

Governance, Public Administration Reform
& Decentralized Service Delivery Project
(GPAR)

Saravane Province
Lao Peoples Democratic Republic

Final Report of the Mid Term Review

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ACRONYMS AND LAOTIAN TERMS	5
DISCLAIMER	7
ACKNOWLEDGEMENTS	7
EXECUTIVE SUMMARY	8
1. Aim of Mid Term Review	8
2. Project profile	8
3. Project hypothesis	9
4. Project logical framework	9
5. Intervention strategy	9
6. Fiscal status and performance	9
7. Principal findings	10
7.1 Achievements	10
7.2 Challenges	11
8. Recommendations	12
8.1 For Saravane province and districts	12
8.2 For the national level	12
A. PROJECT SUMMARY	14
B. PURPOSE OF EVALUATION	15
1. Purpose of the mid term review	15
2. Project cycle	15
C. METHODOLOGY	16
1. Methodology and tools	16
2. People with whom the team interacted	17
3. Team composition	17
4. Workplan	18
D. PROJECT PROFILE	19
1. Project background	19
2. Country context and status of decentralisation	19
3. Project management arrangements	20
4. Project logical framework	21
5. Intervention strategy	23
6. Fiscal status and performance	24
E. EVALUATION	27
1. PROJECT DESIGN	27
2. FINANCING AND FINANCIAL MANAGEMENT	30
2.1 Objectives	30
2.2 Achievements	30
2.3 Challenges	33
2.4 Critical factors affecting results achievement	33
2.5 Sustainability of results	34
2.6 Lessons	34
2.7 Recommendations	35
3. PLANNING AND BUDGETING	36
3.1 Objectives	36
3.2 Achievements	36
3.4 Challenges	37
3.5 Critical factors affecting results achievement	39

3.6 Sustainability of results.....	39
3.7 Lessons	40
3.8 Recommendations.....	40
4. ADMINISTRATIVE RE-ORGANISATION	42
4.1 Objectives	42
4.2 Achievements	42
4.3 Challenges.....	43
4.4 Critical factors	43
4.5 Sustainability.....	44
4.6 Lessons	44
4.7 Recommendations.....	45
5. HUMAN RESOURCE MANAGEMENT.....	46
5.1 Objectives.....	46
5.2 Results achievement & remaining challenges	46
5.3 Critical factors affecting results achievement.....	49
5.4 Sustainability of results.....	49
5.5 Lessons	50
5.6 Recommendations.....	50
6. IMPLEMENTATION PROCEDURES.....	51
6.1 Objectives	51
6.2 Results achievement & remaining challenges	51
6.3 Critical factors affecting results achievement.....	57
6.4 Sustainability of results.....	57
6.5 Lessons	57
6.6 Recommendations.....	58
7. NATIONAL POLICY REFORM AND REPLICATION	59
7.1 Objectives	59
7.2 Achievements	60
7.3 Challenges.....	62
7.4 Lessons	64
7.5 Recommendations.....	64
9. MONITORING AND EVALUATION	65
9.1 Objectives	65
9.2 Results achievement and remaining challenges.....	65
9.3 Critical factors affecting results achievement.....	67
9.4 Sustainability of results.....	68
9.5 Lessons	68
9.6 Recommendations.....	68
10. OVERALL FINDINGS AND RECOMMENDATIONS	69
10.1 Overall findings and recommendations	69
10.2 Factors affecting project outcome	72
10.3 Strategic Positioning and Partnerships	74
10.4 Future Role of UNCDF	74
ANNEXES	Error! Bookmark not defined.
1. Terms of reference	Error! Bookmark not defined.
2. Results framework.....	Error! Bookmark not defined.
3. Project status against plan	Error! Bookmark not defined.
4. Attendance lists	Error! Bookmark not defined.
5. Participants' responses to regional debriefing	Error! Bookmark not defined.

6. Minutes of national debriefing**Error! Bookmark not defined.**
7. Notes from global debriefing**Error! Bookmark not defined.**
8. Comments on draft report by GPAR SP PST ..**Error! Bookmark not defined.**
9. Team’s responses to GPAR SP PST comments.....**Error! Bookmark not defined.**
10. References**Error! Bookmark not defined.**

ACRONYMS AND LAOTIAN TERMS

AWP	Annual Workplan
CCOP	Central Committee for Organisation and Personnel
CPC	Committee for Planning and Cooperation
DIAP	District Annual Investment Plan
DDF	District Development Fund
DoF	Department of Finance
DPACS	Department of Public Administration and Civil Service
DPC	District Planning Committee
DPT	District Planning Team
SDEDP	District Socio-Economic Development Plan
GoL	Government of Lao PDR
GPAR	Government, Public Administration Reform Programme
GPAS SBSD	Government, Public Administration Reform Support for Better Service Delivery
GPAS SP	Governance, Public Administration Reform and Decentralised Service Delivery Project
HRD	Human Resource Development
HRM	Human Resource Management
ICT	Information and Communication Technology
ISD	Infrastructure Service Delivery
JICA	Japan International Cooperation Agency
Kumban	A number of villages clustered together for planning purposes
LaoPDR	Lao People's Democratic Republic
LDP	Local Development Programme
LED	Local Economic Development
LWU	Lao Womens Union
LDP	Local Development Programmes
MIS	Management Information System
MIS-LG	Management Information System – Local Government
MoPI	Ministry of Planning and Investment
MoF	Ministry of Finance
MTR	Mid-Term Review
Naiban	Village chief
NGPES	National Growth and Poverty Eradication Strategy
NPD	National Project Director
NPM	National Project Manager
OoG	Office of the Governor
O&M	Operations and Maintenance
PACSA	Public Administration & Civil Service Authority
PFM	Public Finance Management
PCAP	Project for Capacity Building for Public Investment Plan
PD	Project Document
PEM	Public Expenditure Management
PSEDP	Provincial Socio-Economic Development Plan
PIMS	Personnel Information Management System
PLC	Project Leading Committee (in Saravane province)
PO	Programme Officer

POP	Project Operational Plan
PPR	Poverty Reduction Fund
PST	Project Support Team
ROAR	Results Oriented Annual Reporting
SBSD	Support for Better Service Delivery
SEDP	Socio-Economic Development Plan
SMART	Specific, Accurate, Measurable and Timed
SEDP	Socio-Economic Development Plan
SoG	Secretariat of Government
TA	Technical Advisor
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNV	United Nations Volunteer
WB	World Bank

DISCLAIMER

This report's evaluation and recommendations do not necessarily reflect the view of the United Nations Capital Development Fund (UNCDF), its Executive Board or the United Nations Member States. This is an independent report commissioned by UNCDF and reflects the views of its authors.

ACKNOWLEDGEMENTS

The evaluation team thanks all those who provided practical support before, during and after the mission. Ms. Chandi Kadirgamar, UNCDF Evaluation Advisor, coordinated the pre- and post-mission activities. Thilaphong Oudomsine, UNCDF Programme Officer, organized interviews and travel arrangements in Vientiane. Mr. Thavone Bounphavong, National Project Manager, organized interviews, meetings and the team's travel arrangements in Saravane province. The team benefited from the insights of Roger Shotten, Regional Technical Advisor based in Bangkok and Mike Winter, Consultant to the UNCDF, for which many thanks. The team was warmly received wherever it went. It conveys special thanks to the Vice Governor of Saravane Province and the Governor of Ta Oy district for their time and generosity. Thanks to all the people in Vientiane and Saravane who gave their time to attend interviews and meetings, including the GPAR Project staff, government officials and donors in Vientiane, GPAR staff, provincial and district officials in Saravane, and community representatives and members at the project sites. Thanks also to the two GPAR drivers in Saravane.

EXECUTIVE SUMMARY

1. Aim of Mid Term Review

The aim of the Mid-Term Review (MTR) is to provide a strategic review of project performance, to draw initial lessons learned about project design, implementation and management and to recommend adaptations in approach, if needed.

2. Project profile

Implementation of the GPAR Saravane Project (GPAR SP) began in the Lao fiscal year 2006/2007 and is planned to end in 2009/2010. GPAR SP is executed by the Office of the Governor, Saravane Province under the UNDP's national execution modality. The aim of GPAR SP is to build the capacity of Saravane province and its districts to provide improved public services that contribute to poverty reduction, and to channel the lessons learned into replication and policy debate through GPAR Central.

The UNCDF has been active in Lao PDR for over twenty years. Since 2004, it has focussed on local development through support for the Governance and Public Administration Reform in Saravane Project (GPAR SP). The GPAR SP is part of an array of projects coordinated by the Governance and Public Administration Reform Programme (GPAR Central), a UNDP funded vehicle that supports the Public Administration and Civil Service Authority (PACSA).

The UNCDF and UNDP collaborated on the design of GPAR SP and collaborate in providing financing and technical support to the Project. The support given by the UNCDF is in the form of financing local planning, budgeting and capital investment in infrastructure and associated service delivery through a District Development Fund (DDF) modality, coupled with training and back-up technical advice. The support given by the UNDP has been to finance and provide technical support and training for the administrative re-organisation and human resource management dimensions of the Project.

The GPAR SP was conceived as a provincial pilot to test the workability of more devolved and participatory forms of budgeting, planning and service delivery, using capital investment grants that are transferred from the national to the district level. It supports an incremental national reform process whose main thrust is to devolve responsibility for small-scale infrastructure and associated service delivery to districts and villages. It encourages greater local level participation through meetings at village and Kumban (clusters of villages) level to discuss project priorities, and at district level to take decisions on project expenditure.

3. Project hypothesis

The project hypothesis is that the provision of capital investment grants (the DDF) coupled with human resource development and administrative re-organisation of the province and districts will help empower local authorities and develop their capacity to deliver decentralised services in manner that is more transparent, accountable, effective and efficient, and that this will contribute to poverty reduction.

4. Project logical framework

The GPAR SP's logical framework has three pillars. The central pillar is the DDF process, which is the responsibility of the UNCDF. The DDF process has three outputs: finance and financial management, planning and budgeting and implementation procedures. A second pillar comprises human resource management and administrative re-organisation of the provinces and the districts, the part of the project for which the UNDP is responsible. The third pillar is the transmission of learning from GPAR SP's experience into provincial replication, national policy debate and reform. GPAR SP contributes to provincial replication and national policy debate principally through channeling its experience and lessons through GPAR Central.

5. Intervention strategy

The Project is being implemented in the Saravane province, in the south of Lao, about 800 kilometres from Vientiane Capital. Saravane province comprises eight districts.

The intervention strategy began with three districts in the fiscal year 2006/07: Saravane, Ta Oy and Lakhonepeng. Samoi was added in fiscal year 2007/08 and Khonsedone and Tum Lan in fiscal year 2008/2009. Lao Ngam and Wapi are to be added in fiscal year 2009/10.

Influenced by the success of GPAR Saravane, GPAR Central formulated a national replication and reform programme called the Governance, Public Administration Reform Support for Better Service Delivery programme (GPAR SBSD), which has been implemented since 2007.

6. Fiscal status and performance

Total Project revenue (actual and planned) between 2005 and 2010 is US\$ 3,138,547. The UNCDF contribution is 64%, that of the European Union 21%, of the UNDP 13%, of communities 2% and of government under 1%. The bulk of expenditure between 2005 and 2008 has been on capital investment in infrastructure service projects and associated planning and budgeting activities

relating to the DDF (54%), followed by project management (30%), followed by replication and policy work (10%). Administrative re-organisation and human resource management activities made up 6% of expenditure.

7. Principal findings

7.1 Achievements

Overall, the Project has performed exceptionally well in a relatively short space of time with significant positive results. District public expenditure management, using the DDF modalities, has significantly improved. Community participation has improved through the introduction of a planning approach that begins with the villages, involves the Kumbans and ends with the District Planning Committees, on which are represented district officials and Kumban representatives.

A new set of implementation procedures including procurement, contracting oversight, O&M have been developed and, for the most part, been successfully implemented. The team was impressed with the effectiveness of the M&E system, which has enabled the Project Support Team to follow implementation, assess experience and adapt practice on an informed and timely basis. Implementation activities have resulted in the production of infrastructure that is largely sound, both in terms of the technical standards and in terms of satisfying the needs of communities living nearby.

The administrative re-organisation and accompanying human resource management activities began later in the Project's life than budgeting, planning and infrastructure implementation activities, but are already showing positive impacts on the transparency, efficiency and accessibility to the public of the administration, though there is still some way to go before this part to the Project can be meaningfully assessed.

The lessons learned from the Saravane experience are being transmitted to other provinces through a replication programme coordinated by GPAR Central, and through the introduction of the DDF modality within projects in two other provinces, the one supported by the World Bank and the other by Luxembourg Cooperation. Compared with LDPs in a number of other countries in which the evaluation team has undertaken MTRs, these are impressive achievements for a pilot project that has been in operation for only two years.

The approach on the ground is closely alignment with emerging Lao laws, decrees and instructions, which has helped ensure that the Project is "owned" by officials in the districts and the province. Leading government actors in Saravane are positive about the Project and wanting to share their experience with other provinces and with national government in Lao.

7.2 Challenges

Notwithstanding these considerable achievements, there are some remaining challenges for the Saravane Project.

At the district and provincial level

Although the budgeting and planning process has gone far in ensuring the involvement of community groups previously not able to express their service delivery preferences, there is a need to deepen their involvement, especially that of the poorest, women and ethnic groups. Participatory planning would be aided by a diagnostic approach that identifies problems and opportunities and enables participants to make choices based on a deeper understanding the impact of alternative investment decisions.

The Project provided district and Kumban leaders with training in O&M based on a clear and well laid out Technical Note on this subject, but O&M arrangements remain a weak point in practice, which may jeopardise the sustainability of the infrastructure and associated services.

The administrative re-organisation and human resource management initiatives are intended to rationalise and right size the administration with the aim of increasing the efficiency, accessibility, transparency and appropriateness of services. While these objectives are laudable, rationalisation and right-sizing do not in themselves ensure that service provision is decentralised. This requires, in addition, the application of the principle of subsidiarity. The remaining challenges are therefore to gauge the Government of Lao's interest in experimenting further with administrative and political decentralisation that is appropriate to the political culture and developmental goals of Government.

It was not clear to the evaluation team that the income generating projects mounted by GPAR SP, namely the produce markets and fish hatcheries, are economically viable or specifically pro-poor.

At the national level

The GPAR SP has been highly successful in taking its lessons into a provincial replication process through GPAR Central and PACSA, and this is clearest in the influence it has had on the GPAR SBSD programme and the adoption of the DDF modality by donors supporting programmes in two other provinces.

It has had less success in placing its approach to decentralisation directly onto the national policy agenda. Key government ministries, notably the Ministry of Finance and the Ministry of Planning and Investment are aware of the Saravane Project and have a positive view of its work, but this has not yet led to a tangible national reform debate or policy reform initiatives based on the Saravane experience, apart from the provincial replication initiatives already mentioned.

8. Recommendations

8.1 For Saravane province and districts

During next two years, 2009 -2010, GPAR SP should give attention to refining its procedures in a number of areas:

DDF modalities

It is recommended that the UNCDF considers experimenting with planning and budgeting methods that enable the participants to understand the implications of their choices more fully and to enable women and other vulnerable groups to express their preferences more vocally. This is an area of innovation and a challenge for the UNCDF not only in Lao, but also internationally, and could be taken up in the districts that are now coming on stream for Project support in Saravane.

There should be a follow up process aimed at strengthening the O&M systems that have been put in place at the project level. The UNCDF regional technical advisors have already proposed the creation of an O&M fund for this very purpose and this should now be implemented.

The GPAR Project should introduce criteria for the assessment of the pro-poor orientation and economic viability of any future income earning projects that come on the investment agenda in the new Saravane districts and, where the potential exists, strengthen the competitive advantage of existing income earning projects. If a further stage of piloting is contemplated in Saravane, the UNCDF could offer to support a more systematic approach to LED promotion in the province.

Administrative re-organisation and human resource management

GPAR SP should complete the administrative re-organisation and human resource management initiatives that have already begun in Saravane, including the planned installation of software for the Personnel Information Management System.

8.2 For the national level

The GPAR SP should give a strong push to its policy reform and replication activities over the next two years, but this should be done in a way that does not jeopardize the continuing good work of the pilot in Saravane.

In consultation with GPAR Central and PACSA, the UNCDF and UNDP should gauge the interest of the Government of Lao in experimenting further with administrative and political decentralization, to complement and strengthen the

work that has already been done on fiscal decentralization. The Project Document mentions the possibility of trying out a form of municipal government in the districts of Saravane, which could form a starting point for this discussion.

The technical support offered could be either in the form of appointments to posts within GPAR Central, or in the form of technical missions supported by the Asia region of the UNCDF. The specialists appointed to play this role would work closely with the DDF Analyst already based and GPAR Central and with the GPAR Saravane National Project Manager and M&E Officer.

A. PROJECT SUMMARY

Country:	Lao PDR
Programme Number:	00032148 (former: LAO/03C01)
Programme Title:	Saravane Governance, Public Administration Reform and Decentralized Service Delivery Project (GPAR SP)
Executing Agency*:	UNDP Lao PDR
Implementing Agencies*:	Office of the Governor of Saravane Province
Programme approval date:	03 March 2005
Programme Start Date:	April 2005
Programme End Date:	March 2010
Total programme cost:	USD 2,860,523
Financing breakdown:	UNCDF: USD1,999,410; UNDP: USD224,981 and EC: USD636,132 (Euro500,000)
Mid-term evaluation date:	26 November – 16 th December 2008

Source: Terms of reference for MTR.

* Note: This summary is taken from the evaluation team's terms of reference. Here the UNDP is identified as the executing agency, whereas the signed PD indicates that the executing agency is the Office of the Governor Saravane Province and that the National Execution (NEX) modality applies.

