

Summary of the Final Evaluation Report

1. Outline of the Project	
Country: Lao People's Democratic Republic	Project Title: Macroeconomic Policy Support Phase 2
Area of Assistance: Human and institutional capacity development for macroeconomic policy formulation	Cooperation Scheme: Technical Cooperation Project
Responsible Agency: Japan International Cooperation Agency (JICA)	Budget Expense to date: ¥ 91,400,000 (Approx.: US\$900,000)
Duration	(R/D): Signed on 08 April 2003 From April 2003 through March 2005
	Counterpart Agencies: NERI/CPI, MoAF, MoIH, MoC, MoF, BoL, NUOL, other Ministries and Agencies Cooperation Agencies : University of Tokyo, Kyoto University, Shiga University, Kobe University, Hiroshima University, Aoyama Gakuin University, Housei University, Suzuka International University, Development Bank of Japan
<p>1 – 1 Background Narrative of the Project</p> <p>The Lao government launched “the New Economic Mechanism (NEM)” and made a decision to adopt the market economy mechanism in 1986. However, the country encountered the Asian Economic Crisis in 1997 and was forced to advocate for further substantial economic reform.</p> <p>On the other hand, Japan was the top donor to the Lao PDR since 1991. In view of raising the efficiency of the development assistance, the cooperation of the Lao government for maintaining its sound economic management was demanded by other development partners as well as Japan.</p> <p>With these contexts, the Macroeconomic Policy Support Project Phase 1 was introduced and implemented for two years since April 2000. Japan, in the cooperation with the Lao government, conducted field researches and made policy recommendations in the nine areas, such as macro-economy, financial management and policy, state-owned enterprises, or Foreign Direct Investment (FDI), under the Project Phase 1. While the recommended policies were well evaluated, the project was barely successful in terms of one of the major objectives of the</p>	

project, “human resource development” of the Lao counterpart. Accordingly, the Lao government proposed a technical assistance project to the Japanese government, which focuses on human and institutional development for policy formulation, along with further specification of the study themes. The Japanese government agreed to offer the technical cooperation and signed the Record of Discussion with the Lao government in April 2003 to start up the “Macroeconomic Policy Support Project Phase 2.”

The Project Phase 2 set up four working groups including Economic Integration, Financial System, Development of Small and Medium Scale Enterprises, and Agricultural and Rural Development. The researches under the working groups were jointly conducted between the Japanese side and the Lao side. The Project includes the training in Japan for the analyses of the research results and the report writing. The final policy advisory reports will be submitted to the Lao government, and the achievements will be shared at the final workshop scheduled in Vientiane in March 2005.

1 – 2 Framework of the Project

- (5) Overall Goal: The Lao government ensures its capacity for the formulation and the implementation of solid economic policies.
- (6) Project Goal: The capacity of the Lao governmental agencies in policy formulation is enhanced.
- (7) Outputs: 0. The Lao government’s capacity for conducting survey, research and study, and analysis is developed.

1. Policy advice and recommendation is made based on the outcomes of the Lao-Japan joint research.

2. The Lao side develop their capacity for proposing and conducting own research independently.

3. Policy recommendations made through the Project are acknowledged by senior officials of the Lao government.

(8) Inputs

By the Japanese government:

- 1. Assignment of Experts (¥35,800,000 or US\$350,000)

Long Term Expert: Project Coordinator 24M/M

Short Term Experts: As required 20M/M (10M/M yearly)

- 2. Provision of Equipments (¥1,300,000 or US\$12,400)

PCs, printers and other necessary equipments for conducting research.

- 3. Training Program in Japan (¥12,900,000 or US\$122,900)

Training for Analysis and Report Writing: 5.0M/M

4. Local Activity Cost (¥19,300,000 or US\$183,800)

Necessary expenses for the activities.

