

## Summary of Evaluation

<b>1. Outline of the Project</b>		
<b>Country:</b> Lao PDR		
<b>Project title:</b> Project for Establishing Public Investment Plan under NSEDP (PCAP3)		
<b>Issue/sector:</b> Governance		<b>Cooperation scheme:</b> Technical Cooperation Project
<b>Division in charge:</b> JICA Laos Office		<b>Total cost</b> (At the time of evaluation ): 430 million JPY
<b>Period of Cooperation</b>	March 1, 2012 to September 30, 2015 (3 years and 7 months)	<b>Partner Organization:</b> Ministry of Planning and Investment (MPI): Department of Evaluation (MPI-DOE), Department of Planning (MPI-DOP), and Department of International Cooperation (MPI-DIC)
<b>1-1 Background of the Project</b>		
<p>In Lao People’s Democratic Republic (Lao PDR), the Ministry of Planning and Investment (MPI) is responsible for, and authorized to manage and supervise all the public investment projects. MPI verifies the appropriateness of projects in each field, and reviews the development budget to be approved by the National Assembly. MPI is also assigned to regularly monitor and evaluate projects, and report to the National Assembly. However, MPI and its subordinate bodies, including the Department of Planning and Investment (DPI) at the provincial level and the district-level District Planning Office (DPO), have been facing capacity challenges in project management which hamper the effective implementation of public investment projects using the domestic development budget. Furthermore, the degree to which these projects contribute to the achievement of the targets set out in the government’s five-year National Socio-Economic Development Plan (NSEDP) is unclear, resulting in major discrepancies in planning and implementation.</p> <p>Given the situation, a Japan International Cooperation Agency (JICA) technical cooperation project was implemented between November 2004 and October 2007, entitled “Project for Capacity Building in Public Investment Program Management” (hereafter referred to as PCAP1), with the goal of ensuring that public investment projects led by the government of Laos (GoL) are assessed, monitored and evaluated appropriately. MPI acted as the counterpart organization for this project. Under PCAP1, management and supervision techniques, including project assessment tools and financial, environmental, and social analyses were developed and compiled as a manual, along with accompanying handbooks. A capacity-building model for MPI and DPI was also formulated, based on which a process of technology transfer and dissemination to various organizations was carried out, focusing primarily on MPI, three monitor provinces (Oudomxay, Khammuan, and Saravan), and a monitor ministry (the Ministry of Agriculture and Forestry).</p> <p>After PCAP1 was completed, another JICA technical cooperation project was carried out from March 2008 to August 2011 entitled “Project for Enhancing Capacity in Public Investment Program Management” (hereafter referred to as PCAP2). A revised edition of the resulting manual, containing management methods and tools for public investment projects was compiled. This was an improved version of the manual formulated in PCAP1, and was involved in nationwide dissemination activities. Technical support was also provided to prepare for the Public Investment Law.</p> <p>PCAP1 and PCAP2 increasingly improved the capacity of MPI and DPI to manage public investment projects, by developing, revising, and disseminating methods and tools for assessing, monitoring, and evaluating projects, as well as various forms for assessing projects. They also did so through training programs. The Public Investment Law was enacted in December 2009, prescribing the obligation to assess public investment projects, and positioning the methods and tools developed through PCAP1 and PCAP2 as national systems under the law. In assessing public investment projects, efforts must be made to ensure transparency and accountability in project selection. In order to do so, training regarding the methods and forms involved must be carried out with a wider range of central government organizations and provinces. In order to promote further improvements in public investment projects, it is necessary</p>		

to manage public investment projects within the medium-term financial management planning framework and the NSEDP. As such, the further strengthening of the capacity of relevant organizations presents a challenge for the future.

To address the abovementioned issues and utilize outputs from PCAP1 and PCAP2, a new technical cooperation scheme has been agreed upon, to be implemented within the period from March 2012 to September 2015, entitled “Project for Establishing Public Investment Plan under NSEDP” (hereafter referred to as PCAP3).