B. PURPOSE OF EVALUATION

1. Purpose of the mid term review

The aim of the Mid-Term Review (MTR) is to provide a strategic review of Project performance to date, in order to:

- assess overall progress, or lack of thereof, and detect early signs of success or failure,
- validate, or identify weaknesses in, the initial Project design,
- assess Project relevance,
- examine Project management arrangements to ensure that they are adequate for and consistent with the attainment of assigned Project outcomes and the implementation of agreed Project activities,
- assess the level of satisfaction of Project stakeholders and beneficiaries with the results achieved thus far,
- identify outstanding issues,
- assess sustainability of implemented activities,
- set the course for the remaining duration, and
- draw initial lessons learned about Project design, implementation and management.
- comply with the requirement of the PD/funding agreement and UNCDF Evaluation Policy.

2. Project cycle

The Project began in April 2005 and is planned to end in March 2010. The MTR took place between the 26th November and 16th December 2008, a month later than anticipated in the PD.

C. METHODOLOGY

1. Methodology and tools

The approach adopted was to conduct a structured evaluation dialogue between the evaluation team, the UNCDF/UNDP country project team, national and local stakeholders and representatives of the communities involved, combined with documentary and data analysis. The methodological tools used were interviews, facilitated workshops, focus group discussions (FGDs), data analysis and document review.¹

The team composed the **project hypothesis** from the PD as set out in box 1.

Box 1: Project hypothesis

Project hypothesis

The project hypothesis is that

- the provision of capital investment grants (the DDF) coupled with
- human resource development &
- administrative re-organisation of the province and districts

will help empower local authorities & develop their capacity to deliver decentralised services in manner that is

- more transparent
- accountable
- effective &
- efficient,

And, by these means, will

- contribute to poverty reduction.

The GPAR SP is a pilot project that seeks to test this hypothesis in Saravane as a basis for national policy reform and replication.

Source: Programme Document.

¹ The approach used in this mid term evaluation is set out in detail in the UNCDF's Evaluation Guide, Version 2, 2008.

The core evaluation question pursued by the team was whether this hypothesis is being borne out by the Project's performance mid way in its life cycle. The team tested this hypothesis against emerging findings through structured dialogue with the actors involved at the different levels of the Project. This approach enabled the team to interact with a large number of project stakeholders and service users over a relatively short space of time, as demonstrated in the next section.

2. People with whom the team interacted

As shown in Table 1, the team interacted mainly with government officials, community representatives and community members. Of the grand total of 393 people, 44% were women. Although women were present in large numbers at the community meetings, they appeared reluctant to voice their opinions. They were, however, more vocal in the women's FGDs.

Table 1: Team's interaction with project stakeholders & service users

Actors	All participants	Women	% Women
Vientiane			
National actors (GPAR, govt & donors)	40	9	23%
National debriefing	20	4	20%
Saravane Province			
Provincial officials	46	6	13%
GPAR SP team	12	2	17%
Provincial kick off workshop	18	3	17%
Provincial debriefing	29	3	10%
Saravane Districts			
Saravane			
Officials	26	4	15%
Communities: School & market	103	91	88%
Lakhonepeng			
Officials	4	0	0%
Communities: fish breeding & clinic	11	1	9%
Ta Oy			
Officials	15	2	13%
Communities: school, well & fish breeding	69	48	70%
Total	393	173	44%

Source: Evaluation team.

3. Team composition

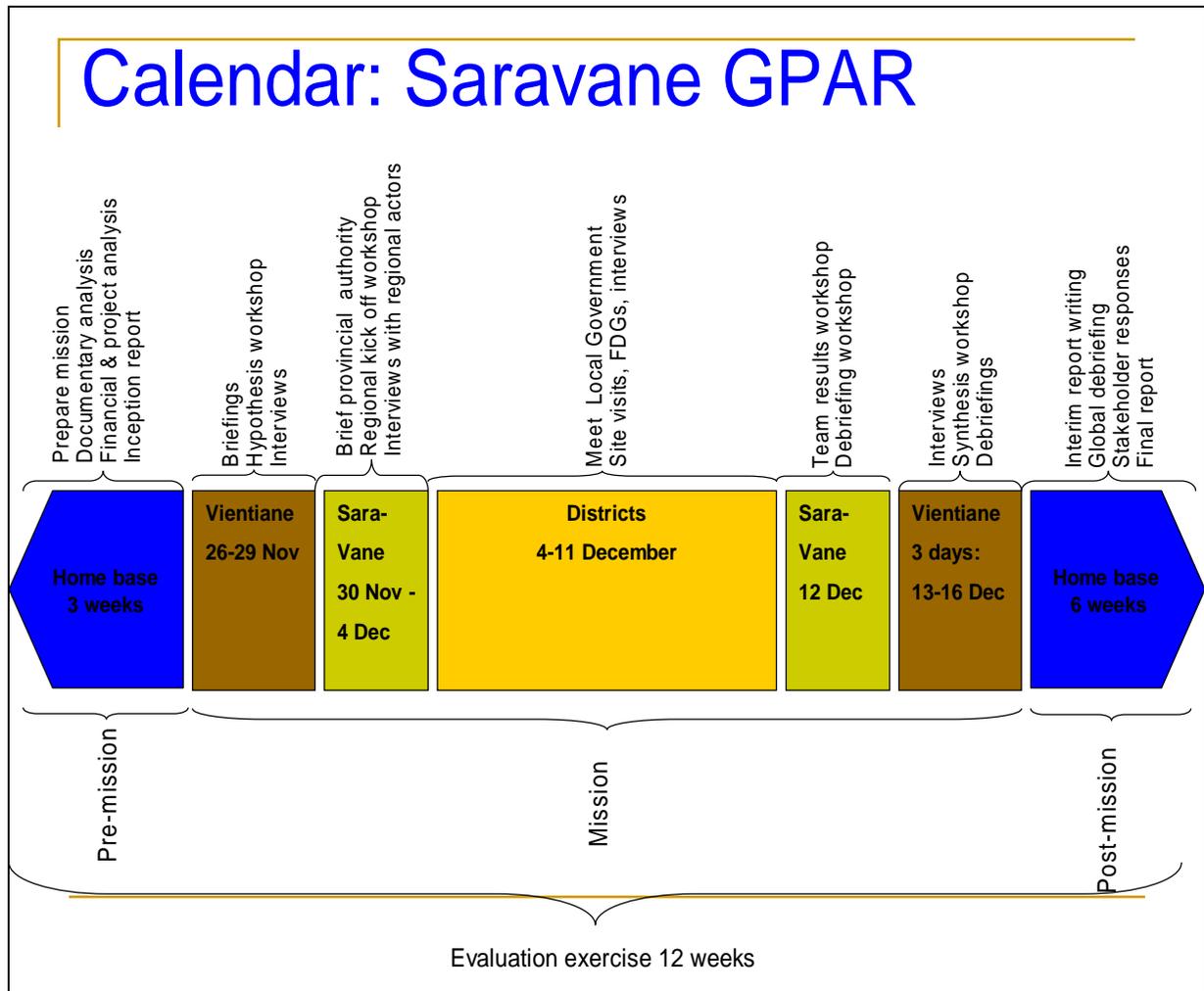
Team member	Position	Focus
Dr. Doug Hindson	International consultant & team leader	National policy reform, project management & technical assistance, strategic

Dr. Asiyati Chiweza	International consultant	positioning & partnerships Finance, planning & budgeting, institutional re-organisation, gender
Dr. Vivath Sauvely	National consultant	Implementation procedures, human resource management, monitoring & evaluation, project cost comparisons

4. Workplan

The team’s calendar of activities is illustrated in Figure 1 below.

Figure 1. Evaluation team’s calendar of activities



D. PROJECT PROFILE

1. Project background

According to the signed agreement between the Government of Lao PDR, the UNDP and the UNCDF contained in the Project Document, the GPAR Saravane Province Project (GPAR SP) is executed by the Office of the Governor, Saravane Province under the UNDP's national execution modality.²

The UNCDF has been active in Lao PDR for over twenty years. Since 2004, it has focussed on local development within the framework of the Governance and Public Administration Reform Programme (GPAR) through the pilot project in Saravane province. The aim of the Project is to build the capacity of the province and districts to provide improved public services that contribute to poverty reduction.

The support given by the UNCDF is in the form of financing local planning and budgeting through a district development fund (DDF) modality, coupled with training and back-up technical advice. Implementation of the Project began in the Lao fiscal year 2006/2007 and is planned to end in 2009/2010.³

2. Country context and status of decentralisation

The most recent impetus for decentralisation in Lao may be traced back to a Prime Ministerial Instruction 01/PM in 2000.⁴ Under this instruction, the province was identified as the strategic unit, the district the budget-planning unit and the village the implementation unit.

The momentum for governance reforms was strengthened with the adoption of the revised Law on Local Administration in 2003, which outlines the organization, working methods and functions of the local administration at provincial, city, district, municipal and village level. The Law on Local Administration opens the way for a form of de-concentration with a degree of public participation in local planning, public expenditure management and service delivery through providing for district and village "meetings".

Re-enforcing the commitment to a more participatory approach, the National Growth and Poverty Eradication Strategy, adopted by the National Assembly in

² UNDP, UNCDF and GoLPDR (2005) PD, p 1. A different description is given in the Project Summary within the team's terms of reference, but the team has worked on the assumption that the execution modality is as described above since it is indeed the Governor's Office that has implemented the project, using the Project Support Team (PST) as the instrument of implementation.

³ Fiscal Year: 1st October to 30th September.

⁴ Instruction of the Prime Minister regarding the policies to building the province to become the strategic unit, the districts as budget-planning unit and the village as the implementation unit, 01/PM 2000.

October 2003, recognized that poverty eradication will require local level, community-based planning and public service delivery favouring the poor.⁵

Alongside the Law on Local Administration, the Government of Lao has sought to reform its governance system through the introduction of a new civil service statute, also approved in 2003.⁶

In principle, Instruction 01/PM 2000 opens the way for fiscal decentralization. However, this dimension has proved difficult given the lack of transparency in the fiscal transfer system and the legacy of near fiscal autonomy of the provinces in Lao. Due to the high degree of fiscal autonomy of the provinces and resulting imbalances in expenditures between them, the Government of Lao has had to centralize revenues from the provincial to the national level as a prior step before “re-decentralizing” expenditure to the districts. Changes to the Budget Law, the most recent revisions of which took place in July 2008, establish the basis for these fiscal transfers, framed by the objectives of the National Socio-Economic Development Plan.⁷

The GPAR Saravane Project (GPAR SP) was conceived as a provincial pilot to test the workability of more devolved and participatory forms of budgeting, planning and service delivery, using capital investment grants that are transferred from the national to the district level. It supports an incremental reform process whose main thrust is to de-concentrate responsibility for small-scale infrastructure and associated service delivery to districts and villages. It encourages greater local level participation through meetings at village and Kumban⁸ level to discuss project priorities, and at district level to take decisions on project expenditure.

3. Project management arrangements

The Project is executed by the Office of the Governor Saravane Province under the UNDP’s NEX arrangements. Overall project orientations and policy focus is given by a Provincial Leading Committee (PLC). Overall responsibility for implementation and coordination with national and local stakeholders is taken by the National Project Director (NPD), who is accountable to the PLC. Day to day management of the Project is the responsibility of the National Project Manager (NPM) who is nominated by the Governor and reports to the NDP.

The NPM is supported by a full time Project Support Team (PST) made up of an International Project Coordinator, a national M&E specialist and a Planning and Rural Development specialist. An International United Nations Volunteer (UNV)

⁵ Government of Lao (2003) National Growth and Poverty Eradication Strategy.

⁶ Decree nr 82/PM, 23 May 2003.

⁷ Lao PDR, Committee for Planning and Investment (2006) National Socio-Economic Development Plan, 2006-2010.

⁸ Kumbans are clusters of villages made up into socio-economic planning units. They are conceived as temporary structures to facilitate the strengthening of villages and are planned to be dissolved once this objective has been achieved.

specialist, responsible for English language communication was present during the first two years of the Project. The PST is aided by an accountant, a translator, a secretary and two drivers. The Asian regional office of the UNCDF provides GPAR SP with experienced Technical Advisors on a regular basis on the DDF. The UNDP provides the Project with technical support on the administrative and human resource management dimensions.

The GPAR SP Project interacts closely with GPAR Central in fulfilment of its role of promoting national policy dialogue and replication, channelling experience and lessons learned into the GPAR strategy meetings and reporting at the GPAR SP annual reviews and tripartite meetings. The GPAR SP Concept and Strategy paper envisaged the establishment of a Decentralisation Steering Committee at central level, but this has not functioned in practice. With the adoption of the GPAR SBSB programme in 2007, the Saravane Project now channels its experience into this programme and the structure it has set up, including a high-level Governance Steering Committee.

The UNCDF has a Programme Officer who is based in Vientiane. This officer also holds the position of UNCDF Programme Analyst in relation to the GPAR SBSB and GPAR Sekong Project (GPAR SK). The Programme Officer is in a position to provide administrative support and to facilitate interactions between the GPAR SP and government.

In addition, the UNCDF has recently appointed a Technical Advisor to support work on the DDF within GPAR Central. This provides GPAR Central with in-house expertise needed on fiscal decentralisation. The DDF Analyst is in a position to lead the interactions between GPAR SP and national government and donor actors on the transmission of this core element of the Project into national replication and policy discussions.

This leaves a gap within GPAR in relation to the administrative and political dimensions of decentralisation, both of which are also going to take on increased significance over the next two years as GPAR widens and deepens the activities envisaged within the GPAR SBSB programme. Filling this gap, as recommended in Section 7.5 below on National Policy and Replication, would go some way towards addressing the capacity need that is going to grow at national level as the GPAR SBSB programme gathers momentum.

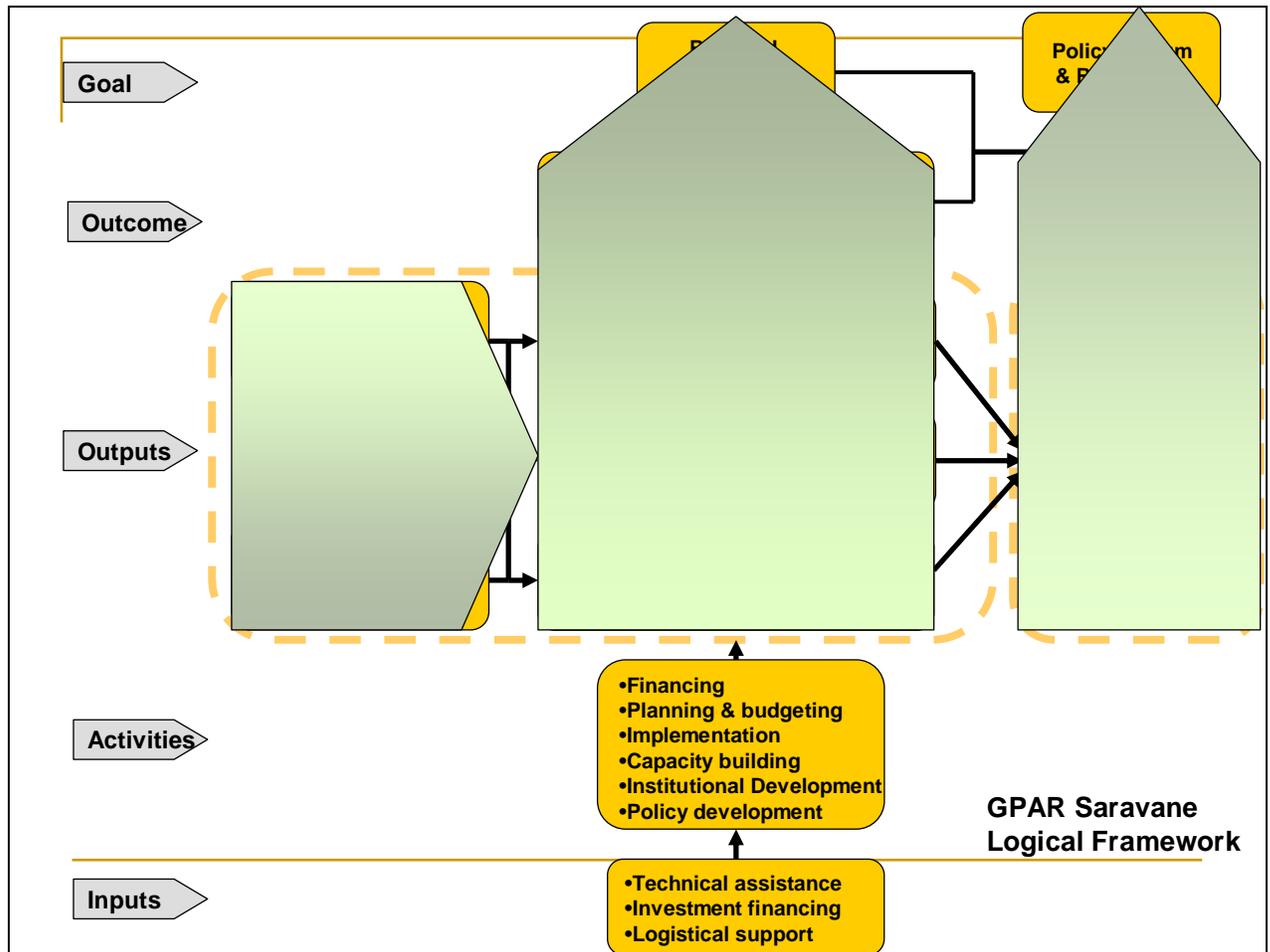
4. Project logical framework

The GPAR SP's logical framework is illustrated in Figure 2 below, which is constructed based on the Results and Resources Framework in the Project Document.

