, PRODOCs do not make explicit the specific contribution to the country's policies and strategies (i.e. what is the expected value-added of Luxembourg contribution to Laos development). The lack of an explicit strategy makes programming and identification phases informal and weak (there is no identification criterion to help prioritise interventions). Projects are relevant, but are they the most appropriate to Luxembourg's strategy?

It is recommended to formulate explicitly Luxembourg's sector strategies, priorities, and expected added-value in Lao PDR. This will determine the approach to be developed (how to combine local projects, policy dialogue and coordination with other donors) and the intervention modalities (e.g. deployment of CTAs for sector dialogue).

Activities have been spread over too many provinces and sectors, which reduces visibility and efficiency

Projects identification is primarily guided by continuity: most projects launched since 2011 constitute the second or third phase of previous interventions. In other words, the ICP3 has not modified previous decision criteria. Geographical concentration is similar to ICP2 with the explicit addition of activities at national level in all priority sectors. Activities are relatively spread (more than 3 provinces).

Luxembourg has dispersed activities over too many sectors. Sector concentration is similar to ICP2. Two of the 4 sectors – TVET and governance – lack readability as they include very diverse interventions with limited to no interaction. Further, the diversity of activities financed under the governance sector has increased dispersion.

Support through multilateral organisations has not been integrated into sectors strategies, and has amplified geographical dispersion and has hampered exchange of experiences or synergy with bilateral interventions. No criterion has been defined to select the most appropriated channel between bilateral or multilateral interventions.

Outputs are adequately delivered. Projects are very flexible in adapting to changing needs

At project level, work plans and resource schedules are available and used. Technical assistants (CTAs) are of quality, committed, competent. Outputs are usually delivered, most of the time with delays, but cost or non-cost extensions help to compensate and catch up with those delays.

Infrastructures & equipment are always of high quality. The question is: do they always fit to local capacities (O&M) and are adapted to local environments? Especially on maintenance, both for buildings and equipment, no precise maintenance strategy has been developed.

As far as soft support is concerned, there is lack of coherence between the statement made by ICP3 (focus on soft support in comparison with ICP2 focusing on hardware), and actual budget still mainly on infrastructure. The hardware components (construction, equipment, rehabilitation) remain a major bulk of support in most ongoing projects, which is in most

cases justified. The expected target of soft support is not always explicit (outputs are described, outcomes in terms of skills and organisation are not always).

Outcomes are usually not quantified and monitored

Overall objectives are usually too ambitious, which results in PRODOCS insufficiently supported by indicators. Effectiveness varies from project to project.

No monitoring system of the ICP is in place, which relates to the absence of targets at ICP level. This clearly affects the capacity of partnership commissions to exert “mutual accountability”, a principle promoted by the Paris Declaration. At project level, inputs are monitored and corrective measures are taken if required. But the expected outputs and outcomes are usually not quantified in PRODOCs. This affects the usability of the logical framework as a decision tool, the readability of the project from an outsider perspective, and mutual accountability. In turn, mid-term evaluations of individual projects cannot always build on a systematic quantification of outcomes and actual outcomes are not compared against initial targets.

Mc&E instruments should be further developed to monitor outcomes and not only inputs and outputs. The logframe constitutes a key instrument in that perspective.

Sustainability has insufficiently been addressed

Support to infrastructures and equipment: ability for local organisations to ensure maintenance is sometimes at risk, and often assessed as limited by available project evaluations.

Support to institutions and regulations have mostly been addressed at provincial level (to the exception of cold chain at national level). Long-standing experience with local authorities has helped LuxDev positively contribute to elaborate and adapt regulation frameworks.

Financial sustainability is quite often not addressed, leading counterparts to look for extensions/new phases or taking over by other donors.

The most recent formulation papers put more emphasis on institutional capacities

The main challenges for capacity building are institutional, not technical, while capacity building has in the past been addressed through trainings of individual and less through reinforcement of the overall organisation. Further, the actual use of skills gained through training has built on assumptions that are not systematically identified in PRODOCs or tested. This is however changing: approaches aimed to develop organisational capacity and knowledge are included in most recent PRODOCs.

It is recommended to define and monitor the exit strategy for the ongoing and up-to-come projects. More attention should be put on sustainability in PRODOCs.

More should be done during formulation and identification to assess organisational capacities in managing infrastructures after achievement. It is recommended to use more strategically the Study Fund for preliminary assessments: (i) "Readiness analyses" including organisational assessment prior to define capacity building strategies and in order to pre-define scenarios for a phasing out, and (ii) "Feasibility studies" (which are currently done too late, after the formulation).