In order to realize the primary objective of achieving sound project management that aligns with NSEDP targets, PCAP3 will develop methods and tools for public investment project management from a mid-term perspective, and further enhance the capacity of MPI, DPI and DPIO nationwide. More specifically, PCAP3 involves the following four approaches for achieving its primary objective: i) establish a mid-term public investment framework, ii) develop a process that ensures that project effects will be sustainable after the project completion, iii) improve the ODA project information management method, and iv) strengthen district-level public investment project management.

## 1-2 Project Overview

### (1) Overall Goal:

Sector ministries, government organizations and provincial/district sector departments manage public investment projects based on the mid-term public investment framework under the NSEDP.

### (2) Project Purpose:

The Ministry of Planning and Investment and its subordinate organizations manage public investment projects through a Mid-Term Public Investment Plan and a comprehensive framework.

### (3) Outputs:

1. A framework for Mid-term Public Investment Plan and Financial Management Guidelines is established.
2. Measures for effective operation and maintenance of public investment projects after its completion are established.
3. ODA project information management is improved.
4. A mechanism of management and capacity development for district-level public investment projects is established.

### (4) Input (at the point of Terminal Evaluation)

#### Japanese Side:

- 9 experts
- Lao consultants and other staff members to support experts
- Cost for activities: 64 million JPY

#### Indian Side:

- Allocation of counterpart personnel (C/P): 64 persons
- Facility for project offices, meeting rooms and training rooms
- Partial costs of trainings

## 2. Review Team

Members	Leader: Ms. Saeda Makimoto, Senior Representative, JICA Laos Office Government Project Planning: Dr. Nobuhisa Takeda, JICA Senior Advisor Cooperation Planning: Ms. Yu Nagaiwa, Deputy Director, JICA Laos Office Evaluation analysis: Mr. Izumi Sakaya, Senior Consultant, Prastha, Ltd.	
Period of Evaluation	December 2 to 15, 2015	Type of Evaluation: Terminal Evaluation

### 3. Results of Evaluation

#### 3-1. Verification of Performance

##### (1) Project Purpose

Achievement level of the Project Purpose at the completion will not be sufficiently high, since only one out of four indicators to measure the degree of achievement has been fulfilled. MPI issued “Guideline on establishing the Vision to 2030, Ten years Social Economic Strategy (2016-2025) and the 8th National Social Economic Development Plan (2016-2020)” which contains one chapter dedicated to the mid-term public investment plan (indicator 1). While terminal evaluation studies of completed public investment projects are being prepared, they are not likely to be implemented during the PCAP3 Project period (Indicator 2). Utilization of SPIS form developed by the Project for application for counterpart fund of ODA project is still limited and information on ODA projects including counterpart fund has not been shared yet among development partners and the Lao government (Indicator 3). It is not known whether the number of public investment project managed at the district has been increased or decreased, as the number of approved projects for FY 2016, after “the Prime Minister’s Decree on Implementation of Investment Law” was issued, is yet to be announced (Indicator 4). However, it is noted that Output 4, to which the Indicator 4 of the Project Purpose refers, itself has been achieved (see 3-1. (2) 4)).

Although achievement level of the Project Purpose is not high enough, it is considered that the foundation of the proper management of public investment projects by MPI/DPI/DPI based on Mid-Term Public Investment Plan has been laid and the Project Purpose would be achieved with some measures such as enhancing legal enforcement of the usage of the tools and materials developed by the Project.

##### <Indicators>

1. A guideline to draft Mid-Term Public Investment Plan 2016-2020 that is related to the NSEDP 2016-2020 is officially announced from the Ministry of Planning and Investment to ministries, government organizations, provinces and districts.
2. Evaluation studies for completed public investment projects are conducted for projects to be selected by the relevant authorities with operation and maintenance plans attached.
3. Accuracy of information is confirmed through ODA counterpart fund request documents that the Lao side applies, and the information is shared with the donor projects
4. Increased number of projects that are managed in the district levels.

##### (2) Outputs

###### 1) Output 1

Output 1 has been fully achieved as all three indicators have been fulfilled.