The output numbers correspond to the numbers provided in the PD. Note that there are three distinct, connected, thrusts to the Project, illustrated in the shaded arrows. Its central column has three outputs: finance and financial management, planning and budgeting and implementation procedures. These

outputs together are referred to by participants in the GPAR SP Project as the “DDF”, the part of the programme for which the UNCDF has been primarily responsible in the sense that it produced the design, provides the capital allocation and the technical advice.

Figure 2. Project logical framework



Source: Constructed from Results and Resource Framework in PD

The column on the left comprises human resource development and administrative re-organisation of the provinces and the districts. This is the part of the programme for which the UNDP has been primarily responsible in the sense that it provided the design, funds the activities and provides the technical advice. It may thus be seen that the Project’s logical framework brings together the focus of interest, approaches and expertise of the two organizations to create an integrated project.

The third column represents the intended transmission of learning from GPAR SP’s experience into national policy debate and reform. According to the PD, responsibility for this output lies with the GPAR SP Project. However, the PD indicates that the GPAR SP will promote policy dialogue and replication mainly

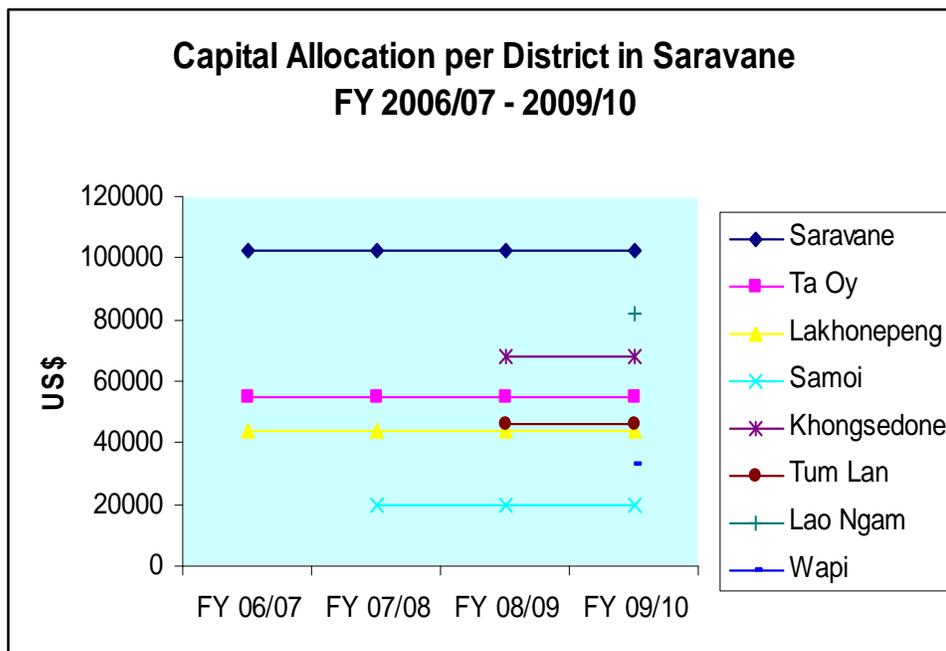
through the medium of the Governance and Public Administration Reform Programme (GPAR Central). In other words, GPAR SP is responsible for drawing together lessons from its experience and for sharing these with national actors and other provinces, but the work of promoting replication and policy reform nationally is the responsibility of GPAR Central.

5. Intervention strategy

The Project is being implemented in the Saravane province, in the south of Lao, about 800 kilometres from Vientiane Capital.

Saravane province comprises eight districts. Figure 3 shows the capital grant, namely the DDF, allocated to each district between financial years 2006/7 and 2009/10. As illustrated, the intervention strategy began with three districts in the fiscal year 2006/07: Saravane, Ta Oy and Lakhonepeng. Samoi was added in fiscal year 2007/08 and Khongsedone and Tum Lan in fiscal year 2008/2009. Lao Ngam and Wapi are to be added in fiscal year 2009/10. The lines representing the capital allocations are horizontal because each district was awarded a constant annual allocation over the period of its award.

Figure 3. Capital grants allocated to districts in Saravane



Source: GPAR SP data base.

Influenced by the success of GPAR Saravane GPAR Central formulated a national replication and reform programme called Governance, Public Administration Reform Support for Better Service Delivery (GPAR SBSDD), which

has been implemented since 2007.⁹ The GPAR SBSB Programme has, in effect, taken over output six of the Saravane Project and incorporated it into its framework. It is the main vehicle through which GPAR Central seeks to channel experiences from GPAR Saravane into the national policy debate and replication process. It is not within the terms of reference of this evaluation to assess GPAR SBSB. Nevertheless, the team has examined the GPAR SBSB Programme Document and comments on certain features of the design that relate directly to output six of GPAR SP.

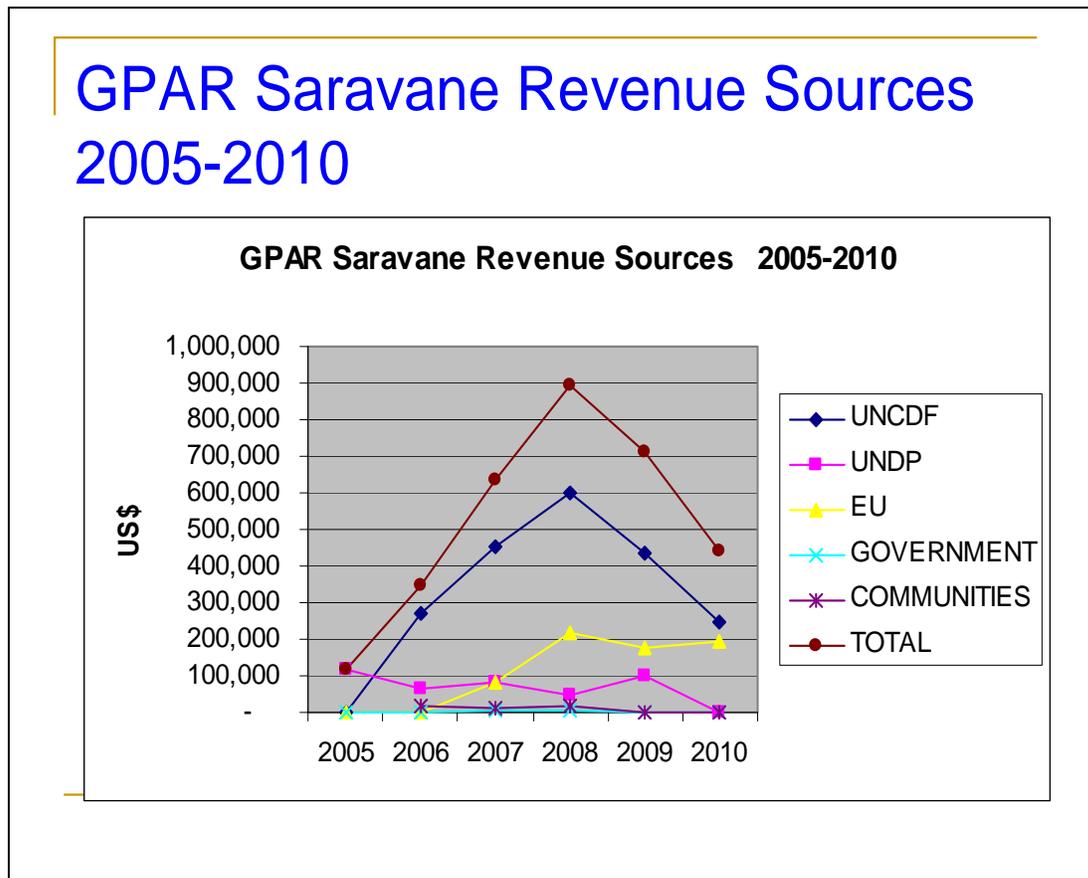
In addition to its influence on the design of the SBSB programme, the GPAR Saravane Project, notably the DDF component, has influenced two other provincial projects, one being funded by the World Bank and the other by Luxembourg Cooperation. The impact of GPAR SP on replication and policy reform is discussed further in Section 7 on National Policy Reform and Replication.

6. Fiscal status and performance

Figure 4 sets out the Project's revenue sources. As may be seen from the figure, these include donor sources, government sources and community sources. The total curve closely parallels the main source of revenue, namely the capital grant provided by the UNCDF. The European Union's relative contribution, which added to the capital grant provided by the UNCDF, grew as the UNCDF's share declined. The UNDP's contribution was devoted to support for administrative reform and human capacity building. It was boosted by an injection of US\$ 100000 (included in the figure), co-incidentally while the team was on mission. Communities provided 2% of Project revenue, over three times the contribution of government.

⁹ GOL/UNCDF/UNDP/SDC/Le Gouvernement Luxemburg (n.d.) Governance and Public Administration Reform Project: Support for Better Service Delivery (GPAR-SBSB), Programme Document.

Figure 4. Revenue sources 2005-2010



Source: GPAR SP data base.

Figure 5 shows expenditure by output. The labels for the different curves are taken from the project database. The curve illustrating “financing and management” represents expenditure using the capital grant and associated capacity building. It approximates the bell-shaped curve typical of construction projects.

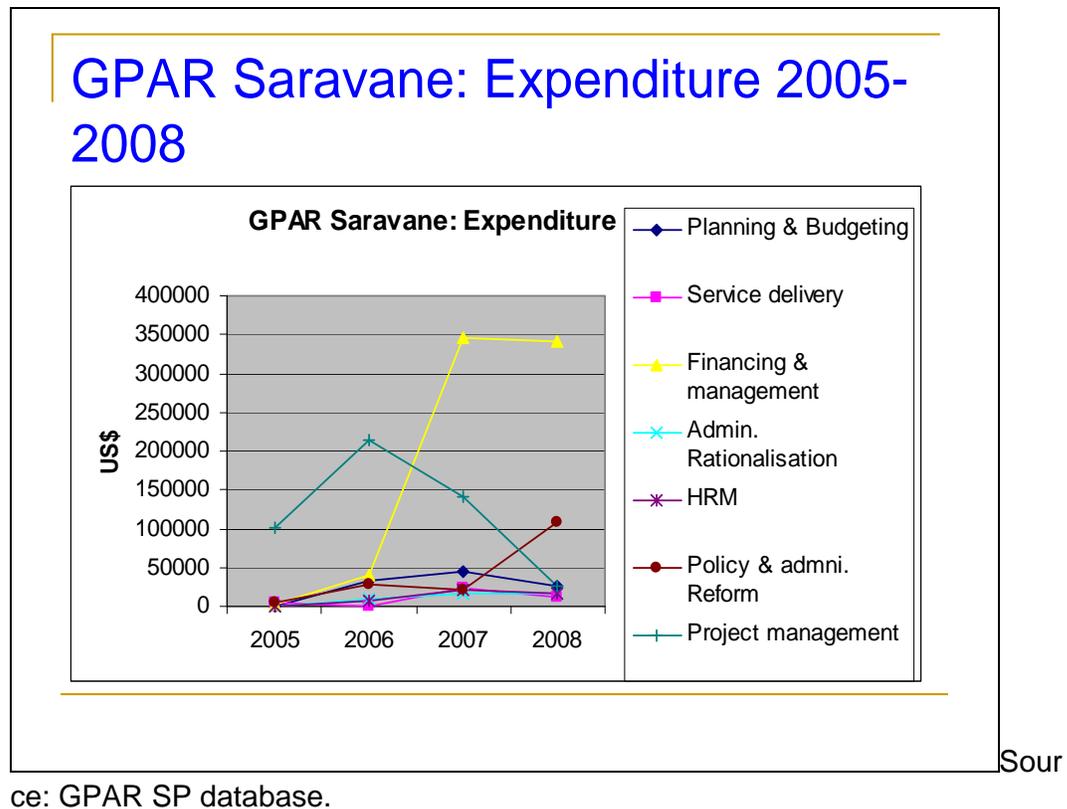
“Programme management”, which refers to the salaries and running expenses of the PST, started at around 80% of total expenditure in 2006, rose to a peak in 2006 and then declined to some 5% of total expenditure in 2008. Part of the reason for these very high costs at the beginning of the project is that they include the salary of a United Nations Volunteer, who subsequently left the project. It is normal for management costs to be proportionately high at an early stage of a capital investment project and then to drop as construction starts to take place. The relatively high costs of management are also due to the fact that the PST is involved in substantial training and capacity building activities, as well as the policy and replication work described above.

The curve representing “service delivery” actually includes only the costs of producing the various procurement and implementation manuals developed for

the Project. It does not represent investment expenditure itself, which as explained above, labelled “financing and management”.

Notice that expenditure on “policy and administrative reform” grew from 2007 to 2008, reflecting the increased attention given to replication and reform activities after a full year of experience with project implementation.

Figure 5. Expenditure by output



ce: GPAR SP database.

E. EVALUATION

1. PROJECT DESIGN

Main findings and recommendations

Findings

The project logical framework contains three pillars. The central pillar, for which the UNDF has been responsible in terms of design, funding and technical advice, is the DDF process, including the capital grant, planning, budgeting and infrastructure implementation process. The second pillar, for which the UNDP has been responsible, is made up of human resource management and administrative re-organisation. The third, for which there is joint responsibility is the transmission of learning into replication and national policy reform debates.

Challenges

There is overlap and a degree of incoherence in the concepts of “One Service Doors” and “One Stop Shops” within the Project Workplan.

Recommendations

No specific recommendation is made here. For the future, it is important to ensure that project designs that incorporate UNCDF and UNDP elements are fully coherent and tightly integrated.

The PD sets out a design containing three main elements: the DDF process (outputs 1, 2 and 3), the institutional re-organisation and human resource development component (outputs 4 and 5) and an element aimed at supporting policy reform and replication (output 6). (See the GPAR Logical Framework in Figure 2, page 13).

The central pillar of the GPAR SP is the approach built around the use of the DDF. This robust approach has been piloted by the UNCDF in a substantial number of low-income countries since the mid 1990s.¹⁰

The second thrust of the Project, relates to institutional re-organisation and human resource developed. This is the component of the Project that has been supported by the UNDP. It has its roots in the long-standing work of GPAR Central on improving governance and public administration in Lao. The PD, in its section on Strategy, places this aspect of the pilot’s work within the framework of administrative and financial decentralisation.¹¹ The project design provides for fiscal decentralisation in the form of the DDF, but it does not carry a decentralisation logic into the areas of administrative and political reform.

¹⁰ UNCDF (2008) Guide to the Evaluation of the UNCDF’s Local Development Programmes, p. 7.

¹¹ PD, section on strategy states that the pilot in Saravane will “allow scope for policy clarification, development and implementation in two broad areas”, the first involving “strengthening of the organisational basis of decentralised government” and the second on “decentralising the financing and management of public service delivery”. p. 5.

The focus of the work of GPAR SP has, in practice, been on “rationalisation and right sizing” of provincial and district administrations, not on decentralisation per se, which would have entailed the re-assignment of functions and, by implication, of staff, particularly from the provincial to the district level. For decentralisation to take place, powers and functions need to be re-assigned from higher to lower levels in terms of the principle of subsidiarity, namely that a function should be provided by the lowest unit that can do so efficiently and effectively. There is thus scope for reformulating outputs 4 and 5 of the Project design to align it with the decentralisation impulse of the DDF components, should the GoL seek to move further in this direction. We return to this issue in the overall findings and recommendations.

A further design issue relates to the roles given to “Model Offices”, “One Stop Shops” and “Open Door Services”. The basic idea underlying all three concepts is to increase the efficiency of government administrative services by cutting red tape, rationalising office layout and improving customer service.

The PD refers to the concept of “One-Stop Shops”¹² in the context of the strategy of strengthening the organisational basis of decentralised government and to “model offices”¹³ in the context of a description of the output on human resource procedures and practices.¹⁴

The concept of an “Open Door Service” is not present in the PD but does appear in the GPAR SP workplan in two places, firstly under output 2, namely in relation to “Transparent and effective procedures for sustainable production/delivery of public services” and secondly, under output 5, namely in relation to “Human resource procedures and practices”. The concept of a “One-Stop-Shop”, which does not appear to differ noticeably in conception to the “One Door Office” yet it appears separately as an indicator under output 5.¹⁵ Placing what are essentially the same activities under different outputs can create confusion in the planning and implementation of activities.

It would have helped to strengthen the project design if these three concepts had been defined and their purposes more clearly distinguished. In addition, it would have been more logically consistent to incorporate the “Model Office”, “One-Stop-Shop”/“One-Door-Service” under outputs 4 (administrative re-organisation) and 5 (human resource development), rather than output 2 (procedures for production/delivery of productive services). The inclusion of the concept of a “One Door Service” under output 2 confuses two distinct meanings of “service delivery”. What is entailed under output 2 by service delivery is the whole process of planning, construction and operation of infrastructure and associated services, commonly known by the acronym ISD (Infrastructure Service Delivery). What is meant by services within the “One-Stop-Shop”/“One-Door-Service” is the range of services provided by the administrative bureaucracy which are connected with the regulatory system, including, for

¹² PD, p. 4.

¹³ PD, p. 5.

¹⁴ PD, ps. 3-5.

¹⁵ Annual Workplan 2008, Output 5, Indicator 5.4, ii.

example, registration of births and deaths, registration of businesses, and provision of certificates, licences and permits of various kinds. The aim of establishing a “One-Stop-Shop”/“One-Door-Service” is to cut red tape and improve the accessibility, efficiency and client-orientation of the administration in the provision of such services.

