

## Summary of Evaluation Report

1. Outline of the project	
Target country: Lao P. D. R.	Name of the project: Capacity Development of Business Persons through Laos-Japan Human Resource Development Institute
Area: Other	Scheme: Technical cooperation
Division in charge: Private Sector Development Division 2, Private Sector Development Group, Industrial Development and Public Policy Department	Cooperation amount: ¥399,021,000 (at the time of evaluation)
Duration of cooperation: (R/D) 2010/09/01~2014/08/31 (EN) (Grant aid) January 12, 2000	Counterpart organizations: Ministry of Education and Sports, National University of Laos Japan's cooperation organization: Japan Foundation
<p>1-1 Background and overview of the project</p> <p>Since the introduction of "the Labop Mai" (New Economic Mechanism) in 1986, Laos has made progress towards becoming a market economy. The country's economy has grown steadily, and while it was subject to the impact of the 1997 Asian economic crisis, it began to recover in 1999. Laos is working towards economic integration to ASEAN in 2015, and is concentrating on adjusting environments in order to promote foreign direct investment, through measures such as the abolition of customs duties. At the same time, alongside the reductions in regional customs duties, Laos has been inundated with cheap products from neighboring countries, leading to fears that its trade deficit will increase further. As a result, there is an urgent need for strengthening within the private sector, in order to meet the demands of ASEAN integration. The Lao-Japan Human Resource Cooperation Center, the preceding organization of LJI, was opened in 2000 in the National University of Laos. In 2010, after a 10-year fruitful bilateral cooperation project between the National University of Laos and Japan International Cooperation Agency, status of the center was raised to an institute, which is equivalent to a department of the University. Since then, LJI has been seeking to establish itself as an institute of excellence in building friendly relationships and cooperation between Lao PDR and Japan in developing human resources in business management area for use in socio-economic development in Lao PDR. The ASEAN economic integration is scheduled to take place in 2015, and creation of high quality business human resource which would be able to make significant contributions to overcome variety of challenges associated with the economic integration is an urgent issue. In order for LJI to play a key role self-reliantly in this sphere, further enhancement of institutional capacity was necessary.</p> <p>Based on the achievements and lessons from the Laos-Japan Center Project (Phase 1 and 2), and considering the requirement of the latest economic situations of the country, the both countries agreed to commence the current project.</p> <p>1-2 Content of the cooperation</p> <p>(1) Goals</p>	

<p>a. Business persons who can deal with the ASEAN integration are continuously educated through LJI.</p> <p>(2) Project objectives</p> <p>a. The role and the functions of LJI as the center of developing highly qualified business persons are strengthened.</p> <p>(3) Outputs</p> <p>a. LJI staff members are able to conduct field surveys and consultations independently.</p> <p>b. LJI staff members are able to manage business courses that can provide practical business knowledge and know-how.</p> <p>c. LJI becomes a hub of the business network.</p> <p>d. LJI staff are able to manage the Institute on their own.</p> <p>(4) Inputs (at the time of evaluation)</p> <p>a. Japan side  Long-term experts – 3 persons (10 in aggregate); Short-term experts – 89 persons: Training in Japan – 30 persons: Training in a third-country – 5 persons (Thailand): Provision of equipment – 58 million yen:  Expenditure for strengthening overseas projects – 47 million yen</p> <p>b. Lao side  Assignment of counterparts –31 persons: Staff employed by LJI –32 persons:  Provision of land and facilities (LJC site and parking lot): Operating costs (utilities, communication expenses, and base pays for Lao staff)</p>	
<p>2. Outline of the evaluation team</p> <p>Leader: Akihisa Tanaka, Director, Private Sector Development Division 2, Private Sector Development Group, Industrial Development and Public Policy Department, JICA  Evaluation and analysis: Tsuyoshi Ito, Senior Consultant, IC Net Limited.  Cooperation planning: Koichi Toya, Assistant Director, Private Sector Development Division 2, Private Sector Development Group, Industrial Development and Public Policy Department, JICA</p>	
<p>Duration of the study: Mar. 23 ~ Apr. 5, 2014  Apr. 20 ~ Apr. 30, 2014</p>	<p>Type of study: Terminal evaluation</p>
<p>3. Overview of evaluation</p> <p>3-1 Confirmation of performance</p> <p>(1) Confirmation of inputs</p> <p>Assignment of Lao C/P for the Research section has been delayed. Number of Lao C/P at the time of the evaluation was 16. As such, the Lao side has been carrying out its responsibilities in its inputs into this project properly under its strong ownership and commitment. The Japan side also has been injecting its inputs as planned.</p> <p>As indicated by the abovementioned typical example, it is judged that the civil servants in charge of both sides have been contributing to smooth progress of the Project.</p>	

(2) Confirmation of a degree of achieving the outputs

(a) LJI staff members are able to conduct field surveys and consultations independently.