A draft Mid-Term Public Investment Plan 2011-2015 was prepared as part of training of the workshop in the pilot organizations, Oudomxay and Champassak provinces in 2014 (Indicator 1.1). MPI prepared and announced “Guideline on establishing the Vision to 2030, Ten years Social Economic Strategy (2016-2025) and the 8th National Social Economic Development Plan (2016-2020)” which included a guideline on the mid-term public investment plan as one chapter (Indicator 1.2). MPI and the Project have completed the manual for the mid-term public investment plan in November 2014 and distributed the copies to 45 ministries and governmental organizations (Indicator 1.3).

- 1.1 A draft Mid-Term Public Investment Plan 2011-2015 is prepared in the pilot organizations.
- 1.2 A draft Mid-term Public Investment Financial Management Guideline 2016-2020 is prepared by the Ministry of Planning and Investment in line with the Government policies on financial discipline.
- 1.3 Methods to develop and monitor the Mid-Term Public Investment Plan and the Mid-Term PIP Financial Management Guideline are included in the manuals and handbooks.

###### 2) Output 2

Output 2 has been partially achieved. Two of five indicator have been fulfilled.

The discussion between MPI and Ministry of Finance (MoF) is in progress on their cooperation in terminal evaluation of public investment projects and new organization is going to be established in MoF to take responsible of the issue (Indicator 2.1). The Manual for Public Investment Project Evaluation was completed and officially approved by MPI in June 2014 (Indicator 2.2) and a series of TOT, Top Management Seminar (TMS) and In-service Trainings for relevant officers of ministries, provinces and districts, were completed in February 2015, where introduction of implementing the terminal and ex-post evaluations was advised (Indicator 2.3). The instruction/guideline on implementing the evaluation has been already drafted but not issued yet, and it is not known when it will be issued (Indicator 2.4). Terminal evaluation reports of the public investment project is supposed to have an operations and maintenance plan as attachment, but terminal evaluation has not been conducted yet (Indicator 2.5).

- 2.1 The Ministry of Planning and Investment and the Ministry of Finance agrees on budget conditions including costs for maintenance and operation of completed public investment projects.
- 2.2 Methods and procedures for terminal and post evaluation studies are developed and reflected in the manuals and handbooks.
- 2.3 Methods and procedures of terminal and post evaluation studies are known through training etc. to ministry, province and district organizations concerned.
- 2.4 The Ministry of Planning and Investment announces public investment projects that terminal and post evaluations will be conducted.
- 2.5 Number of public investment projects that submit completion reports; with operations and maintenance plan attached; increases.

### 3) Output 3

Output 3 has been partially achieved with just one out of three indicators fulfilled.

MPI-DIC, with assistance of UNDP, developed and disclosed Aid Management Platform (AMP) portal website and the AMP was supposed to include information of the national contribution budget (NCB) (counterpart funds) of the ODA project, which was to be provided through. Simplified Project Information Sheet (SPIS) developed by the Project. However, at the moment information of NCB is not available at AMP. The coverage of AMP database is just 60 to 70% of all ODA projects (indicator 3.1). “Manual for Public Investment Project Management” which includes SPIS workflow was completed and officially approved by MPI in 2014 (Indicator 3.2). Most of participants of the trainings have become familiar with methods and procedures using SPIS system but actual utilization of SPIS has not significantly increased except for Champassak province (Indicator 3.3).

- 3.1 Development partners and the Lao Government are able to read ODA project information inclusive of counterpart funds.
- 3.2 A guideline on ODA project information management is included in the manuals and handbooks.
- 3.3 Methods and procedures of ODA project information management are disseminated to ministries, government organizations, provinces and district organizations concerned.

### 4) Output 4

Output 4 has been achieved with all three indicators fulfilled.