5. Evaluation Studies (¥22,100,000 or US\$210,500)

By the Lao government:

1. Assignment of Counterparts (C/P)

Project Manager: 24M/M

Project Coordinators: 24M/M

Working Group Members

2. Facilities:

Project Office, Data Center

3. Local Cost: US\$80,000

4. Provision of Favorable Status for Japanese Experts

2. Outline of the Evaluation Study

Members of the Evaluation Team	Team Leader/Overall Supervision: Michiko UMEZAKI, Group Director, Group II, Regional Department I, JICA Tokyo HQ Technical Advice/Analysis: Haruyuki SHIMADA, Program Coordinator, Southeast Asia Team IV, Group II, Regional Department I, JICA Tokyo HQ Evaluation Study/Analysis: Kenichi TSUNODA, Associate Expert, Southeast Asia Team IV, Group II, Regional Department I, JICA Tokyo HQ	
Period of Evaluation Study	Total 10 days: 17-21 January 2005 and 28 February – 04 March 2005	Type of Evaluation: Final Evaluation

3. Outline of the Evaluation Result

3 – 1 Review of Achievements

- With reference to the inputs of the project, a problem of timing was observed, as the joint works between the Lao side and the Japanese side were unsuccessful to reserve the sufficient time. Apart from that problem, the scheduled inputs of the Project have been properly carried out as planned.
- The activities of the Project have been mostly implemented as planned.
- By the final workshop at the end of March 2005, all policy advisory reports will be submitted to the top officials of the Lao government. And, the policy recommendations will be acknowledged by them. In these regards, all output is supposed to be accomplished by the time.
- Accordingly, it is reasonable to conclude that the Project Goal is accomplished.

3 – 2 Summary of Evaluation

(6) Relevance

- The relevance of the project to the economic policy of the Lao PDR is confirmed with the Lao government's Five-year Socio-Economic Plan (2001-2005). The major targets of the Five year Plan, such as "to ensure the progress of social security and political stability," "allocating new permanent jobs for people," "to enhance national saving," "to seriously pay attention to both state and private enterprises reform," indicate the government's commitment to the strengthening its macroeconomic policy.
- The project is also relevant to one of the priority areas of the JICA's assistance policy in the Lao PDR, "human resource development." The project is also in accordance with the mid-term priority themes stated in the JICA Country Aid Priority Plan, such as "enhancing quality and capacity of public administration" and "vitalization of the private sector."

(7) Effectiveness

- In general, it is extremely a hard task to identify and measure the effects of the project on the human resource capacity development during the two-year implementation term.
- Nevertheless, as a result of a series of interviews the evaluation team recognized that the Implementing Agencies, the National Economic Research Institution (NERI) in particular, proved the development of their capacity for conducting surveys, research and studies, and analyses for policy advice and the formulation of economic policy.
- The effectiveness of the project is also acknowledged with the relevance between the obtained outcomes of the policy advisory reports, through the Lao-Japan joint surveys and studies, and the achievement of the project goal.

(8) Efficiency

- While it was understood that the severe constraint with the availability of the Japanese professors existed during the initial planning stage of the project, the evaluation team still identified that the timing of the inputs of the Japanese professors caused difficult challenges to the implementation of the project.
- The number of the trainees dispatched to Japan was limited to 5, due to the constraints with the budget and the low availability of trainers. Despite the fact, it was still a valuable input that offset the shortage of the time for the Lao-Japan joint works in the Lao PDR.
- It is reasonable to conclude that the efficiency of the financial inputs throughout the project was relatively high, as the expected outcomes were mostly achieved with the relatively small amount of the budgetary inputs.

(9) Impact

- Because not all the counterparts were involved in the training process and activities, further supports are required in order to attain the overall goal. But more importantly, the Lao side's continuous commitment and self-efforts are strongly encouraged in order to reach the higher level of the goal in the future.
- Although we are unable to identify a factual MAPS 2's impact to the Lao's new Five-year Plan at this stage, the result of the interview tells us that the Lao side gained not a few ideas and other benefits from this project towards the formulation of the Plan.
- Due to the shortage of the time for various transactions, voluntary action for collaboration and coordination with other projects or other donors were not taken. Therefore, it should be concluded that the synergy effect of the project with others was limited to the minimum level.