The third main thrust in the Project design relates to policy reform and replication. In the context of growing questioning of area-based approaches internationally, since the late 1990s the UNCDF has been trying to link local piloting and experimentation more directly with national policy and institutional development, in what it refers to as its “second-generation” programmes.¹⁶ This trend has been reinforced internationally by the Paris Declaration on Aid Effectiveness of 2005, which encourages “harmonisation” of donor efforts under the direction of national governments. The GPAR SP represents an interesting case in an international context because the GoL favours piloting approaches, seeing piloting as a way of reducing the costs and risks of innovation. This is in contrast with countries where piloting is currently out of favour because it is deemed to fragment national development efforts and perpetuate donor-dependency. The situation in Lao differs in that the GoL has succeeded to a remarkable degree in ensuring that donor support is aligned with national development objectives and that policy and institutional reform are undertaken as incremental process under the direction of government.

Given this context, the design of the policy reform and replication elements of the GPAR SP has been appropriate. The GPAR SP Project is intended to “inform” national policy reform and replication. It takes a cautious, incrementalist approach to policy reform, approaching it largely through its interactions with the GPAR/PACSA.

As mentioned in Section D 4) above on the Project’s intervention strategy, output six on policy reform and replication has been largely overtaken by the GPAR SBSB programme. As part of the MTR, the team examined those aspects of the GPAR SBSB programme that are relevant to the policy reform and replication objectives of the GPAR SP Project, but has not sought to evaluate the GPAR SBSB itself, which lies outside its terms of reference.

¹⁶ UNCDF (2008) Guide to the Evaluation of the UNCDF’s Local Development Programmes, ps. 7-9.

2. FINANCING AND FINANCIAL MANAGEMENT

Main findings and recommendations

Achievements

The development and application of the DDF formula has helped establish a transparent & fair method of transferring funds to districts. The project has strengthened the financial management capacity of district staff. The introduction of District Planning Teams and District Planning Committees has enhanced public expenditure management. The DDF disbursement flows have been timely and consistent, helping ensure the timely completion of projects. Yearly audits of all district accounts have been carried out.

Challenges

Plans to develop internal audit procedures in the districts, to undertake a survey on revenue collection processes and to implement new accounting standards have not yet been carried out. The formula used for the allocation of the capital grant does not clearly favour the poorest Kumbans.

Recommendations

1. The GPAR SP PST should develop and apply criteria to ensure that its capital investments target the poorest Kumbans.
2. As part of national process of financial decentralisation, national government should be encouraged to implement the State Budget Law provisions that enable it to move away from the current revenue-sharing model towards a grant-based system.

2.1 Objectives

Under this output, the project sought to pilot an innovative District Development Fund (DDF) facility aimed at financing local infrastructure and service delivery. The DDF was to act as an incentive for sound planning and budgeting, as well as for general improvements in local administration and service management. Above all, the DDF served to act as a possible model for a norm-based financing mechanism for sub-national government, to encourage a move away from the prevailing, perverse system of revenue-sharing between levels which is inimical to any sound planning and budgeting. In addition, the project sought to pilot the implementation of the new National Accounting Standards to Saravane and to pilot ways of improving audit functions at local levels.

2.2 Achievements

The project has facilitated the development of a variety of DDF guidelines, tools, and manuals, developed by the UNCDF's regional technical advisors as simple and practical versions of official national government guidelines and procedures on finance and financial management. Equipment such as computers and relevant software has been purchased to facilitate recording of financial information and timely production of financial reports. Provincial and district staff

have been given training on DDF decentralised management modalities and on information and communications technology (ICT) and this has strengthened provincial and district finance management capacity.

Because of these initiatives, the district staff interviewed by the evaluation team report a better understanding of government budget, procurement, and other finance management procedures. There is a clear understanding among staff of the distinction between budget authorizing officer and disburser of payments. There is also an improved ability to use computers to generate financial reports, a number of which were inspected by the evaluation team. In turn, this has led to improved district financial expenditure control, fairer and more transparent procurement practices at the district level and the speedy production of district financial reports, all of which are promoting greater transparency and accountability in the use of public resources.

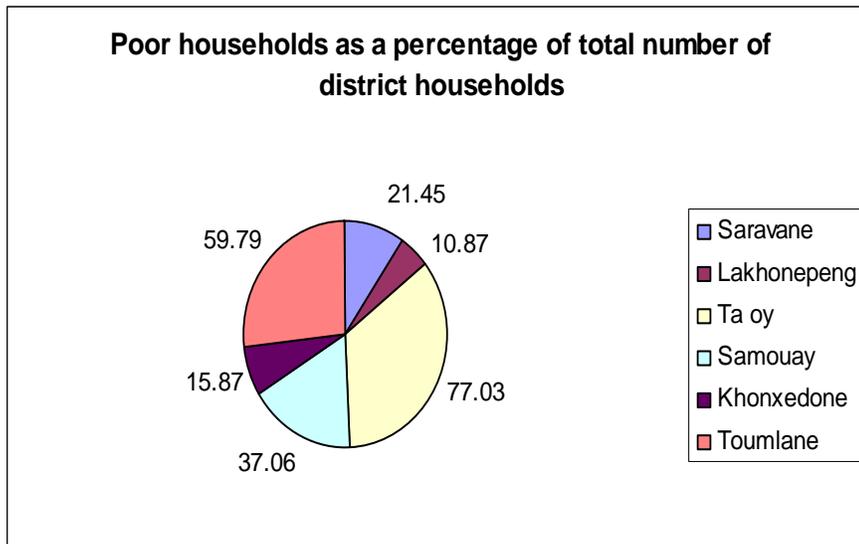
DDF disbursement flows have generally been timely and consistent. For example by September 2008, 100% of the DDF was directly transferred to district accounts. This helped facilitate timely construction of district infrastructure. The availability of DDF funding for local public services has also reinforced the ideals and implementation of priority areas of the Provincial Socio-Economic Development Plan (PSEDP) and through it the National Socio-Economic Development Plan (NSED).

Advance allocation and announcement of DDF investment budget ceilings has helped to make planning realistic and exciting for district officials and participating communities as it provides a hard budget constraint within which districts must prioritise and plan investments. Provincial and district staff interviewed considered this to be a big improvement from previous planning exercises where planning was mainly a generation of wish lists from communities with no definite source of funding being connected to the process.

Further, the development and application of the DDF formula has helped establish a transparent and egalitarian method of transferring funds to districts based on the criteria of population size and poverty levels, as established from official government censuses. The allocations to the district are indeed pro-poor.

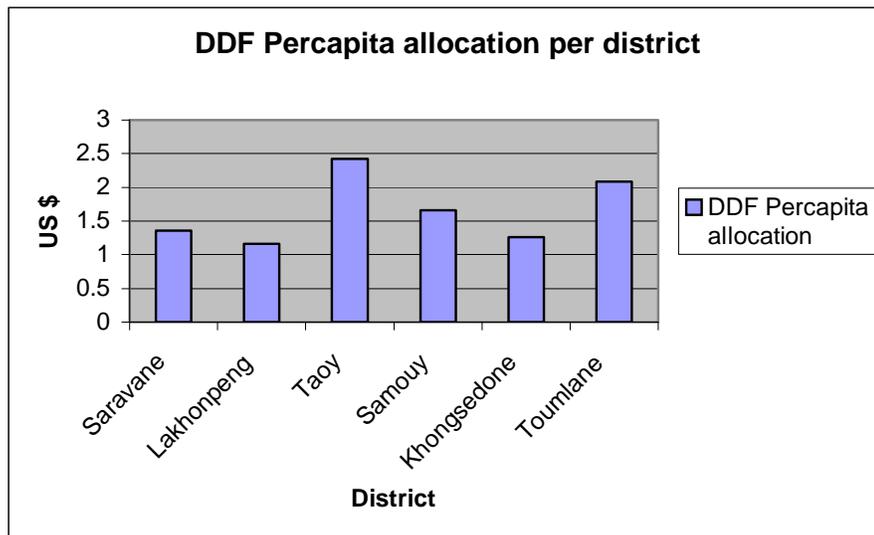
Examining Figures 6 and 7 below it is evident that per capita allocations in districts that are poorer such as Ta Oy, Toumlane and Samouy, are higher than in less poor districts such as Saravane, Lakhonepeng, and Khonxedone.

Figure 6. Poor households as a percentage of total households



Source: GPAR SP database.

Figure 7. DDF allocation per capita per district



Source: GPAR SP database.

The team established from the audit reports that timely and consistent audits of all district accounts were being carried out by the provincial auditors. The latest (2007) findings show that no districts had any significant audit irregularities. Minor irregularities existed in one district (Ta Oy) relating to a misunderstanding on the part of district officials on some procedures. The audit report also reveals previous audit recommendations were being followed up and issues raised were being addressed. A new internal audit system is in the process of being implemented in the districts, but has not yet been fully institutionalised.

The implementation of the DDF financing model in GPAR Saravane has demonstrated the workability of district level Public Expenditure Management (PEM) and has also helped build acceptance among provincial and district staff of the principle of fiscal decentralisation and a sound Public Finance Management (PFM) system. The fact that the model is being replicated in six other provinces in a space of three years demonstrates the level of confidence the Project has already established in the Saravane procedures.

2.3 Challenges

While there is strong evidence of funds being well managed and PEM having been improved and that the funds allocated over proportionately support poorer districts, there is also evidence that the intra-district allocation of funds may not be optimal in targeting the poor in all instances. The mechanism for distributing projects between Kumbans is not based on clear pro-poor criteria. There is need for the Project to look at this more closely.

A planned baseline survey on provincial revenue sources has yet to be done. As such, village training on revenue collection, basic accounting and financial reporting at grassroots level has still to be undertaken.

2.4 Critical factors affecting results achievement

The existence of government decrees and laws particularly the Prime Ministers order 01 of 2000 provides a conducive environment for the implementation of the DDF financing model.

The implementation of the new budget law is another critical factor in the national uptake of the DDF financing model. The State Budget Law explicitly provides for formula- or norm-based funding of local governments, so provides a major opportunity. While the law decentralises expenditures, it seeks to centralise revenues. Given the historical experience and problems with respect to provincial powers and revenues, the government appears to be moving cautiously in this regard. How these two processes will evolve will have a bearing on prospects for a full evolution of fiscal decentralization in Lao PDR.

In to this conducive legal context, a Memorandum of Understanding between the Project and the Ministry of Finance provides for direct transfer of funds from the Treasury to districts.¹⁷ This is an arrangement that has greatly facilitated effective implementation of the DDF financing model, in this way giving effect to the Lao government's intention to make the districts planning and budgeting centres.

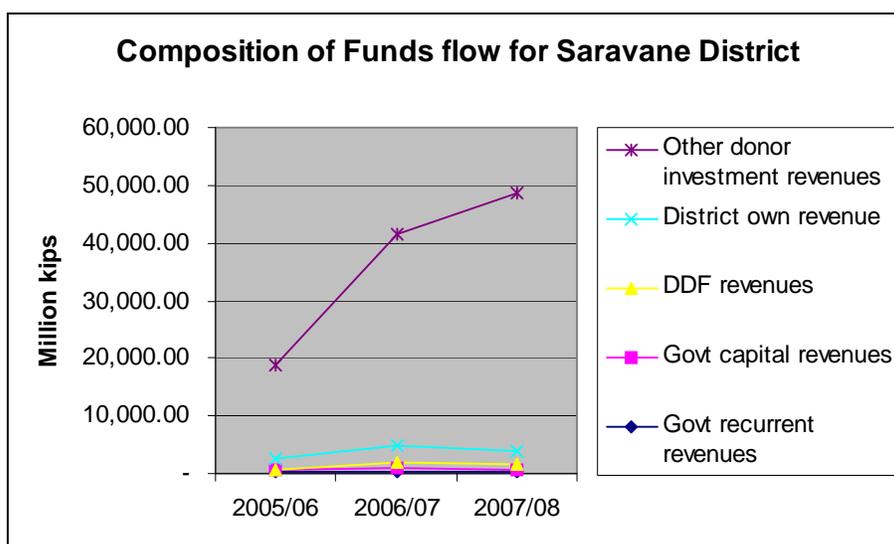
¹⁷ Memorandum of Understanding between GPAR SP, DEF RD/DDT-MoF and UNDP/UNCDF (October 2006)

2.5 Sustainability of results

An important factor in securing the sustainability of fiscal decentralisation has been the way the Project works through, and simultaneously strengthens, existing local administration structures. This has succeeded in creating a strong sense of ownership of project initiatives within the local authorities. Key government actors at provincial and district levels are positive about the project and want to see the model adopted at the national level.

However, the implementation of the DDF financing model has relied largely on donor flows, which may not be sustainable in the long run. As shown in the example of Saravane district in the chart below, Government capital revenues have been much lower than the sum of the DDF and other donor investment funds, and do not appear to be on a growth path.

Figure 8. Sources of funding in Saravane district



Source: GPAR SP database.

2.6 Lessons

The existence of relevant government decrees and laws legitimises and promotes has provided a legal framework within which government actors feel comfortable pursuing Project activities. The alignment of DDF modalities with national decrees and the integration of the programme within government processes create strong ownership of the DDF approach.

Targeted capacity building initiatives are an important element of success in reform processes.

Programmes that seek to promote pro-poor planning and investment should have a deliberate strategy to include and target poor communities and households.

2.7 Recommendations

Recommendation 1.

Through GPAR Central and PACSA, and in discussion with the MoPI, the UNCDF & UNDP, should continue with the technical support it is providing to the GoL to devolve a growing proportion of its capital expenditure to the districts, using using the formula-based approach applied in Saravane. This design work should include all finance tools and procedures as highlighted in the National Audit Standards. The UNCD should, in addition, consider providing GoL staff responsible for PEM with capacity building in the use of the new Public Expenditure Management procedures and tools.

Recommendation 2

Through GPAR Central and PACSA, and in discussion with the MoPI, the UNCDF & UNDP, should continue with the technical support it is providing to the GoL to devolve a growing proportion of its capital expenditure to the districts, using using the formula-based approach applied in Saravane. This design work should include all finance tools and procedures as highlighted in the National Audit Standards.

The UNCD should, in addition, consider providing GoL staff responsible for PEM with capacity building in the use of the new Public Expenditure Management procedures and tools.

3. PLANNING AND BUDGETING

Main achievements and recommendations

Achievements

The Project's planning guidelines and training substantially strengthened district and sub-district planning capacity. The Development Planning Teams and Development Planning Committees introduced more effective district-wide coordination and monitoring of planning and budgeting. Decentralized planning has enabled the involvement of communities (men, women, ethnic groups) in the choice of infrastructure projects. Some gender training was provided.

Challenges

The participatory tools and processes used by the project do not emphasize problem diagnosis in the identification of projects, which means that community demands remain wish lists despite the ceiling set by the grant. Women are present in meetings, but not vocal. Special efforts are needed to ensure those who speak only ethnic languages are able to participate fully.

Recommendations

1. The UNDCF should consider developing and experimenting with planning tools that promote choices and actions based on diagnosis and a deeper understanding of development problems and opportunities.
2. The UNDCF should consider developing and experimenting with tools that more effectively empower women and marginalized groups, notably those speaking only ethnic languages.

3.1 Objectives

Through this output, the project has sought to establish and apply procedures for inclusive and pro-poor planning and budgeting of local public service delivery. This entailed establishing mechanisms by which district level planning could become more participatory and thus more likely to result in pro-poor budgetary outcomes. The output also included ways of fostering greater transparency and two-way communications between citizens and local government, seen as a powerful way of increasing downward accountability. It has also explored ways of mainstreaming gender issues into all aspects of service delivery. The aim was to make public service planning and budgeting more appropriate to local needs.

3.2 Achievements

Planning guidelines based on government planning and investment were developed and implemented in pilot districts. Provincial, district and village level actors were trained in the participatory guidelines and processes. This strengthened district planning and budgeting capacity, thus facilitating implementation of PM's Order 01 of 2000.

The creation of the District Planning Teams (DPTs) and District Planning Committees (DPCs) has facilitated more effective district wide coordination in planning of investments than previously. The DPC members interviewed by the team reported that in the past their planning was done separately, sector by sector. With the establishment of the DPCs under the GPAR SP they now worked together. This had increased their capacity, knowledge of work going on in other sectors and ability to plan more effectively.

Decentralized planning has facilitated involvement of communities (men, women, ethnic groups) in the prioritisation of investment projects relevant to their areas. This has facilitated inclusion of local level data in a planning context that was previously highly centralized. Data at the project level is collected by the project committee members and regularly fed into the GPAR SP's M&E system. Participatory meetings have enabled communities to play an important role in putting forward project proposals to the district authorities. The participatory planning process now provides a potential planning space for identifying and implementing projects that are congruent with people's needs.

The team found district posters setting out the contract and costs of projects at all the project sites it visited, is evidence of an effort on the part of the districts to communicate with communities.

There is some evidence of attention being given to gender issues. Gender training was provided to some district staff and communities. M&E data, which is collected directly by Project staff at the meetings and entered into the GPAR SP M&E system, is, by and large, disaggregated by gender, as established by the evaluation team when working through the Project's data base. Some projects appear to be responding to the needs of women, for example the deep well projects and health facilities in Taoy and Lakhonepeng. Both men and women attend planning meetings at various levels, the latter represented through the Lao Women's Union (LWU). The LWU is an official party organ set up to represent women's interests. The team found LWU representatives at all its official meetings, at provincial, district and village level. The team also held a meeting with the Union to discuss its involvement in the GPAR SP.

3.4 Challenges

The Participatory tools and processes used by the project involve a process of poverty screening, which is simple and can be implemented rapidly at low cost. What the system lacks, though, is a pedagogical dimension in which local actors are enabled to undertake participatory problem diagnosis and opportunities identification in the selection of projects.

While the programme seeks to increase the availability of official information, many of the poor, especially in the hilly districts, speak ethnic languages and are unable to understand information provided through the posters.