“The Prime Minister’s Decree on Implementation of Public Investment Law” was issued in November 2014 in which the scale of public investment project of district’s responsibility was stipulated (Indicator 4.1). Methods and procedures for district-level public investment project management are included in “Manual for Public Investment Project Management” and two handbooks, all of which have been distributed to districts through provinces (Indicator 4.2). As a result of a series if TOT, more than 5 DPI officials of each province are now capable of conducting training for the staff of district planning offices and district sector departments. However, levels of trainers vary for ensuring the quality of trainings (Indicator 4.3).

<Indicators>

- 4.1 The Ministry of Planning and Investment develops and announces roles and responsibilities for district-level public investment project management.
- 4.2 Methods and procedures on district-level public investment project management are included in the manuals and handbooks.
- 4.3 More than 5 provincial Department of Planning and Investment officials are capable of conducting training to district planning offices and district sector departments.

### 3-2. Summary of Evaluation Results

#### (1) Relevance

Relevance of the Project is high.

- The Project is relevant to the draft 8th NSEDP where directions such as constant economic growth and human resource development are shown as means to achieve the goal. The PCAP3, aiming to establish public investment management planning system under NSEDP, obviously contributes to macro stability as well as to human resources development of various levels involved in public investment management.
- For the last few years the Lao government suffers from a financial crisis caused by the expansion policy of the capital investment and the deficit in the recurrent expenditure. Under the current situation the introduction of Mid-Term Public Investment Plan with three-year rolling plan for appropriate management of public investment is completely consistent with the policy.
- The Project matches the needs of the direct beneficiaries, or target groups, MPI-DOP/DOE/DIC, DPI and planning departments of line ministries, as they need develop capacity for public investment planning and project management.
- While Japan's ODA policy towards Lao PDR mentions four priority areas, strengthening the governance of the country, especially improvement in public investment management is a cross-cutting issue to contribute to all of them.

#### (2) Effectiveness

Effectiveness of the Project is moderate.

- The level of achievement of Project purpose will not be sufficiently high as mentioned in 3-1 (1).
- Four Outputs of the Project have contributed to the achievement of the Project Purpose, especially Output 1 and 4. Considering the relatively high achievement of Outputs, the achievement indicators of Project Purpose might have been a little too strict.
- Several factors have promoted effectiveness of the Project as seen in 3-3.
- Rapid depreciation of Japanese yen has led to budget constraint for the activities of the Project. Reduction in the scale of training due to the decreased budget, among others, has affected effectiveness.

#### (3) Efficiency

Efficiency of the Project is assumed to be high.

- The Japanese Experts have been successfully transferring knowledge/skills to C/P, especially through a series of TOT.
- Lao consultants appointed by the Project have been indispensable for smooth implementation of the activities and for good communication between the Japanese and the Lao sides.
- The allocation of Lao C/P has been appropriate as their capability is good enough to conduct activities. Although some of main C/P of MPI have not allocated enough time to the Project because of their other workload, they have efficiently handled tasks under the Project.
- Equipment and facility used for the Project have been appropriate with no troubles observed.
- The degree of achievement of the outputs is considered generally high, even with some unachieved issues, in proportion of the Project Inputs which were reduced to some extent compared to the initial plan because of budget constraint.

#### (4) Impact

The Project has a number of positive impacts while no negative impacts have been observed.

- It is not clear at present about the likeliness of achieving Overall Goal, the Project has formed positive direction for its achievement.
- In relation to activities of Output 1, a guideline for the Five-year Public Investment Plan was included in the guidelines for formulating the 8th NSEDP. This is the result of the government decision to attach more importance in the relevance/linkage of public investment management to NSEDP, which the Project has stressed.
- Since the activities and outputs of the Project have been very much appreciated by the Lao side, most of main C/P at MPI have now become in a more important position of the government, which will facilitate further smooth implementation of the Project.
- With skills and knowledge developed through the Project, including PCAP1 and PCAP2, it seems that the staff of MPI and DPI and other government agencies involved, are efficiently managing other development partner's projects as well. PCAP3 itself has some collaboration with other development partners' projects, such as World Bank and UNDP.

#### (5) Sustainability

The sustainability of the Project is moderate with some mixed prospects in every aspect.