(10) Sustainability

- The financial sustainability after the project completion is the toughest challenge. Due to the budget constraint of the Lao government, it is unrealistic to expect the same level of input continuously from the government to NERI as the amount provided by the Project.
- Given the Lao side's sense of ownership and staff's eagerness to develop their capacity, it is fairly reasonable to conclude that the acquired knowledge and skills will be effectively applied to the future policy formulation process.
- Based on the result of the interview, it is highly likely that we will have lots of opportunities to identify quotations of the MAPS 2 reports in the Lao government's publications in the future. In that context, accordingly, we can also evaluate that this project is sustainable.

3 – 3 Effective Factors for the Achievements

(3) In the project designing stage

- The Project was designed and planned based on lessons from past projects, including the MAPS Phase 1, such as focusing on "human resource development," and selecting the four themes to be intensively studied.
- Based on the experiences of the past projects of JICA assisting in "capacity development," the Project was designed to particularly pay attention to the combination and the supplementary relationship between the technical assistance by Japanese experts and the training in Japan for the Lao counterparts.

(4) In the implementation stage

- Despite the problems with timing of the inputs and activities, the project management and coordination was better taken care and handled compared to the MAPS Phase 1. More

frequent communication and coordination enabled the inputs and the activities to produce the outputs.

- The Project set up the opportunities for the Lao-Japan joint research and study as often as possible, which provided the Lao side with learning opportunities.

3 – 4 Problems and their Causes

(3) In terms of planning

- As the Japanese experts were little flexible to set up the timetables, the arrangement of the Japanese experts' visit to Laos and the joint works between the Japanese side and the Lao side required tremendous amount of coordination.

(4) In terms of implementation

- Because the period of Japanese experts' stay in Laos was set irregularly and short each time, the opportunities for joint works and the learning opportunities for the Lao side were limited.
- Because the number of the Lao counterpart participating in the training in Japan for analysis and policy advisory report writing was limited, the Project left behind the demand for additional assistance to the analysis and policy advisory report writing.

3 – 5 Conclusion

As a result of the evaluation, the evaluation team assessed that the proposed project goal would be accomplished by the end of the project in March 2005. Lao counterparts' capacity for research, analysis and report writing has been developed through the Project. Accordingly, we can conclude that the project objective 'human resource development' is attained, and therefore the completion of this project at the end of March 2005 is relevant.

It should be noted, however, that continuous commitment and self-efforts by the Lao government, which should fill the gap between those highly benefited from the Project and those less did, is highly recommended so as to realize the proposed overall goal.

3 – 6 Recommendations

- (3) In view of realizing the overall goal, further efforts for strengthening the capacity of partner Ministries and Agencies would be necessary.
- (4) Continuous effort for expanding the quantity and the quality of the established Data Center is a crucial requirement in order to maintain the availability and the usefulness of the Center in the research process.

3 – 7 Lessons Learned

- (8) It is an effective approach for human and institutional capacity development to parallelly apply the twining of the schemes between the Technical Assistance by Expert and the Counterpart Training.
- (9) It is critical to focus on a specific goal, such as the capacity development of policy advisors, when a technical cooperation for policy formulation is carried out.
- (10) Likewise, it is a necessary step to wisely select and focus on themes to be studied for policy formulation, with a series of discussions with the counterpart government, when a technical cooperation for policy formulation is carried out.
- (11) Furthermore, it is vital to identify appropriate target group and reliable partner among the counterpart government, when a technical cooperation for policy formulation is carried out.
- (12) Collaboration and harmonization with other related projects or initiatives, whether it is internal within JICA or external with other development partners, is likely to maximize and add value to your own project.
- (13) As the quantitative assessment of achievement with this type of project is extremely difficult, it is highly recommended to record each achievement and progress made as an activity is carried out each time. This work would be also helpful to monitor the Project and make sure how far the progress has been made.
- (14) It is highly recommended for a future project that the preparation of TOR for personnel and timetable for inputs and activities should be regularly conducted and updated as a project makes progress. This planning and management work should reduce the stress of the project implementation and management and raise the efficiency and the productivity of the project.