Gender training activities do not seem to have been informed by a needs assessment of project staff and village communities. Much training has been

provided to members of the LWU who, in turn, are supposed to train communities. No relevant gender training has been provided to planning staff at the provincial and district levels. Even though a gender assessment study was done in 2005, no strategy on how to mainstream gender has followed. Gender activities are ad hoc. In some cases, they do not speak to the core agenda of the project. The concept of gender equitable budgets has not been operationalised.

The level of participation of women in planning bodies and meetings in the DPTs and DPCs is low, as illustrated in the two figures below.

Figure 9. Proportions of men and women on the DPCs

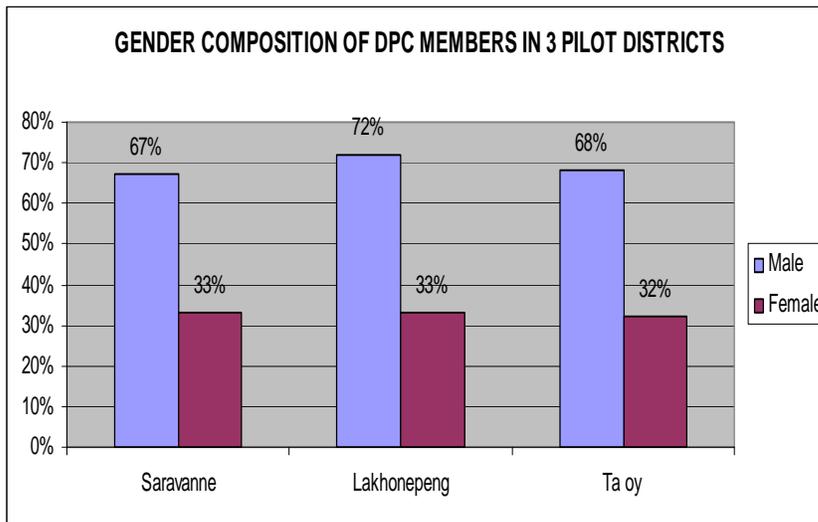
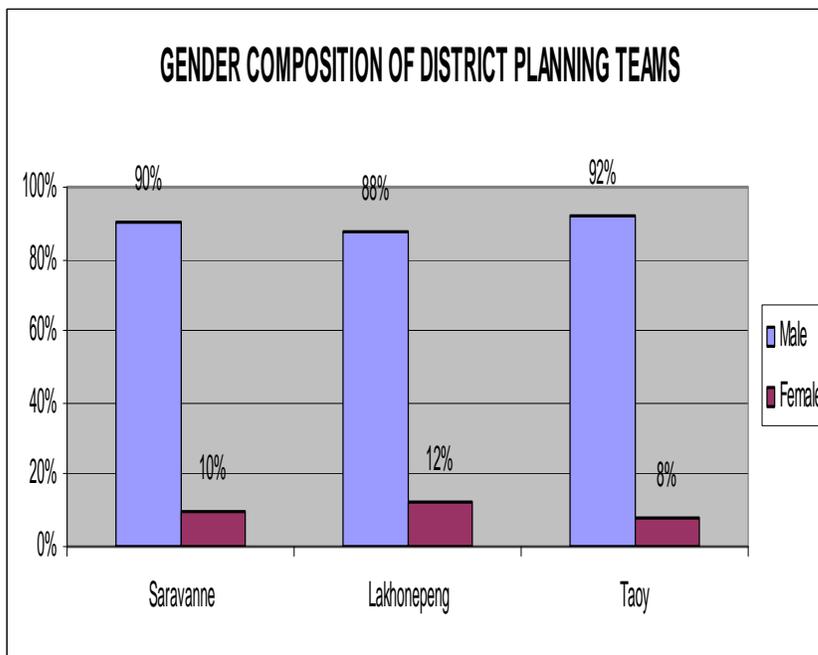


Figure 10: Proportion of men and women in the DPTs



As can be seen from figure 9, women make up about one third of those recorded as present during the DPC meetings. This is important, as it is in these meetings that the decisions are taken on where to invest the capital and on what kinds of projects. However, as Figure 10 shows, the presence of women in the District Planning Teams is much lower, about 10% on average. Since these teams are the ones who interact most directly with communities, increasing the representation of women on them would be an encouragement to the fuller participation of women at community meetings.

Although the evaluation team established from the Project data and from its own meetings that women are numerically well represented at village meetings they have little voice in practice, as witnessed by the team during the mission and according to Project reports.¹⁸ The quotation below from a FGD held by the evaluation team in Sautavaly Village in Saravane district, illustrates the problem.

“We have many needs but we do not know how to express ourselves”

Finally, there is currently no means of effectively tracking women’s participation in planning in relation to district investments in the GPAR SP project, apart from the head count at meetings.

3.5 Critical factors affecting results achievement

The National Social Economic Development Plan (NSED) and the National Growth and Poverty Eradication Strategy (NGPES) emphasise community participation in the identification of development projects. This provides a supportive environment for furthering decentralised participatory planning in investment decision-making.

There are a number of actors such as MoPI, Poverty Reduction Fund (PRF) and other donors that are promoting decentralised participatory planning, but this is being done in an uncoordinated manner. Currently there are discussions taking place between GPAR Central, MoPI and the PRF towards promoting harmonisation and coordination of such processes. The outcomes of such discussions will be important in ensuring that the benefits of decentralised for Lao people are fully realised.

3.6 Sustainability of results

Current efforts though grounded in Lao institutions and laws rely heavily on donor funding and technical advice. Sustainability will depend on how well the planning and budgeting approaches pursued by GPAR SP are incorporated in

¹⁸ This problem was acknowledged in observations about the gender training that took place in three of the pilot districts (GPAR, SP Quarterly newsletter, Vol. 2, Issue 3, p.3)

the national planning and investment guidelines and laws and then rolled out by national government.

3.7 Lessons

“Decentralisation is a process that goes beyond systems... it entails a change in the relationship between local government and the people” (GPAR SP Quarterly newspaper, vol. 2, Issue 2, pp.6). Therefore, it is not enough to have women and the poor merely attend planning meetings. It is necessary to build their capacity to express their views during the meetings if planning is to be genuinely participatory and inclusive and if the investments made are actually to meet the needs of the poor and, in particular, of women and ethnic groups.

It is not enough to supply information to communities to ensure accountability. The information has to be understood by the people if they are to play their intended roles in this relationship. This requires a focused effort on ensuring that women are able to articulate their needs, for example by holding break away meetings for women at community meetings, and, if this is appropriate, by training to deepen women’s knowledge of their rights.

3.8 Recommendations

Recommendation 3

The UNCDF should consider developing and experimenting with planning tools that promote choices and actions based on diagnosis of a form that enhances local understanding of development problems and opportunities and leads to actions that promote incremental, cumulative and sustainable development. Working through the GPAR SP PST, the UNCDF could test such tools in the districts coming on stream over the next two years.

Recommendation 4

The UNCDF should consider developing and experimenting with tools that more effectively empower women and marginalized groups to involve themselves in project planning and implementation. In promoting participatory planning, ensuring good attendance at meetings is an important first step, but there is, in addition, a need to build the capacity of poor people and women to voice their interests, based on an understanding not only of their needs but also of effective ways to tackle problems and take up opportunities. Working through the GPAR SP PST, the UNCDF could test such tools in the districts coming on stream over the next two years

Recommendation 5

GPAR SP PST, should design and introduce communication mechanisms that take into account the cultural and language barriers associated with ethnicity in remote rural areas.

Recommendation 6

With support of UNCDF specialists in gender development, GPAR SP PST, should introduce a gender mainstreaming strategy with clear indicators for monitoring and evaluation, and pilot this in the districts of Saravane that are coming on stream.

4. ADMINISTRATIVE RE-ORGANISATION

Main achievements and challenges

Achievements

Government policies and decrees on decentralisation and public administration reform have been widely disseminated to district and province officials. An administrative reorganization needs assessment has been done for the district offices, as have functional reviews of the Office of the Governor in the province and districts. Following the latter, a process has begun of re-organising the provincial Office of the Governor using the Model Office and One Door Service concept.

Challenges

Most of the initiatives in the area of administrative re-organisation began late in the project's life and are yet to be fully implemented. The GPAR SP is awaiting the Personnel Information Management System promised by the UNDP.

Recommendations

1. The GPAR SP PST should complete the administrative re-organisation process that is already under way, including the introduction of PIMS.
2. The UNCF and UNDP, through GPAR Central and PACSA, should gauge the Government's interest in undertaking a deeper process of administrative and political decentralisation to complement the fiscal decentralisation already achieved.

4.1 Objectives

This output, as well as the human resource management output, dealt with in the next section, were the responsibility of GPAR Central and the UNDP, both in terms of design and in terms of financing and technical support.

The idea behind this output was to ensure that provincial and district administrative organisations are rationalised/right-sized based on clearly defined mandates, in line with general DPACS/GPAR orientations. The plan was that the project would support functional reviews of local administrations and organisations (at provincial, district and sub-district levels), with the aim of rationally structuring them to deliver public services more efficiently. In addition, the project sought to sensitise local government officials on government policies. A further aim was to examine the feasibility of creating one or two municipalities in Saravane Province.

4.2 Achievements

With support from the UNDP technical advisors, an administrative reorganization needs assessment was done for the district offices, and functional reviews were done of the Office of the Governor (OoG) in the province and districts. Functional reviews were done of the planning and finance

departments at the provincial and district levels and new organograms were developed.

Following the functional reviews, a process began of re-organizing the provincial OoG using the concepts of a Model Office and One Door Service. The main aims of these two ideas are to improve office efficiency and make services more accessible to the public. As part of these initiatives, there were some internal ongoing improvements in the Provincial Office of the Governor in the areas of document processing, instructions on reporting, rules of meetings and instructions on the budget.

As a further step towards administrative re-organization, an assessment of Kumban structures was made and training was given to village Naibans (village chiefs).

The project has widely disseminated government policies and decrees on public administration reform. As a result, staff at both provincial & district level demonstrate a very good understanding of policies and decrees and are able to link the policies with their job responsibilities. This creates a strong sense of ownership of the reforms introduced by the Project.

4.3 Challenges

Most of the initiatives in the area of administrative re-organisation began late in the project's life and are yet to be fully implemented. Although the team inspected two of the offices in which the "Open Door Service" was being applied, it was too soon to judge the results of these activities in terms of their contribution to increased efficiency, effectiveness and relevance.

A resource that would make this task easier is the computerized data on the Personnel Information Management System (PIMS) that was to be implemented in Saravane as a pilot for national civil service reform. The GPAR SP project is awaiting the software from the UNDP to complete this exercise.

The activities in this output have focused on administrative rationalization with the aim of promoting the efficiency and effectiveness of existing structures and organizations. They have not explicitly sought to promote decentralization, which would have entailed functional re-assignment from the provinces to the districts.

4.4 Critical factors

The existence of national orders such as PM Order 39 linked to the rationalisation and reorganisation supported by the GPAR SP Project has helped promote ownership and commitment to the implementation process.

The initiatives in this output are part of a generic ongoing GPAR public administration reform programme. It has thus been possible to draw on the technical expertise of GPAR Central to guide the effective implementation of the activities.

The legal framework for decentralization in Lao is not very clear. Depending on the direction the national actors may take on this, they may, in the future, either promote or undermine the decentralization policy agenda that is intended by the PD to be one of the key outcomes of the GPAR SP project.

4.5 Sustainability

The sustainability of the initiatives under this output depends very much on full completion of the implementation process. For example, the One Door Service and Model Offices have been on the drawing board but have not been fully implemented due to lack of office space, among other reasons.

Secondly, the wide dissemination of the reform agenda and strong ownership that exists among provincial and district staff are important factors that will ensure sustainability of the reform process even after the project life is over.

Thirdly, financing for this output has mainly relied on UNDP financing and the amounts have not been substantial as compared to the other outputs. Unless attention is given to allocating government resources towards administrative re-organisation, the sustainability of project activities in this area may hang in a balance.

4.6 Lessons

The wide dissemination of national orders and decrees, linked to the rationalization and reorganization process, promotes ownership and commitment to the implementation process, as provincial and district officials regard these as sacrosanct.

Clear definition of roles and responsibilities of officials in the different departments at the different levels of the administration is important to ensure the coherence of decentralisation.

The current initiatives to re-organize the provincial and district administration have as their aim a more efficient and rational system. However, decentralisation requires not only administrative rationalization but also functional reassignment based on subsidiarity, namely assignment to the lowest administrative unit compatible with efficient and effective delivery.

4.7 Recommendations

Recommendation 7

The GPAR SP PST should complete the administrative re-organisation process that is already under way in Saravane, including the introduction of PIMS. The UNCDF, in collaboration with the UNDP, should then review the results of this initiative, using the data from the PIMS as an evaluation tool.

Recommendation 8

The UNCDF Regional Technical Advisor, with technical support from New York, if needed, should raise with GPAR Central and PACSA the possibility of supporting a deeper process of administrative re-organisation and political decentralization in Saravane, involving the re-assignment of functions from the provincial to the district level to match and re-inforce the fiscal decentralization that has already taken place.

5. HUMAN RESOURCE MANAGEMENT

Main findings and recommendations

Findings

Human resource management plans in pilot departments and offices have been developed in accordance with competency needs and national standards. A training needs assessment has been conducted and provincial and districts staff have been trained in accordance with these needs and standards. A system of pre-test, post-test initiatives and follow up to assess the training has been implemented.

Challenges

There are two main challenges that need to be taken up to achieve fulfill the aims of this output. The first is to address the numerical and/or quality shortfall in staff in certain functions and the second to pursue the planned training follow up initiatives of which only a few have thus far been conducted.

Recommendations

1. The GPAR SP Project Support Team should undertake a follow-up assessment of the impact of training on the trainees' work performance and use this to adjust future training, where needed.
2. GPAR SP Project Support Team, with support from the UNDP, should introduce an effective recruiting and staff retention strategy for Saravane province and its districts

5.1 Objectives

This output, as well as the administrative re-organisation output, dealt with in the previous section, were the responsibility of GPAR Central and the UNDP, both in terms of design and in terms of financing and technical support.

The objective of this output is to strengthen the capacity of local government by improving Human Resource Management (HRM) procedures and practices and the capacity of selected individuals within local government. The activities under this output include supporting implementation of the new civil service statute, putting human resource management and capacity development firmly on the local government agenda and streamlining payroll arrangements. Such activities are intended to contribute towards improved service delivery by making the administration more efficient and client-oriented.

5.2 Results achievement & remaining challenges

With the assistance of technical advisors from the UNDP, the GPAR SP undertook a review of staff composition, procedures and practices in a number of departments and offices within the province and districts. In the pilot departments and offices, the number and qualifications of staff appear sufficient to the tasks they are intended to perform. In the pilot departments and offices, staffing levels and Human Resource Development (HRD) plans in terms of who

should attend what training were planned in accordance with the competency needs of the departments and offices concerned, and in terms of national standards.

The selection of staff for training was based on the recommendations of the senior management team of the department concerned, based on the competency needs the department, aligned with staff activities within the concerned department. Other selection criteria include the age, work experience and professional background of staff as well as the interest they show in training and their commitment to their work. A weakness in the approach is that although the training needs assessment is based on the competency needs of the departments and office concerned, there was no real assessment of matching individual competences and therefore identification of skills gaps and competence targets to guide the training. Although the HRD plan has been implemented in a number of pilot departments and offices, the team was informed that some sections of departments are still lacking a sufficient number and sufficiently qualified staff, with some posts remaining empty or not fully operational, a situation that has had a negative effect on service delivery.

The GPAR SP has supported an impressive programme of training and workshops based on a HRD plans that targets government officials and project staff at the province, district, Kumban and village level. The training and workshops include training of trainers (TOT) on all aspects of the DDF process, including the Planning Guidelines, Planning Process and Modality, Financial Management, Budgeting Guidelines, Procurement Procedures and Operations and Maintenance.

The GPAR SP PST, led by the M&E officers, has given specific training has been given on the setting up and use of an implementation Monitoring and Evaluation system (M&E) linked to the National Growth and Poverty Eradication Strategy (NGPES), the Provincial Socio-Economic Development Plans PSEDP) and the District Socio-Economic Development Plans (DSEDP). Efforts at establishing M&E systems connected with the NGPES, DSEDP and PSEDP have been backed by training in the use of computers, in Information and Communications Technologies (ICTs) and in basic computer training. Connected with (M&E), a further focus has been on strengthening the capacity of officials to undertake surveys enabling measurement of progress and service user response, including baseline and radio survey methods and the setting up and use of a citizen report card. Section 10 of this report is devoted to an assessment of the GPAR SP M&E systems.

Connected with these efforts to upgrade the human resources within local government, the Project has sought to help introduce the government's Personnel Information Management (PIMS) system. This system seeks to promote staff advancement based on merit and performance linked to competency needs within the administration. In 2007, the Project provided generic and PIMS-specific skills training in computer use using the new format for the civil service's curriculum vitae. This training was provided to selected provincial and district HRM officers. The training was designed according to

their computer literacy level. The PIMS process and procedure will be functioning at the provincial level with technical GPAR SP support in the near future.

There have been several training courses and workshops to disseminate information about new government rules, regulations, decrees, laws and party policy. These courses include training on ways to implement the civil servant's regulations/civil service statute, training in public management and administration skills, such as the civil servant code of ethics, policy implementation, and training in management. A specific workshop was held to promote dissemination of the Prime Minister's (PM's) decrees and instructions on the PM decree Number 82/PM, the "Lao PDR civil servant's regulation" dated 10th October 2003, and also on Regulation Number 02. There was also a workshop held on appointment and re-assignment of civil servants, conducted for eight districts and provincial line departments. During interviews held with provincial and district officials during the mission, it was reported that because of these workshops provincial, district and village authorities have a better understanding of their roles and responsibilities, resulting in public administration reform and decentralization with more involvement from the community.