The Team confirmed that the indicators set for the Output 1, the development, utilization of case studies and publishing of the case studies in LJI Journal have been achieved. However, due to the delay of assignment of necessary personnel to the Research Section of LJI, technical capability of LJI for research has to be further improved.

(b) LJI staff members are able to manage business courses that can provide practical business knowledge and know-how.

During the project period, LJI conducted MBA program, Business courses and 9 Tailor-made courses sufficient number of times according to the target set by the indicators for the Output 2. Also, satisfactory level of participants reached higher than 80%. Substantial improvement in technical capability of Lao lecturers and in program management have been realized, which lead to the conclusion that the Output 2 has been fully achieved.

(c) LJI becomes a hub of the business network.

The database of the MBA graduates has been developed and updated, and LJI has been using it for information dissemination from LJI. Five Memorandums of Understanding (MOU) have been signed. Five Business forums were held. These achievements have contributed to establish a base of network for LJI.

(d) LJI staff are able to manage the Institute on their own.

Division-wise annual activity plans are prepared and the division-wise annual budget plans are prepared accordingly. Also, monthly monitoring meeting has been introduced and monitoring and controlling are done through the monthly meeting. The 5-year mid-term plan is still under preparation by Lao counterpart. It is expected to be completed by the end of the Project.

(3) Confirmation of a degree of achieving the project purpose

There are five indicators set for the project purpose, namely, 1) Preparation of a mid-term 5 year plan and annual activity plan, 2) Over 80% of coverage by Lao side for the project expenditure, 3) Over 80% of satisfaction level of MBA graduates and their employers, 4) Over 1000 Business course participants, and 5) Networking with relevant stakeholders in and out of Laos. With regard to the indicator 1, the Mid-term 5-year plan is expected to be completed by the end of the Project. Annual activity plans have been prepared and implemented, although they are not in accordance with the 5 year-plan. With regard to the indicator 2, the coverage is 76.6% and next to achieve target of 80%. With regard to the indicator 3, satisfaction level of the MBA graduates is over 80%, although satisfaction level of their employers is unknown due to lack of information collection by the Project. With regard to the indicator 4, total number of participants is 1132, which is over 1000. With regard to the indicator 5, five MOU have been signed. As a conclusion, the project purpose is fairly expected to be achieved by the end of the Project.

### 3-2 Summary of the evaluation result

#### (1) Relevance

With the reasons below, the relevance of the Project is judged to be high.

The 7th National Socio-economic Development Plan (2011-2015) of GOL states that the imbalance of supply-demand in the labor market is one of the critical hindrances to the socio-economic growth of the country. The human resource development is listed as one of five measures to be taken for development of industry and commerce of the country. On top of these, development of business human resources is an urgent issue to prepare the country for the ASEAN economic integration in 2015.

According to GOJ's Rolling Plan for Lao P.D.R., there are four priority areas. Priority 3 focuses on Improvement of Educational Environment and Human Resource Development. Within Priority 3, there is a sub objective, which is expansion of higher and technical education that is instrumental in strengthening the private sector and the transition to a market economy. Also, among the six priority areas of Japanese Country Assistance Program for Lao P.D.R., 5th is "Institutional building and human resources development for enhancing the private sector," with which the Project is particularly in accordance. Additionally, the GOJ has been shifting its ODA policy from the recipient benefit oriented support to the strengthening of social and economic relationship for development of both of the recipient country and Japan. Since the original concept of this project is the exchanges of business development experiences based on human resource development between the two countries, LJI has significant potentials to contribute to the latest direction of Japanese ODA policy.

Looked into the labor situations in Laos, the labor gaps in Laos exist with the biggest volume in the workers / operators level, however, demands for capable human resources for middle management also apparent. In the long run, middle management staff should be staffed by Lao nationals, and the contribution of the Project to produce capable business human resources with knowledge and skills of business management has significance in this sense. One concern is the fact that the majority of SME in Laos can be regarded as "family business," which most owners are yet to be serious about business management improvement, despite that the potential needs exists. Therefore, educational approaches would be necessary as well.