Interaction between interventions has been limited in the past, but efforts are made improve complementarity

Interaction between the 4 sectors of intervention has been weak in the past, but recent efforts are made to interact between health and LRD. Partial complementarity exists between the bilateral and multilateral channels: it is good in health and LRD (efforts made by to coordinate at sector level) but limited in TVET/HRD and to be developed in governance. Interaction between MFEA and LuxDev at central and peripheral level can be improved.

Harmonisation and complementarity with other technical and financial partners are limited: attention is given to the absence of duplication, but there is no specific effort to develop synergies (such as joint interventions).

It is recommended to capitalise and combine expertise within sectors. An integrated sector approach could build on a combination of thematic advisors. The approach could increase synergies and coherence inside the portfolio. It would require a revised approach in terms of size and phasing of activities (a shift from projects to sector programmes).

LuxDev is encouraged to invest in the "inter-project working group" envisaged at provincial level. This approach should be viewed as experimental: investments in learning and dissemination should be made and shared with Luxembourg HQ.

Capitalisation could be further strengthened within and between MOFA and LuxDev

Luxembourg exploits mid-term reviews and final evaluations of projects to learn from experience in the country, on sectors of concentration, and about beneficiaries/target groups' needs. Efforts are made by LuxDev to encourage institutional learning at sector level on LRD, but this effort is constrained by an organisational structure mainly aimed to work at provincial level.

Promising instruments in support of capacity building have been developed. Such exercises are however currently limited to individual projects and shared on ad-hoc basis by individuals; beside individuals, LuxDev institutional expertise is limited.

Opportunities for capitalisation and lessons learning with CTAs and at regional level should be encouraged and expanded.

The evaluators recommend the designation of a thematic expert on capacity building at LuxDev HQ, in charge of collecting, coordinating, providing technical support and technical back-stopping to projects in this area.

Luxembourg should also work with research institutes to define and pilot its strategy.

More attention and resources should be dedicated to sector dialogue and influence

In the health sector, long standing partnership has made Luxembourg visible and influential on the EPI cold chain, and at MoH level for policy and strategic dialogue. As opposed to the health sector, Luxembourg has limited involvement in donor coordination groups at national level in LRD and TVET. Luxembourg is not prepared to combine provincial interventions with influence at national level, due to lack of HR available in Vientiane and lack of a sector strategy to contribute to coordination forums.

The ability for Luxembourg to disseminate its approach, to share experiences and coordinate with other donors in the sector, and be informed of the evolution of the national regulatory framework is in turn limited.

Projects should define a visibility strategy, connect to donor coordination groups, share and promote their approach. Visibility and communication are meant to explain strategic decisions, communicate on results and legitimate activities.

Luxembourg should better promote the potential value-added of its specific contribution. Any project at local level should be introduced as a “pilot project” for which innovative approaches and lessons will be tested and disseminated.

Luxembourg has provided financial contribution to donor coordination groups linked to the Round Table Meeting, but has limited staff available to participate in these groups. More intensive and systematic engagement would require clarification of roles, allocation of resources. Luxembourg is in good position for that, due to its close connection with the field as well as its involvement in strategic programmes.

As exemplified in the health sector, CTAs should be given an explicit mandate to actively participate in coordination groups. Formal interaction between the embassy and CTAs must be put in place.

Interventions should pursue “strategic alliances” with other donors, and systematic combination of interventions at central and local level. This strategy means a concentration of resources on lesser individual interventions, in order to reach a critical mass. The use of the study fund could help identify options in that regard.

A fully-fledged operational cooperation office in Laos has to be settled (MOFA + LuxDev). The office should combine technical expertise with a policy mandate (i.e. build on practical experience to define strategic positions).

An approach for a successful ICP4 in Lao PDR

Preparation of the future Lao ICP4 2016-2020 should not be delayed. The future IPC4 should make explicit Luxembourg's sector priorities and include:

- A context analysis (conducted by Luxembourg)
- Luxembourg foreign policy objectives in the country
- Results and achievements of previous ICPs in the country

- Strategic orientations and priorities (country objectives by sector)
- Result framework (including targets at sector level and identification criteria for interventions)

It is recommended that the GoL facilitates the establishment of a fully-fledged cooperation office in Laos, interacts with Luxembourg in the preparation of the future Lao ICP4 2016-2020, and works with Luxembourg to address sustainability for the ongoing projects, in terms of (i) operation and maintenance and (ii) institutional setting for handover.