A special focus has been on the role of women in the implementation of the DDF. The aim has been to enhance gender equity and deepen participants' understanding of government policy on gender issues, including the role and responsibility of the village Lao Women Union (LWU). The training on gender awareness was provided to woman involved in activities at province and district level. The head of the LWU conducted a workshop on the organizational reform of the LWU with the provincial line departments and line department from the eight districts.

There have been some attempts to assess the effectiveness of the training, for example pre- and post-test training courses have been held to assess the level of understanding of the trainees prior to and after the training. In addition, participants evaluated the training and their evaluation was expressed in percentages. However, the outcomes of the training in terms of achieved proficiency were not rigorously assessed and could thus not be effectively used to improve the design of future training. Nevertheless, the district reports examined by the team indicate that training courses provided by GPAR SP have strengthened the capacity of both provincial and district government officials and also officials and staff at village level. According to these reports, the trainees feel more knowledgeable, skilful and capable in performing their day-to-day activities. When the district and provincial staffs were asked to assess how their competencies had been influenced, most said that their capacities had been strengthened in various areas and that their performance had improved. However all staff expressed the belief that there are remaining areas where they have more to learn and that there is scope to further improve their performance. It thus follows that further, and even continual, training provision is necessary to ensure more efficient and client-oriented work performance leading to improved service delivery. A specific weakness that needs to be addressed is that the

existing manuals do not provide clear guidelines or ways of developing a recruitment strategy that would enable the local authorities to attract and retain better-qualified and more experienced staff.

5.3 Critical factors affecting results achievement

A critical factor determining the effectiveness of HRD efforts in Saravane has been the alignment of training with government policies. It is noticeable, in this respect, how much effort has gone into training on the rules, regulations, decrees, laws and party policy, all of which are an integral part of the HRM procedures and practices. The GPAR SP Project has initiated an ambitious programme aimed at building the capacity of the government officials within the framework of a national civil service statute and set of regulations. The results achieved represent the first steps in a wide and ambitious programme of HRD whose fruits in terms of improved service delivery will only emerge with the passage of time.

A second critical factor affecting results achievement is the close coordination and strong cooperation among all stakeholders concerned in implementing the HRM activities. Achieving consensus among these stakeholders on a common direction is also an important factor for goal realization.

5.4 Sustainability of results

There are a number of factors that influence the sustainability of the HRD initiative. The fact that staff at provincial and district level have already acquired substantial knowledge in relation to budgeting and planning, and that this knowledge is now institutionalized, is an important factor. Another is the level of cooperation between the actors concerned. The Project's performance benefited from good cooperation and coordination between provincial and local authorities and this will be important for future sustainability. To aid cooperation, the roles, mandates and responsibility for maintaining improved HRM procedures and practices and for building the capacities of individuals should be clearly defined among stakeholders.

More specifically, the HRD provincial and district offices play an important role in implementing the new civil service statute, streamlining payroll arrangements and generally in putting human resource management and capacity development firmly on the local government agenda. Their roles include supporting all other organizations concerned to identify staff requirements in terms of both number and qualifications. This is to ensure that there is a proper HRD plan that enhances knowledge, skills and competency of government staff.

The improvements in HRD brought about by the GPAR SP will not be sustained without on-going training and corresponding budgetary support. To continue implementing improved HRM procedures and practices and to build selected

individual capacities, the budget should be appropriately drawn up and allocated in a timely manner.

5.5 Lessons

There are a number of lessons that may be drawn from the GPAR SP experience thus far. It is important to clarify the roles and responsibilities of different stakeholders in the HRM process and procedures and to ensure that there is good coordination and cooperation between them.

Training needs assessments should accurately define gaps between existing staff complements and competencies and the required competency level to fulfill the designated tasks. Such assessments should be undertaken regularly.

Staff training courses and workshops should be designed as a continuous process, based on regular assessments of needs against national standards in order to ensure that there is sufficient qualified staff to meet service delivery objectives.

It is important to undertake follow-up assessments after training in order to measure the impact of the training on the trainees' work performances. This will enable improvement in the design and conduct of future training courses.

In addition to training, it is important to having effective recruitment policies and strategies in order to attract and retain better-qualified and more experienced staff.

5.6 Recommendations

Recommendation 9

With technical support from the UNDP, the GPAR SP PST should undertake a follow-up assessment of the impact of training on the trainees' work performance and use this to adjust future training, where needed.

Recommendation 10

GPAR SP PST, with technical support from the UNDP, should introduce an effective recruiting and staff retention strategy for Saravane province and its districts.

6. IMPLEMENTATION PROCEDURES

Main findings and recommendations

Achievements

The District Planning Teams have introduced more organized and effective implementation procedures resulting in projects being completed at a satisfactory standard within the planned financial years. The procurement procedures introduced by the project, based on national procedures, are sound. Staff have been trained to follow proper tendering procedure and have done this in practice. There has been regular monitoring of infrastructure implementation by technical supervision/project oversight committees.

Challenges

The quality of design of infrastructure projects has been uneven and the team identified a number of construction flaws, for example cracks in concrete slabs and in walls. Operations and maintenances (O & M) deficiencies emerged to a greater or lesser degree at the project sites visited by the team.

Recommendations

1. The provincial line departments should play a greater role in choice and final approval of the contractor, as well as in monitoring of the construction works.
2. The Project Support Tea, with support from the UNDF's LED Advisor, should introduce assessment criteria that ensure that income-earning projects are both economically viable and pro-poor.
3. The conditional O&M fund already designed by the UNCDF'S regional technical advisors should be implemented.

6.1 Objectives

The aim of this output is to ensure that transparent, efficient and effective procedures for the sustainable delivery of public infrastructure and services (ISD) are established and applied. This is to be done by fostering sound procurement procedures, adequate oversight mechanisms for ISD and robust operations and maintenance (O&M) processes at local level. All of this should lead to services that provide the poor with higher quality, cost effective and enduring public services.

6.2 Results achievement & remaining challenges

The GPAR SP has made considerable progress in establishing transparent and effective procedures to make the production of public infrastructure and services more efficient and sustainable. However, there are still some remaining challenges that need to be followed up.

Institutional arrangements DPTs and DPCs

The GPAR SP Project established Development Planning Teams (DPTs) and Development Planning Committees (DPCs) as the institutional means to implement decentralised service delivery, initially in six pilot districts: Saravane, Ta Oy, Lakhonepeng, Samouay, Khongsedone and Toumlane. The DPTs are made up of government officials from the district line ministries. They are responsible for the technical dimensions of project infrastructural design and implementation and facilitate the planning process. With the technical support of the DPTs, the DPCs are decision-making bodies responsible for the final approval of service delivery projects put forward by the villages and Kumbans.

This institutional arrangement has improved the districts' delivery capacity, and infrastructure projects have been completed mainly by private contractors, supervised by district or provincial engineers, within the planned financial year. The projects have been handed over to communities in a generally satisfactory state, though the team did find some design flaws and quality inadequacies, which are reported below. These may be attributed to the fact that the disparities between the optimal and actual quantity, qualifications and training of staff in the DPTs and DPCs, as reported in the section on HARD above, has reduced the results achieved to some degree.

Planning processes

In terms of the planning process, the following specific achievement can be reported. The DDF's participatory planning guidelines, planning tools and implementing formats were developed by the UNCDF's regional technical advisors and applied by the PST. A Memorandum of Understanding between GPAR SP and the Ministry of Finance (MoF) on the DDF Management Arrangements was signed in mid October 2006 and put into effect.

The provincial DDF Planning trainer team was established and trained. ToT training on DDF participatory planning was organized at district and Kumban level and exercises of DDF planning steps were conducted at village level with participation of the communities. Office equipment and motorbikes were supplied to the pilot districts.

The ownership and commitment to the planning process by officials was enhanced by the fact that the DDF planning approach was brought into line with the National Growth and Poverty Eradication Strategy (NGPES) and sought to give effect to the National Socio-Economic Development Plan (NSED) through the Saravane Provincial Socio-Economic Development Plan (PSEDP) and the districts Socio-Economic Development Plans (DSEDPs). The final choice of projects brought forward through the DDF process took into consideration the projects brought forward through the routine district annual investment plans (DAIPs). This was ensured by the participation of the sector line departments in a joint DDF-DAIP planning and prioritisation process conducted at the DPC meetings. It was within this forum that the small-scale infrastructure projects prioritised by the communities were brought into line with the DSEDPs and the Saravane PSEDP.

The team found a high level of appreciation of the DDF processes both amongst district officials and amongst the beneficiary communities. As is generally the case in countries in which LDPs are run, the planning process raised relatively high expectations within the user communities, which were not always fully met. The reason for this is that there were insufficient funds made available through the DDF to respond to the all the needs identified by the villagers. One way of handling this widespread problem is to manage expectations consciously at the outset of the planning process. Another is to adopt a planning approach that promotes local action using not only externally sourced financial resources of the kind provided by the DDF, but also local resources. This relates back to an earlier suggestion relating to the use of participatory approaches that encourage diagnosis and local action. (See Section 3.8, recommendations)

Procurement procedures

In Laos the procurement procedures are based on Decree 03/PM dated 9th January 2004 relating to government procurement of goods, works, maintenance and services, and the Implementing Rules and Regulations that flow from this decree. The purposes of the decree are to ensure the transparency of public procurement, achieve regularity and uniformity of procurement procedures of government entities and state enterprises and to achieve efficiency and economy in the government procurement of goods, works, maintenance and services. They are also intended to guarantee all economic sectors fair and equal treatment in competitive bidding for the supply of goods, works and services to government entities and state enterprises.¹⁹

The procurement and tendering manuals used within the DDF projects conform to national standards and guidelines. These explain in some detail how district governments and state agencies at district level, namely the District Chief, District Tender Committee, District Finance Office, the Contract Manager, the

¹⁹ The following are some of examples of manuals and guidelines currently in use by the Project: Procurement Manual for District Level, prepared by Ministry of Finance, GPAR-SP (January 2007); Standard Bid Evaluation Report Form for Procurement of Goods or Works and Guidelines for Bid Evaluation, prepared by Ministry of Finance, Procurement Monitoring Office (December, 2006); Implementation Rules and Regulations on Decree of Government Procurement of Goods, Works, Maintenance and Services, No. 0063/MOF, Ministry of Finance (12 March, 2004); Standard Request for Quotation (SRFQ) for Procurement of Goods (National), (Updated September 2006); Saravane District Development Fund (DDF)-District Investment Planning Guidelines, Instruction No. DDF/2/2007; Decree of the Prime minister on Government of Goods, Construction, Maintenance and Services (Amendment), No.03/PM, Vientiane Capital, Date 09 January 2004; Standard Bid Document (SBD) for Procurement of Goods (National) For Goods valued below Kip 5 Billion, prepared by Procurement Monitoring Office, Ministry of Finance, December 2006; Standard Bidding Document Procurement of Small Works, Price Comparison Procedures and Limited Bidding (for Works Valued less than Kip 300 Million), prepared by Procurement Monitoring Office, Ministry of Finance, September 2006; Standard Bid Document (SBD) for Procurement of Works and Maintenance (Works – above 300 million to 25 billion Kip), Public Bidding, prepared by Procurement Monitoring Office, Ministry of Finance, September 2006; “Unit Cost for DDF infrastructure Manual” based on the infrastructure construction unit cost of the Ministry of Public Works, Lao PDR.

Engineer or Technical Officer and community representatives, should apply the procurement procedures.

From its interviews, seven site visits and inspection of project contracts, the evaluation team found that the proper procurement procedure and tendering processes have been followed within the GPAR SP Project. This has ensured that effective and transparent implementation procedures have been applied. Confirming this, most of the awards went to those companies with lower or equal tender cost to the costs estimated in the project plans, as further discussed below.

Project design and unit costing

On its infrastructure projects, GPAR SP has used unit costing and design guidelines based on those provided by the Ministry of Public Works. The Department of Finance's (DoF's) annual audit reports show that the project costing has been reasonable and relates closely to the design specifications provided by the technical supervision and project oversight committees. In the more isolated and hilly areas of the province, the limited number of suitable contractors and high transportation costs have presented problems for the Project. In response, GPAR SP has sought to contract construction work to local communities.

Construction procedures

The GPAR SP has taken care to involve the local authorities closely in the construction process. Representatives of relevant district line ministries have given advice on the design specification and basic infrastructure requirements used by their Ministries. The district Office of Public Works has also given advice on the technical requirements needed to ensure that the quality of the construction is in compliance with national standards. Where local engineers are not available, the Project has called in provincial engineers.

Infrastructure quality

Notwithstanding the rigorous adherence to national procedures and considerable efforts to ensure that national design and construction standards are applied in GPAR SP projects, the team found some design inadequacies and construction flaws within the sample of project sites it visited. Examples are the reservoir dam wall in Lakhonepeng, which was inadequately designed to cope with floodwater and is in need of repair, the loose roof of a school in Ta Oy, which created levels of noise that prevented the pupils from hearing the teacher when the wind was blowing. The team also found cracked foundations in a market, two schools and a clinic. Some of these problems are attributable to poor design and construction, some to poor maintenance, an issue taken up in a section below.

Infrastructure costs comparison

The team's engineer made a comparison between the costs of producing classrooms using the DDF and World Bank Funded Poverty Reduction Fund

(PRF) approaches. The comparison was made between two sets of classrooms in a school in Ta Oy, where the designs, dimensions, technical standards required and physical location, were identical. The classrooms were made of concrete and wood and stood side by side within the grounds of the Ta Oy town.

The comparison of the construction cost is shown in Table 2.

Table 2. Comparing costs: DDF and PRF class rooms in Ta Oy

Budget source	DDF	PRF
Project name	Secondary school construction	Secondary school construction
Location	Ta Oy urban	Ta Oy urban
Technical specification	MoE standard	MoE standard
Dimensions	8mx7m (3 classes)	8mx7m (3 classes)
Construction year	2006	2006
Total cost	153745405	173,800,000
Furniture	0	12,300,000
Total Cost Kip	153745405	161,500,000
Cost per Sq meter	915,151	961,309

Source: DDF: Bid evaluating data form, GPAR SP; Summary of achievements of SPs implementation cycle, Saravane PY 200506. PRF: PRF Report in the report above.

The table shows that the DDF cost is just under that of the PRF in this particular case. These figures do not include a percentage for overhead costs that are reportedly high in the case of the PRF given that it works through a national vehicle that is heavily staffed at all levels. In contrast, the DDF works through existing government structures. It is, of course, not possible to generalise from this case, but it nevertheless confirms the findings above that the DDF infrastructure projects appear to be cost-efficient.

Operations and maintenance

The project with the collaboration of the Provincial Planning and Investment Department has organized TOT in DDF planning, O&M and budgeting guideline for the DPC and DPC team from eight districts, namely Saravane, Lakhonpheng, Ta Oy, Samouay, Toumlane, Khongsedone, LaoNgam and Vapi. In addition, a Technical Note on DDF O&M has been provided to help the District Planning Team design and assess sound O&M arrangements for assets created through the implementation of local investment plans. The Technical Note on DDF O&M explained O&M arrangements in some detail. This includes defining the responsible implementing agency (community group, LG or department), the method of resource mobilisation, procurement procedures related to the asset, operational commitments enforcing rules and operating costs and financing operations.

Despite the efforts noted above, the team found that Operation and Maintenance (O&M) is an area of weakness in all several of the projects it

visited. Sufficiently robust O & M plans have not been integrated into the programme design at an early enough stage. Some of the actors interviewed at the project sites claimed that the villagers in charge of O&M and annual cost of O&M had been identified in their O&M plans. However, further probing by the team, notably at the school visited in Ta Oy, a market in Saravane, and health center in Lakhonepeng, revealed that there was no effective O&M system in place. The local actors could not point to a clear organizational structure, financial support and technical capacity to handle O&M. At the fish hatchery in Lakhonepeng, there was an O&M plan but no action had been taken to address the design flaws and flood damage to the weir. In addition, it appeared to the team that the O&M plans that do exist rely excessively on “voluntary labor” and expertise. This is inadequate to ensure that O&M needs are effectively dealt with.

Some of these difficulties, notably on the design side, could have been solved if provincial level engineers had been consulted in the design phase and had a role to play in inspecting construction progress.

Monitoring and Evaluation

The team’s engineer examined the M&E systems linked to infrastructure project implementation activities. It found that effective M&E systems had been established not only within the GPAR SP offices, but also within the district and provincial offices. These systems enabled the Project and the local authorities to follow the project implementation procedure closely. The monitoring teams have been rigorous in following up progress of the construction. The infrastructure is checked after 25%, 50%, 75% and 100% completion. In addition, progress with construction projects is reported quarterly, semi-annually and annually based on information gathered by the monitoring system. This has helped ensure that the construction complies with the standard requirements and that the projects are completed on time. The monitoring teams also play a part in resolving disputes if these arise during construction.

A remaining challenge is post-construction M&E. Post-construction M&E is needed to ensure that infrastructure remains in a sound state and that the associated services are being provided in a manner that meets the objectives of accessibility, relevance and quality. Section 10 below looks more closely at GPAR SP’s M&E systems.

Posting of contract and costing data

The team found that contract data, including the name of the contractor and the final contract value, had been posted on district boards at the project sites visited. To this extent the transparency criteria for the projects has been respected. However, it is by no means clear that the service users were able to interpret this information due both to illiteracy and the fact that in some areas, the service users are predominantly from ethnic groups who are not all able to read Laotian.

6.3 Critical factors affecting results achievement

The outstanding factor affecting results achievement in the area of infrastructure and service delivery is sense of ownership and commitment to the work of the DDF by local government officials. This reflects the importance attached by officials to enforcing the laws, decrees, regulations and instructions issued from higher levels of government.