#### (2) Effectiveness

Based on the findings below, effectiveness of the Project is concluded as relatively high.

Two of the five indicators for the project purpose, i.e.: number of graduates from the Business Course and establishment of linkage with important stakeholders, have been already achieved. Another indicator of satisfactory level of the MBA program by the graduates was achieved for the graduate side, but satisfaction level of their employers was not confirmed due to lack of information. The data will be collected by the end of the Project. Expenditure coverage by LJI is 76.6% next to achieve target of 80%. Only the remaining one is preparation of the 5-year plan. However, this is expected to be completed by the project termination.

With regard to the Output 1 (Research capacity of LJI, the delay of the assignment of personnel to the Research section was the major hindrance, and further capacity development is still an important challenge.

With regard to the Output 2 (Ability of management of program and courses), most of the Lao lecturers are capable of conducting the lectures which show the increase of technical capability of the Lao lecturers and contributed to the achievement of the project purpose. MBA program and the Business courses of LJI have comparative advantage that the contents include aspects of the Japanese management method and style and presence of the Japanese lecturers, and this is also enhanced the effectiveness of the Project. There is one concern on the understanding level of some of the students mainly due to their English ability.

With regard to the Output 3 (Networking), LJI has acquired important social capital of human/organizational connections. It is expected that LJI will make maximum use of this social capital for their advertisement, case study development and other business information sharing activities.

With regard to the Output 4 (Management capability of LJI), despite that the preparation of 5-year plan has been delayed, actual management system and procedures have been significantly improved and Lao C/Ps are generally capable of running ordinal activities of LJI.

### (3) Efficiency

Efficiency of the Project is assessed as relatively high with a certain concern.

The inputs from Japanese have been implemented with proper quality, quantity and timing as planned. There were some difficulties in communications between the Lao side and the Japanese side which led to delay of production of operation manuals for the MBA program and the Business course.

The inputs from Lao side have been provided as planned except for the human resources for the Research section, which affected to the Output 1. The official slots of 3 people for the Research section was not the original personnel arrangement of LJI and needed proper protocol to request the additional allocation of human resource to LJI. The authorization process took time.

### (4) Impact

As explained below, considering the situation observed by the evaluation study, it is reasonable to mention that the likelihood of realization of the impact is high, despite that the indicator set for the overall goal may not be so much appropriate.

The indicator of overall goal is “Total 115 students graduate or complete the MBA program and/or the general business courses every year after the project completion.” LJI has been already achieved the target 115 since 2011. Based on this fact, the overall goal has been already achieved, However, considering the guideline that an overall goal should mention a future development goal of 3 to 5 year after the completion of the project, the indicator for the overall goal of this Project considered to be relatively low. It may not be good enough to evaluate impact of the Project only with this indicator.

One aspect to see the impact of the Project can be the magnitude of contribution of LJI in the human resource development for the private sector in the country. The total number of MBA graduates and the participants of the Business courses since 2001 can sum up to 133 and 4123 respectively. LJI produced more than 4,000 business human resource in 14 year. The 7th Socio-economic Development Plan of the country mentions that during the period of 2011-2015, necessary number of human resource for industrialization and modernization of the economy are 15,000 in manufacturing sector and 52,000 in

service sector. Total number is 67,000, and given this figure, 4,000 may not be small.

Another aspect can be actual effect of LJI's program and courses to the graduates and participants. The evaluation team had interviews to three MBA graduates / Business course participants and two companies which requested the Tailor-made course. It was confirmed that actual effects by the MBA program, the Business courses and the Tailor-made courses were appeared on the improvements of real business of participants. Although these are very limited observation, it is safe to mention that the program and contents and lecturers of LJI are effective enough to improve the business of Lao companies in general.

Apart from the above, another noteworthy contribution of the Project is its support to Japanese companies which are interested in investing in Laos. In these years, more and more observation tours are visiting Laos to find its potential for the investment, and LJI has been supporting these tours with providing information and venues for meetings.

#### (5) Sustainability

Based on the situations mentioned below, sustainability of LJI is reasonably high. There are important challenges for LJI to establish more vigorous self-reliance.