The fact that the implementation procedures applied by the GPAR SP Project were able to draw upon an exiting national legal and regulatory framework, as well as guidelines and manuals, as in the case of tendering and procurement, greatly contributed to the success of this dimension of its work.

6.4 Sustainability of results

The sustainability of the infrastructure projects depends not only on the quality and on appropriateness of the infrastructure by also on the adequacy of the operations and maintenance that follow it. Hence, the O&M plans associated with ISD take on a growing importance as infrastructure is completed. These O&M plans should define the roles and responsibilities of staff at the village, Kumban and district level clearly. They should make adequate provision to finance operations and maintenance and for technical support for maintenance when this is needed.

In terms of institutional sustainability, the DPT and DPC structures established in the districts are robust, durable innovations that are well appreciated by the officials involved. In the judgment of the team, these structures would be able to carry on effective and transparent implementation procedures once the GPAR SP Project exits.

Any remaining threats to sustainability do not lie in the institutional form of the DPTs and DPCs, but rather in the high staff turnover and frequent job relocation of staff. This relates back to the issues raised in the section on HRD that emphasizes the need for effective recruitment strategies and employment conditions capable of attracting and retaining adequately qualified and motivated staff.

6.5 Lessons

There is a need to have oversight mechanisms built into DDF/district procedures, for example the use of provincial engineers to assess the quality of design and inspect infrastructure at pre-defined moments during construction. These oversight mechanisms are important during the design, construction and post-construction phases to ensure high quality infrastructure.

There is a need to strengthen the coordination between district and provincial line departments for technical support, notably when the districts lack expertises that is available in the provinces, for example engineering skills.

It is important not only to integrate O&M at an early stage into the project construction design, but also to establish follow-up procedures to ensure that O&M is actually being carried out. It is not adequate to rely on the Kumbans alone to handle O&M. There is a need to involve the line departments as well, notably in areas in which the Kumbans lack expertise, and to define the responsibilities of all the actors involved in O&M.

6.6 Recommendations

Recommendation 11

The GPAR SP PST should introduce an oversight role for provincial engineers in the choice and final approval of contractors, and in the monitoring of construction works. The purpose of this recommendations is to reduce the incidence of design and construction flaws in infrastructure projects.

Recommendation 12

The GPAR SP's PST, with support from the UNDF's LED Advisor in New York, should introduce selection criteria that ensure that income earning projects are both economically viable and pro-poor. The PST then needs to take steps to address weaknesses in the exiting projects and to ensure that any future investments of this kind in the districts coming on stream in Saravane meet viability and pro-poor performance criteria.

Recommendation 13

The GPAR SP PST, with technical support from the Regional Technical Advisor based in Bangkok, should undertake a review of the O&M arrangements at existing projects, check that roles and responsibilities have been correctly assigned to the relevant district line departments and village representatives and make adjustments to ensure that O&M is adequately carried out in the districts coming on stream. The UNCDF should provide additional funds to establish an O&M grant for this purpose.

7. NATIONAL POLICY REFORM AND REPLICATION

Main findings and recommendations

Achievements

The GPAR SP approach is already, after only two years, being replicated in four other provinces. The GPAR SP approach, including the DDF element, the approach to administrative re-organisation and human resource development, has been incorporated into the GPAR Better Support for Service Delivery (SBSD) programme in 2007 and being driven nationally by GPAR central.

Challenges

The capacity of the GPAR SP team to support replication & policy reform has been expanded, but still remains low relative to the tasks of replication, national policy reform and implementation. The UNCDF's PO currently allocates 20-25 per cent of his time to GPAR SP work. There is still insufficient direct interaction between GPAR SP team and key ministries, notably the Ministry of Finance and Ministry of Planning and Investment and between the GPAR SP team & other donor organizations such as the Poverty Reduction Fund and the Project for Capacity Building for Public Investment Plan.

Recommendations

1. The GPAR SP PST should step up its work on replication and policy reform in the remaining two years of the project's life.
2. The UNCDF and UNDP should consider providing further residential and/or mission-based technical advisory support on administrative and political decentralisation if the Government demands this.
3. The UNCDF DDF Analyst, based in GPAR Central, should approach the PRF to explore further the synergies between the two approaches and the feasibility of closer cooperation to experiment with a more integrated, sustainable approach to project implementation at district level.

7.1 Objectives

The aim of this output is to ensure that national policies on decentralisation, public administration reform and poverty reduction are informed by the Saravane experience.

The approach of the GoL to decentralisation and public administration reforms is to pilot these on an experimental basis through PACSA, working in collaboration with GPAR. From the perspective of the GoL, the main reason for pursuing experimental pilots is to reduce the risks and costs associated with experimentation. Once an innovative approach has shown itself to be feasible and desirable in practice, policy reform and the scaling up of the approach may be undertaken.

The Saravane Project approaches policy debate and replication in three main ways. Firstly, it seeks to link its work directly with the National Growth and

Poverty Eradication Strategy's (NGPES's) monitoring system through the integration of DDF planning into the district Socio-Economic Development Plans (SEDPs). Secondly, it supports the replication of the Saravane pilot experiences in other provinces by sharing its experiences and providing practical advice. Thirdly, it promotes central-local exchange and policy dialogue, the latter mainly through GPAR Central. In addition to these three approaches, the GPAR SP Concept and Strategy Paper envisaged the establishment of a Decentralisation Steering Committee at the central level involving Department of Public Administration and Civil Service (DPACS), Committee for Planning and Cooperation (CPC) and the Ministry of Finance (MoF). This committee has not functioned in practice.²⁰

7.2 Achievements

The Project has been remarkably successful in its efforts to replicate the Saravane experience in other provinces in the country, especially considering the relatively short time it has been in existence.²¹ The DDF approach is currently being replicated in four other provinces through the GPAR SBSB programme, in one other province supported by the World Bank and in one supported by Luxembourg Agency for Development Cooperation.

Importantly, the GPAR SP Project has promoted inter-provincial exchange by organizing study visits between provinces to share lessons. To give an impulse to this aspect of its work, the Project employs an International Project Coordination specialist, based in Saravane, who currently supports implementation of the approach in the neighbouring Sekong province.

With respect to central-local exchange and policy dialogue, the PD envisages the project management liaising with PACSA, the MoPI the MoF, and a number of other donor and central government organizations through GPAR Central. The Saravane Project has inter-acted closely with GPAR Central through its participation in GPAR strategy meetings and by contributing to GPAR Central quarterly bulletins, newsletters and fact sheets. The Project has sought to promote a two-way flow of information by holding its monthly meetings in Saravane district centers on a rotating basis. It has shared GPAR experiences with donors and national government actors through its Tripartite Annual Review meetings.

A major achievement of the Project is that the GPAR SP approach in its entirety, including both the DDF components supported by the UNCDF and the Institutional Re-Organisation and Human Resource Management component

²⁰ UNDP/UNCDF (2004) Proposed Concept and Strategy, p. 30.

²¹ The project was planned to start in October 2004. The PD was signed on the 3rd February 2005 and the project started in April 2005. The four provinces in which the Saravane experience is being replicated are: Sekong, Borikhamxay, Xieng Khuang, Houaphane.

supported by the UNDP, forms the basis of the GPAR Support for Better Service Delivery (GPAR SBSB).²²

As mentioned in Section D 4) above on the Project's Intervention Strategy, the work envisaged under output six of the Saravane project has, in effect, been overtaken by the GPAR SBSB programme, which was adopted in 2007. Although evaluation of the GPAR SBSB programme lies outside the terms of reference of this MTR, the team was obliged to give it enough attention to do justice to the evaluation of output six of the Saravane Project. The discussion below is limited to this specific objective.

The programme envisaged by GPAR SBSB is closely modeled on the Saravane project. What the Programme seeks to do, in effect, is to replicate the Saravane experience in a number of other provinces, introducing refinements based on lessons learned from Saravane. The intention of the Programme is then to use this provincial replication experience to inform further national policy dialogue, with the eventual aim of supporting national policy reforms that enable the roll out of the programme across the country.²³

Like the Saravane project, the central pillars of the SBSB programme are the DDF modality on the one hand and the Institutional Re-Organisation and Human Resource Management and Development elements on the other. As in the Saravane project, institutional re-organisation and human resource management and development are approached as civil service reforms aimed at improving governance, not within the framework of administrative decentralization per se.

The SBSB Programme Document envisages the creation of a very substantial programme management team, backed by substantial international and national technical assistance to be based within GPAR Central and to move to support provincial replication where needed.²⁴ The Programme Document envisages the establishment of a Governance Leading Committee made up of PACSA, Central Committee for Organisation and Personnel (CCOP), Secretariat of Government (SoG), MoF, CoPI and service sector agencies, including the Ministry of Agriculture and Forestry, Ministry of Health and Ministry of Education, to provide strategic guidance to the programme. This is in contrast to the GPAR SP Concept and Strategy Paper that envisaged a Decentralisation Steering Committee playing this role.

²² GOLPDR/UNCDF/UNDP/SDC/Gouvernement Luxembourg (n.d.) Governance and Public Administration Reform Project: Support for Better Service Delivery (GPAR-SBSB), Programme Document.

²³ GOL/UNCDF/UNDP/SDC/Le Gouvernement Luxembourg (n.d.) Governance and Public Administration Reform Project: Support for Better Service Delivery (GPAR-SBSB), Programme Document.

²⁴ The technical advisory positions envisaged are an International Lead advisor, International Human Resource Advisor/Deputy Lead Advisor, International ICT Specialist, DDF International Technical Advisor, DDF National Planning and Budgeting Specialist, DDF National Finance Specialist, National Local Governance Coordinator, National HRM Coordinator, GPAR Fund Advisor and Fund Coordinator. Ibid., pp. 33-36.

In addition to the above-mentioned achievements, note should be taken of the Project's work on M&E in the context of its replication efforts. The project sought to lay the groundwork for national replication by creating an M&E system that would be compatible with the National Growth and Poverty Eradication Strategy.

The M&E systems set up within the GPAR SP Project are analysed in Section 6.2 above in the context of discussion of implementation procedures, and in Section 10 below devoted to M&E. It is shown in these two places that the Saravane Project has put in place very effective M&E systems. The Project's efforts to connect the NGPES to the SEDPs in its pilot districts have taken place relatively recently, with a training course mounted for this purpose in August 2007. The linking of the M & E systems operating within the GPAR SP Project with the national system helps lay the foundation for a uniform national planning system that draws on the experience of the Project. However, the team's discussions with the MoPI over the respective approaches to planning and investment of the Saravane Project and MoPI indicate that closer interaction is needed to integrate fully these approaches.

7.3 Challenges

Without respect to output six, the main challenge that lies ahead for GPAR SP is how best to support GPAR SBSD as it gears up to take the Saravane experience into replication in other provinces, dialogue on national policy reform and, eventually, into a national implementation programme.

The GPAR SBSD Programme Document sets out a comprehensive framework for the national up scaling of the Saravane experience. There are, however, two difficulties that need to be signaled here, the first relating to programme design and the second to implementation capacity.

Programme design

On programme design, the SBSD carries forward the issues raised in Section 4 above on Administrative Re-Organisation and in Section 5 on Human Resource Management. The point made there is that process of administrative re-organisation envisaged is one of rationalization and right sizing within a general civil service and governance reform process, not specifically within the framework of decentralization.

The point we would like to emphasise here is not that the civil service and governance reforms envisaged in the SBSD are in themselves faulty in any way. It is rather to say that their effectiveness is likely to be greatly enhanced if they are re-cast explicitly within the framework of administrative and political decentralization, using the principle of subsidiarity. What we mean by administrative decentralization in this context would be a re-assignment of functions between the national, provincial and district levels to match the needs of decentralized service delivery. What we mean by political decentralization in

this context is the decentralization of decision making powers to the appropriate levels to support planning and decision taking around public investment.

The effect of this would be to match the fiscal decentralization so successfully introduced by the DDF with administrative and political decentralization that are geared more directly to support fiscal decentralization, enabling the GoL and Lao people to move forward more rapidly towards their goals of improved service delivery and poverty reduction.

Capacity needs

As reported above in Section 7.2, the SBSB makes provision for a very substantial team. Given the scale of the replication and policy reform process envisaged in the SBSB Programme Document, this is realistic. The challenge at present is that only one international DDF analyst has been appointed to carry out this work. This is clearly insufficient, particularly given the follow-up work needed by the GPAR SP in the existing districts in which it has been operating, the fact that it is taking on four new Saravane districts in the next two years and will be called to intensify its involvement in national replication and policy reform over the remainder of the Project's life.

Relationship to the Poverty Reduction Fund

There is scope to strengthen the already cordial relationship between the GPAR SP and the Poverty Relief Fund (PRF). The PRF'S approach has similarities and differences with that of GPAR SP. The overall objective of reducing poverty is the same, as is the focus on capital grants for small scale socio-economic infrastructure and the use of participatory planning processes. The PRF's has established a dedicated national vehicle parallel to the state administration to do this, which differs from the GPAR SP approach of using districts for infrastructure and service delivery. The PRF provides the funding and organises planning directly with communities, whereas the GPAR SP channels block grants to district accounts and organises planning from the village level upwards to Kumbans and then to districts, where efforts are made to integrate bottom up planning with the district, provincial and national planning process.

A national agreement has been reached whereby in districts in which both the PRF and GPAR run projects, the latter organisation will hold back for a year while the PRF goes ahead. The reason for this was to avoid conflict between district officials and the PRF of the kind that arose in districts where the two approaches were being applied simultaneously. In addition, there will be efforts to ensure that the same planning method will be used in districts where both organisations are operating. These are improvements on the previous situation where some conflict was reported over the methods used by the two. However, it is the team's view that more can be done by the two organisations to seek synergies in both design and in practical implementation on the ground in the districts and, in time, to develop a more integrated national approach to pro-poor service delivery. This possibility should be approached in a cautious,

incremental manner, building on interactions and experience where the two organisations are working in the same distinct.

7.4 Lessons

There are two main lessons from the Saravane experience with replication and national policy reform. The first is that design issues within a Project Document tend carry through into project implementation and, through this, into efforts to scale up experience elsewhere. This is evident in the lack of a clear framework for administrative and political decentralisation in the design and implementation of both GPAR SP and GPAR SBSB.

The second main lesson relates to capacity. The GPAR SBSB programme document provides for the establishment of the necessary capacity to replicate, reform and eventually roll out the Saravane experience, but the relevant posts have not been filled, which is likely to jeopardise implementation.

7.5 Recommendations

Recommendation 14

The GPAR SP PST should step up its work on replication and policy reform in the remaining two years of the project's life. This will require intensified interaction between the National Project Manager, the UNCDF DDF Advisor in GPAR Central and the UNCDF Regional Technical Advisor in Bangkok. The aim of this interaction should be to ensure that existing and emerging lessons continue to be drawn into the GPAR SBSB programme. At the same time, care should be taken to ensure that the PST in Saravane has the capacity and time to continue to undertake its continuing piloting work effectively. (See recommendation below regarding further technical assistance)

Recommendation 15

The UNCDF should consider providing further residential and/or mission-based technical advisory support on administrative and political decentralisation if this is demanded by the GoL.

Recommendation 16

The UNCDF DDF Analyst, based in GPAR Central, should approach the PRF to further explore the synergies between the two approaches and the feasibility of closer cooperation to experiment with a more integrated, sustainable approach to project implementation at district level.

9. MONITORING AND EVALUATION

Main findings and recommendations

Achievements

The GPAR SP's M&E system and its efforts to establish M&E systems in the districts and, more recently, to link these to the Ministry of Planning and Investment's M&E system have been exemplary. The fruits of this work are the Project's demonstrated ability to track and report on project activities and to use this information and these reports to consistently follow, assess and act upon successes and failures in project implementation. The UNCDF's MIS-LG system is being effectively maintained by the Project's M&E officers.

Challenges

No evident challenges.

Recommendations

The work on the M&E side is outstanding and no specific recommendations are offered, apart from continuing with this good work.

9.1 Objectives

This section evaluates the monitoring and evaluation systems established within or with the aid of the GPAR SP programme, including the Project M & E system, the linkages of the Project system to the MPI's M&E system and the Management Information System set up within the Project to serve the needs of the UNCDF head office.

The aim of the Project's M&E system is to deliver reliable information that enables the PST and its project stakeholders to follow progress in attaining planned outputs, outcomes and the overall goal against the plan. The M&E system should make it possible to establish the reason for good and poor performance, improve the level of understanding of stakeholders about the reasons for success and failure, enabling them to alter intervention strategies. Effective M&E plays an important role in promoting reflection, learning and innovation.

9.2 Results achievement and remaining challenges

The Project M&E system

The design of the Project M&E system is described in the PD. During the start-up phase of the Project, a simple, robust monitoring and evaluation framework was developed for GPAR SP with the assistance of external technical advisors.

An institutional assessment was conducted in Saravane in 2004 to provide basic baseline data. This assessment covered five thematic areas: organizational and HRM issues; planning; budgeting and financial management;

procurement and service delivery; and sub-district arrangements. The Project's baseline study has provided an institutional 'benchmark' for the Project. However, the study did not provide demographic information that would have helped assess progress on the project's overall goal.

The starting point for the Project M&E system is the GPAR SP results framework, which includes the project overall goal, outcomes and outputs and a set verifiable indicators and means of verification. The indicators in the logical framework were designed on the SMART principal, namely Specific, Measurable, Accurate, and Realistic. It was found in practice that some of these indicators did not respond adequately to the intended output and this was causing difficulties in measuring progress. As a result, the PST worked in corporation with its stakeholders to create a simple set of indicators based on data sources that can be collected with a minim of effort. The resulting indicators have proved efficient in tracking the quality of the processes and the procedures being piloted by the projects, and their likely impact on service delivery.