One of the indicators for the project purpose "80% of LJI expenditure is covered by the Lao side, including LJI revenue" has been almost achieved, however, most of the overtime allowances and some of the expenditures for consumables necessary to conduct LJI's core activities have not been covered yet. Given the situation that LJI will be continuously a Laos-Japan cooperation project for some more years, necessary budget for further strengthening of LJI should be additionally sourced, this deficit is not an immediate issue. Rather, efforts for improvement in income generation and profitability of each business area (MBA program, Business course, Tailor-made course, Japanese course and so on) should be made as a middle and long term plan. At the same time, profitability of different business areas should be carefully considered according to their characteristics.

Organizational structure of LJI and responsibility allocation among the LJI staff members has been well organized and well understood by the staff. Monthly meeting has been introduced and these monitoring systems have been effectively functioning to manage the activities of LJI. Lecturers from FEBM are also participating to the monthly meeting and the partnership between LJI and FEBM for the MBA program management is in a good condition. The 5-year plan, which is a part of indicators for the project purpose, has not been completed yet, however, the annual activity plans are prepared by the divisions and the annual budget plans are also prepared accordingly. Based on the above management activities, Lao counterparts are now capable of conducting the MBA program, the Business courses, as well as the business forums and the tailor-made courses. An important challenge for further establishment of sustainability is marketing and advertisement. Enhancement of client (customer) relationship management (CRM) can be one of the necessary measures to be taken.

Most of the Lao lectures are ready for taking over their respective lectures from the Japanese counterparts. Lao lecturers have already started some improvement of lecture contents and the teaching materials. On top of these, three new subjects have been developed and introduced to the Business course by a Lao lecturer. One of the remaining issues is improvement in technical capacity in research

and development activities, which was not fully achieved by the Project due to the delay of personnel assignment by Lao side. Case study development is the challenge to identify suitable application of the “Japanese business management” to this country, and findings from the researches should be reflected in the further improvement and development of lectures and teaching materials. Another challenge is strengthening of planning capability of the Tailor-made course, so that each course will be able to address effectively to the issues and problems of particular company. For this purpose, a systematic process of investigation, diagnosis and planning of training course should be developed and necessary technical skills should be improved. Lastly, in order to maintain the comparative advantage of LJI that only one institute at which “Japanese business management” is taught, rationally selected subject should be continuously taught by Japanese lecturers.

### 3-3 Contributing factors to the progress

#### (1) Introduction of a variety of management tools

Project activity monitoring and financial management and other management systems have been gradually improved. Additionally, the introduction of general monthly meetings and daily morning meetings in the Administrative division had good effect on improvement of communication between the divisions and among the staff members. These changes contributed to the efficiency of preparation and coordination of planned project activities.

#### (2) Increase in the sense of ownership among the Lao lecturers

Significant increase in the sense of ownership among the Lao lecturers especially in the latter half of the project period have been confirmed. New initiatives by Lao side have been started including creation of three new subjects. Client identification and preparation of Tailor-made course have been conducted solely by the Lao lecturers, and planning and preparation of Business Forum have been also carried out with initiatives of Lao side. This increase in the sense of ownership has a booster for the Project implementation.

#### (3) Successful promotion of the Tailor-made courses

Tailor-made course was developed after sometime of the commencement of the Project, and it addressed the untouched target beneficiaries (medium to large scale companies). Satisfaction levels of the clients are good, and it has been successful so far. The development of the Tailor-made course has significantly contributed to successful achievement of the Output 2.

### 3-4 Hindering factors in the Project

#### (1) Delay in assignment of necessary personnel for the Research section

The delay of the assignment caused the delay of capacity development of Lao lecturers for case studies and for practical application of business management method taught in the program and courses. As the result, capacity development in this area is still at individual level. The assignment of additional personnel to the Research section was not in the original personnel plan of LJI, therefore, higher level authorization for approval of the allocation of new slots was necessary, and it

took more time than expected.

(2) Necessity on strengthening capacity of marketing, promotion and advertisement

Overall marketing strategy and strengthening of public relations and advertisement were necessary for LJI. However, these were not covered by the scope of the Project, and have not been sufficiently addressed yet. Improvement of current courses to meet the needs of the participants, development of new subjects which are more attractive to potential students and clients, enhancement of follow-up marketing to the ex-participants and client companies etc... should be addressed.

### 3-5 Conclusion

Some of the project purposes have been almost achieved already, and others are expected to be achieved by the end of the Project. The Project enhanced of LJI's capacity significantly, and contributed to the improvement in technical, managerial and financial aspect of LJI functions.

These achievements have brought favorable conditions for LJI and Japanese government to consider the formulation of new project at LJI.

Meanwhile, further technical capacity development, especially in the research section, optimization of profit profile through enhancement of strategic marketing and improvement of financial management are the important challenges ahead. Also, appropriate role demarcation between Laos and Japan for proper maintenance of LJI's advantage as a Japan center is necessary. Above all, LJI is expected to continuously contribute to the realization of mutual benefits of Laos and Japan.

### 3-6 Recommendation

Based on the discussion with the Lao authorities and the Japanese Evaluation Team, both side concluded that the Project has been satisfactorily progressed towards its objectives. It was also confirmed that substantial efforts have been made by the Project to address the issues raised by the Mid-term evaluation team and that considerable progress had been cleared on each recommendation.

Considering the accumulated achievements since the commencement of the Project for Lao-Japan Center in 2000 and the official request from the Government of Lao P.D.R., it is agreed to start the formulation of new project for strengthening of industrial human resources in Lao P.D.R. based on the foundation established at LJI. For facilitating the new project smoothly, there are some challenges remained in order to ensure the capacity of LJI staff and extend their abilities into the new operation.

### 3-7 Recommendations

- (1) Smooth assignment of appropriate persons to the Research section should be completed by the end of the Project.
- (2) Purpose of activities by Research section should be clarified and understood by LJI staff members.
- (3) Prompt actions for early completions of outstanding outputs are necessary.
- (4) Data collection for monitoring the level of satisfaction on employer and company side is necessary.
- (5) Identification of lecture subjects which Japanese lecturers is necessary.

- (6) Introduction of activity based or business area based profit management is recommended.
- (7) Target segmentation for the Tailor-made training would enhance effectiveness of the training.
- (8) Appropriate supplemental measures for the MBA program students who have low English ability should be considered.
- (9) Enhancement of marketing and advertisement for increase of income generation is critical for future sustainability of LJI.
- (10) Effective utilization of the networks for promoting business opportunities should be considered.

### 3-8 Lessons learnt

(1) “Japanese management method” is a comparative advantage of a Japan Center. “Japanese business management” is still a strong advantage in MBA programs and business training courses of LJI. In order to make Japan center activities successful, it is important to maintain some Japanese presence, while an international cooperation normally expects total handover of a project to a recipient country in the long run.

(2) Active application of “Japanese methods” to the recipient country is necessary.

In case that “Japanese business management” is still new to the recipient country, it is generally difficult for lecturers and participants to have clear understanding on how actually the Japanese methods work in their situations. In such case, aftercare and follow up of the participants for supporting their application of anything they learnt from the training is critical. Examples of actual use of Japanese business methods will be good materials for case studies. And good case studies help lecturers to design better lectures for the participants. This positive cycle should be established.

(3) Reconsideration on the operation of the Project management based on the recommendations of Mid-term review and strengthening of monitoring for enhancing progress of project activities is critical for success of a project.

In order to promote the effective management of the Project for achieving the initial purpose of the Project, Mid-term evaluation mission suggested 9 sorts of measures to be implemented until the end of the Project. After sharing the recommendation among the stakeholders, progress of some activities were accelerated through working intensively on issues raised by the review. Furthermore, Project conducted monitoring much more consciously to figure out the stage of the progress and included the development into the periodical report to JICA. It can be safely said that these efforts are very significant to assure the successful completion of the Project.

(4) Synergistic effects of collaborations between business management courses, Japanese course and exchange activities of the Japan center should be recognized.

Through collaborative implementation by 3 divisions, synergistic effects were gained for some activities of the Project. For example, preparation and actual operation of Study-in Japan Fair was held under auspices by the Business division, Exchange activity division and Japanese language division. Since

overall management of the event was mainly organized by Business division, Exchange activity division was playing a role of conducting public advertisement. On the other hand, Japanese language division provided necessary interpretation services for the event. Through close communication and information sharing during the preparation of the event under the initiative of the Business division, it was successfully implemented without any trouble.

Since most of Japan centers have the same three functions, the same synergistic effects can be expected naturally, and this positive effect has to be intentionally used to improve effectiveness, efficiency and impact of a project of similar type.

End