These modified indicators are incorporated in the Project's Annual Work Plan (AWP) and in the Project Operational Plan (POP), enabling the review, reporting on progress and adjustment of the Project implementation strategy when needed. An important part of the M&E system relates to monitoring of the infrastructure construction projects. Typically, monitoring visits are conducted frequently as a joint effort between PST, DPC, DPC and district construction inspection team. Following these monitoring visits, the PST puts together reports that are then submitted to the project management team.

In addition, the Project has more recently put effort into connecting its M&E system to that of the MPI, as reported in Section 6.2 above. Notwithstanding these considerable achievements, the GPAR SP's M&E officer judges that further efforts are needed to ensure that reliable data is regularly collected, as this is the backbone of an effective M&E system.

The GPAR SP has assisted the districts to establish M&E frameworks. As part of this effort, the PST provided district and provincial staff with training on data collection. This includes the use of record/report forms that are filled in on weekly, monthly, quarterly and annual basis and submitted to government and GPAR support team. The district M&E systems enable officials and Kumbar representatives to follow up the implementation of their annual investment plans, assess the quality of their planning process, and evaluate, in very simple terms, the outcomes of their DDFs.

The M&E system has enabled the Project to establish an effective reporting system. This system is based on the national reporting system maintained by the MoPI. Implementation reports are prepared for each sub project and submitted to the Project management monthly, quarterly and annually. These reports and then submitted to the government and donors. An inspection by the team of some of these reports revealed that they could be improved by provision of more precise quantitative and qualitative evidence. The reports and

information sheets from the Project M&E system provide the basis for regular meetings where progress has been discussed, and this has enabled improvements in implementation to be introduced.

The M&E system has given particular attention to the procurement process, including the quality of the technical design and specification, the transparency of the bidding process and issues related to contract management.

All in all, the performance of the GPAR SP in terms of the establishment and use of its M&E system and its efforts to establish M&E systems in the districts and, more recently, to link these to the MPI's M&E system have been exemplary. The fruits of this work are the Project's demonstrated ability to track and report on project activities and to use this information and these reports to consistently follow, assess and act upon successes and failures in project implementation.

UNCDF MIS system

The UNCDF MIS for Local Governance (MIS-LG) is a new, multi-lingual database system developed for UNCDF for its Local Development Programmes (LDPs) around the world. It was been introduced into the GPAR SP with external assistance.

The point of connection between the MIS-LG and Project M&E systems is the Results and Resources Framework. This is intended to ensure that a connection exists between the Project's Annual Work Plans and its periodic reports, on the one hand, and the UNCDF's Results Oriented Annual Report (ROAR), though the correspondence is not exact as the MIS-LG does not reflect the modifications to indicators in the Project M&E system described above.

The team's engineer examined various tools associated with the UNCDF's MIS-LG system. These included the Monitoring Sheets, Annual Work Plans, MIS key ratio for Performance Budgeting at Project level Report, MIS Financial Report per Annual Work Plan Output, MIS Summary Financial Performance Report, Final Risk Log Template, Issues Log Template, and Lesson Learned Log Template. The engineer was able to establish from the GPAR SP M&E Officer that these tools were being effectively used to produce information for the UNCDF's MIS-LG system. However, the main source for the Project's reporting was the GPAR SP's own M&E system, not the UNCDF's MIS-LG system.

9.3 Critical factors affecting results achievement

The success of the GPAR SP M&E system can be attributed to a number of factors. These include a sound initial design, the ability of the M&E specialist to modify the original indicators and link the system to a data collection system that is simple to apply and involves relatively little energy on the part of officials and Kumbar representatives. The success of the system is also a result of the

good working relationships between the provincial, district and Kumban actors involved.

As with other aspects of the Project, the fact that the M&E system is well integrated into official government systems, including its linkage to the NGPES, the PSEDP and the DSEPs, has helped secure ownership and commitment to the system. The evident usefulness of the system in enabling monitoring and adjustment of ISD has reinforced this commitment.

9.4 Sustainability of results

The positive features of the GPAR SP monitoring features reported above are its main guarantee of sustainability. These are the usefulness of the indicators to monitoring programme performance, the robust design of the system, the simplicity and effectiveness of the data collection system at project level and the usefulness of the system in producing reports and in enabling focused discussion and adaptation of the implementation approach.

It will be essential to ensure that the M&E unit continues to be properly resourced in terms of staffing, necessary vehicles, computers (hardware and software) and a recurrent fund to implement the full range of M&E tasks.

9.5 Lessons

A robust original design and the flexibility to make adjustments to ensure the relevance of indicators is important to the eventual success of the system, as is the establishment of an effective and affordable data collection system at the level of project implementation.

In contexts where staff commitment is strongly connected to the perceived alignment of an initiative with national government law and regulation, it is important that an M&E system is well integrated into national policy and systems.

With respect to the UNCDF MIS system, the most important point that emerges from the evaluation is that running this system effectively requires a well-qualified and committed M&E specialist who adheres carefully to the “pre-conditions” set out in the guidelines for data entry into the system. Whether the UNCDF MIS is cost effective as a mechanism to track its work internationally is something that would have to be judged by its users in New York.

9.6 Recommendations

The work on the M&E side appears outstanding and no specific recommendations are offered, apart from continuing with this good work.

10. OVERALL FINDINGS AND RECOMMENDATIONS

10.1 Overall findings and recommendations

Achievements

Overall, the GPAR SP Project has performed very well in a relatively short space of time with a number of positive results.

District public expenditure management, using the DDF modalities has significantly improved. Community participation has improved through the introduction of a planning approach that begins with the villages, involves the Kumbans and ends with the DPCs, on which are represented district officials and Kumban representatives.

A new set of implementation procedures including procurement, contracting oversight, O&M have been developed and, for the most part, successfully implemented as has been an effective M&E system that has enabled the PST to follow implementation, assess experience and adapt practice where necessary. Implementation activities have resulted in the production of infrastructure that is largely sound, in operation and meeting the needs of people living nearby.

The administrative re-organisation and accompanying HRM activities began somewhat later in the Project's life than budgeting, planning and implementation activities, but are already having positive impacts on the transparency, efficiency and accessibility to the public of the administration.

The lessons learned from the Saravane experience are being transmitted to other provinces through a replication programme coordinated by GPAR Central, and through the introduction of the DDF modality within projects in two other provinces, the one supported by the WB and the other by Luxembourg Cooperation. These are impressive achievements for a pilot project that has been in operation only since 2006.

The approach on the ground is closely alignment with emerging Lao laws, decrees and instructions, which has helped ensure that the Project is "owned" by officials in the districts and the province. Leading government actors in Saravane are positive about the Project and wanting to share their experience with other provinces and national government in Lao.

Challenges

Notwithstanding these considerable achievements, there are some remaining challenges for GPAR SP.

At the district and provincial level

Although the budgeting and planning process has gone far in ensuring the involvement of community groups previously not able to express their service delivery preferences, there is still a need to deepen their involvement, especially that of the poor, women and ethnic groups. Participatory planning would be aided by a diagnostic approach that identifies problems and opportunities and enables participants to make choices and decisions based on this deepened understanding.

The Project provided district and Kumban leaders with training in O&M based on a clear and well laid out Technical Note on this subject, but O&M arrangements remain a weak point of the Project, which may jeopardise the sustainability of the infrastructure and associated services.

The administrative re-organisation and HRD initiatives undertaken by the Project are intended to rationalise and right size the administration with the aim of increasing the efficiency, accessibility, transparency and appropriateness of services. While these objectives are laudable, rationalisation and right-sizing do not in themselves ensure that service provision is decentralised. This requires, in addition, the application of the principle of subsidiarity. The remaining challenges are to review and take further these reforms within an explicit decentralisation framework.

The income generating projects mounted by GPAR SP do not appear to be economically viable or of specific relevance to the poor. Future investments of this kind will need to be undertaken within the framework of a coherent and effective approach to LED.

At the national level

While the GPAR SP has been successful in taking its lessons into a provincial replication process through its association with GPAR Central and PACSA, and in having these influence the GPAR SBSB programme, it has had less success in placing its approach to decentralisation directly onto the national policy agenda.

Key government ministries, notably MoF and MoPI are aware of the Saravane Project and have a positive view of its work, but this has not yet led to tangible national reform initiatives based on the Saravane experience. The work of the Saravane Project in this area has been overtaken by the GPAR SBSB programme and the Saravane Project and the challenge now is to ensure that the GPAR SBSB programme orients its work more squarely within a decentralisation approach that matches administrative and political decentralisation with the fiscal decentralisation introduced by the DDF. GPAR SBSB will need to increase its capacity to enable this to happen.

Recommendations

Detailed recommendations are provided in each of the main sections of the report above. This section provides an overview of the main recommendations.

Within Saravane province and districts

During next two years, 2009 -2010, GPAR SP should give attention to refining its procedures in the following main areas:

DDF modalities

It is recommended that that the DDF modalities for deepened community participation in planning and budgeting, at village, Kumban and District level, are revised to enable the participants to understand the implications of their choices more fully and to enable women and other vulnerable groups to express their preferences more vocally. This involves the introduction of a more holistic planning approach based on problem diagnosis and opportunity identification that seeks to set in motion an incremental, cumulative local development process.

There should be a follow up review and strengthening of O&M systems that have been put in place at the project level to ensure effective response to problems.

The GPAR Project should reconsider its approach to infrastructure expenditure on income earning projects, and either to drop these from the investment menu or introduce a more systematic approach to LED, drawing on the technical expertise of the UNCDF on this issue.

These refinements should be pursued both in the existing pilot districts and in those that are coming on stream during the next two years.

Administrative re-organisation and human resource management

GPAR SP should complete the administrative re-organisation & human resource management initiatives that have already begun in Saravane and assess their impact on the efficiency and accessibility of services.

In addition, the UNCDF should provide technical assistance to GPAR Central to review these two components and introduce design refinement that reflect the principle of subsidiarity in administrative and political decentralization and seeks to match these to the fiscal decentralization already introduced by the DDF. These revisions to be introduced in the province and districts during the next two years.

At national level

The GPAR SP should give a strong push to its policy reform and replication activities over the next two years, but this should not be done in a way that jeopardises the continuing good work of the pilot.

In consultation with GPAR Central and PACSA, the UNCDF should offer to provide technical support in the areas of administrative and political decentralization to complement the work that has already been done on fiscal decentralization. This could be in the form of appointments to the posts provided

for in the GPAR SBSB Programme Document or in the form of technical missions supported by the Asia region of the UNCDF.

The specialists appointed to play this role would work closely with the DDF Analyst already based and GPAR Central and with the GPAR Saravane National Project Manager and M&E Officer, firstly, to introduce the revisions in administrative re-organisation and human resource management, based on the principles of subsidiarity, within Saravane province and its districts, and, secondly, to support the GPAR SBSB programme with its provincial replication, policy reform and national roll out programme.

10.2 Factors affecting project outcome

External factors

The principal external factor affecting project outcome has been the Project's relationship between the GoL. The Project has been implemented within the NEX (national execution) modality. It aligns well with the principles of the Paris and subsequent Vientiane Declarations that seek to ensure national ownership and harmonisation of donor funded projects.²⁵ Internationally, geographically based pilot projects have come under critical scrutiny because they have been associated with the duplication and fragmentation of national development effort and high transaction costs for national governments.

The GPAR SP appears to have escaped these problems for a two reasons that are of interest not only in Laos, but also for the UNCDF and UNDP's work internationally. The first reason is the adoption of the NEX modality. Within the Project, externally sourced capital investment grants are channelled through the state treasury to the districts, via the province, under a Memorandum of Agreement. The Project is run from the Office of the Governor of the province. The National Project Manager is an officer bearer within provincial government. In this way, capital flows and technical assistance have directly involved government structures and personnel thereby ensuring that their capacities are built by and through the process, rather than that separate, parallel, structures are established whose capacity is lost once the project ends.

The second reason is the stance taken by GoL on piloting and experimentation. Whereas the idea of piloting meets with some resistance in several of the countries in which the UNCDF has been operating area-based programmes, in Lao PDR it is conceived as part of a deliberate government policy of experimenting with innovative approaches in a way that reduces costs and risks for government. The GoL has had the capacity and will to maintain a high degree of control over the process, which is not always the case in low income

²⁵ Paris Declaration on Aid Effectiveness (2005), Paris, France. Vientiane Declaration on Aid Effectiveness (2006), Vientiane. Lao PDR.

countries. This has enabled the GoL, at district, provincial and national level (particularly through PACSA), to follow closely the progress of the GPAR SP Project, assess its results and reflect how to assimilate the approach into the mainstream of government. This is a far cry from the experience of many low income countries where donor-driven pilot projects have often been the norm.

The fact that the GPAR SP has been government-driven to such a large degree opens the possibility of further low cost, low risk experimentation with innovations in local development, including the proposed focuses on administrative and political decentralisation and a holistic, diagnostic approach to participatory planning, recommended above.

Project-related factors

Project management

The Project management team based in Saravane has proved very effective, achieving an impressive record in implementation in a relatively short period. It should be noted that happened despite a very high turnover of staff and the lack of international technical assistance resident in Saravane. The first international TA in Saravane, a UNV, did not have his contract renewed. The second international advisor, a programme coordinator, had been appointed recently. Part of the reason for this is the high level of competency and commitment of the National Project Manager, the Monitoring and Evaluation Officer and the rest of the Project Support Team. In addition, the Provincial Office, notably the Vice Governor, has played an important support role ensuring the legitimacy and acceptance of the Project within the province and districts, and is playing a role as a project champion nationally.

For the coming two years, as the Project gives greater attention to informing policy dialogue and replication, a strong working relationship will need to be built up between the National Project Manager, the UNCDF DDF Analyst and technical advisors either appointed to GPAR Central or providing support through missions. It will be important for UNCDF Programme Officer to give increased administrative support and to play a larger role in facilitating interactions with key national government actors, notably the MoF and MoPI, and with donors.

Technical backstopping

The GPAR SP has benefited from very substantial inputs of technical assistance, including a thorough baseline institutional study²⁶, and sound project strategy and concept paper²⁷, a large number of highly succinct aide memoires and technical notes, guidelines for budgeting, planning, implementation and O&M procedures, and templates for activities relating to contracting, procurement and reporting. Technical support has been provided by resident international project coordinators in Saravane and by frequent missions by

²⁶ Preston A and Jantakad P (2004) Saravane Governance, Public Administration and Decentralised Service Delivery, Baseline Institutional Assessment.

²⁷ UNCDF (2004) Governance, Public Administration Reform and Decentralised Service Delivery in Saravane Province: Proposed Project Strategy & Concept.

experienced regional Technical Advisors and consultants. The high quality of this support has undoubtedly been an important factor in the Project's success.

10.3 Strategic Positioning and Partnerships

Achievements and challenges

The UNCDF has worked closely with the UNDP on design and implementation at provincial level, where both agencies provide technical support, albeit to different parts of the Project, but also at the national level through GPAR Central which is a UNDP-supported agency.

The GPAR SP Project's positioning is defined, firstly, by its status as a provincial pilot, and secondly by its association with PACSA through GPAR Central.

Through its status as a provincial pilot, as well as its good performance as a project, it has gained a high degree of attention and legitimacy within government and donor circles. Through its association with PACSA it has been able to channel lessons into replication projects in four other provinces.

Through the impressive performance of the Saravane Project and the good relations established between UNCDF Technical Advisors and donors, the DDF modality is being replicated in two other provinces through projects supported by the World Bank and Luxembourg cooperation.

The impact of the GPAR SP national policy debate over fiscal, administrative and political decentralisation is less clear, in part because the dimensions of administrative and political decentralisation were not taken up centrally in the PD. Nevertheless, the Project's influence is strongly evident in the GPAR SBSB Programme Document.

However, more direct and focussed interaction between the Project and the MoPI and MoF would strengthen the cross-fertilisation of experiences, and deepen the national debate, notably over decentralised budgeting, and participatory planning, investment decision taking and project implementation, helping to create a climate that is supportive to deepened decentralisation. The appointment of the DDF Analyst to GPAR Central and proposed appointment of technical advisors specialising in administrative and political decentralisation will assist this process.

10.4 Future Role of UNCDF

Achievements and challenges

The role of the UNCDF thus far has been primarily to introduce the DDF modality into Lao through the Saravane Project and into the country more widely through GPAR Central/PACSA. It has been responsible for providing

technical assistance to the Project and promoting the DDF approach more widely amongst government and donors in Lao through its Regional Technical Advisor and Regional Consultants.

In the remaining two years of the Project, this role should continue. Within Saravane there are a number of areas of DDF work in which further design and testing is required, as described in earlier sections of this report. This work should continue, both in terms of follow-up within the original three districts and in terms of planned implementation in the further five, focussing on refinements to the DDF approach to address the challenges identified in earlier in this report.

The UNCDF, in consultation with the Regional Technical Advisor in Asia, should give consideration on how best to address the problems relating to existing income generating projects, namely the markets and fish hatcheries. One way of tackling this is to re-focus the markets on products and services for which they have a location advantage. With respect to the fish hatcheries it will be important to assess whether they are, in reality providing quality fish stock that is more accessible and at competitive prices relative to suppliers and private breeders who use fish stock from Thailand. In the longer term, at the end of this project's life, the UNCDF could consider offering to support the introduction of a more systematic approach to local economic development in Saravane, drawing on the expertise of its LED advisor in New York.

In terms of national policy and replication, the current work of taking experience from Saravane into wider processes should clearly continue and should be amplified with the addition of specialists within GPAR Central, or of more intensive technical assistance from the Asia region and its consultants, focussing on administrative and political decentralisation, as recommended earlier.