##### 1) Policy and institutional aspect

- The Project is consistent with the government policy including the 8th NSEDP.
- As current financial condition of Lao PDR desperately needs appropriate public investment management, sustainability will be maintained in policy aspect.
- In order to secure institutional and technical sustainability after the completion of the Project, the Project has started preparation to set up Technical Working Group for every four Outputs.

##### 2) Technical aspect

- The large number of Lao staff is now capable of formulating mid-term public investment plan, assessing and evaluating public investment projects, etc. through the Project activities especially various training sessions. However, many of the staff are concerned that within the Project period, they have not experienced sufficient practices in what they learned in training.
- Manuals and handbooks developed by the Project are very much appreciated by the Lao side and these materials will play an important role for the continuity of the Project activities. Almost all materials developed by PCAP are now available as PDF at the Project website..

##### 3) Financial aspect

- At the macro level, because the Lao government is facing a severe financial difficulty, every kind of government activities could be adversely affected by the budget constraint in the coming years.
- At the specific level of the Project activities MPI-DOE and some DPIs have already secured the next year's budget for project evaluation somehow. Actually, trainings of public investment project management by DPI to DPO have been conducted mostly with the Lao budget without any expenditure of the Project. Even though financial sustainability is not fully secured, it is not critical for the moment.

#### 3-3. Factors promoting effect of the Project

##### (1) Contents of the Project planning

- Throughout the Project activities, in particular extensive training sessions like the past PCAP, many of Lao C/P and other staff have upgraded their capacities.
- "The Prime Minister's Decree on the Implementation of Public Investment Law", in which the roles and responsibilities of district-level public investment project management were defined, was issued in November 2014 and accelerated the Output 4 effects.
- Among many participants of the Project activities, Champassak Province, as one of pilot organizations, has shown brilliant performances in all Outputs.

##### (2) Implementation process

- A consolidated relationship between Japanese Experts and Lao C/P, based on 10 years' cooperation since PCAP1, has facilitated the smooth implementation of the project activities

<p>and produced effective results.</p> <ul style="list-style-type: none"> <li>• Lao consultants appointed by the Experts team have played an important role in constructing a good and frank relationship between the Japanese and Lao sides with their professional capability and communication skills.</li> <li>• The Project activities have been smoothly implemented with a strong leadership and commitment of top management of the Project of the Lao side, especially at the late stage of the Project..</li> </ul>
<p>3-4. Factors inhibiting the effect of the Project</p> <p>(1) Contents of the Project planning</p> <ul style="list-style-type: none"> <li>• None.</li> </ul> <p>(2) Implementation process</p> <ul style="list-style-type: none"> <li>• Due to sharp depreciation of Japanese yen, budget for Project activities have been decreased compared to the initial plan, resulting in reduction on scale of the activities.</li> <li>• Delay or lack of legal enforcement of the usage of the tools such as manuals and formats developed by the Project, have caused slowness of dissemination of those tools.</li> </ul>
<p>3-5. Conclusion</p> <ul style="list-style-type: none"> <li>• The achievement level of the Project Purpose at the completion will not be sufficiently high.</li> <li>• Although the basis of the management of public investment projects along with Mid-Term Public Investment Plan is formulated, the actual implementation of Mid-Term Public Investment Plan will be operated from 2015/2016, thus it is difficult to judge whether MPI properly manage public investment plan based on the Mid-Term Public Investment Framework at this moment. This year is important stage for MPI to functionalize the Mid-Term Public Investment Management Framework for achieving Project Purpose.</li> <li>• “Relevance” and “efficiency” of the Project are high whereas “effectiveness” and “sustainability” are moderate. As for “impact”, several positive impacts have been observed.</li> <li>• MPI requested for the extension of the Project period. The Evaluation Team recognized the some additional support to MPI would be reasonable</li> </ul>
<p>3-6. Recommendations</p> <p>(1) Issues to be considered within the project period</p> <ol style="list-style-type: none"> <li>1) Support from legally binding document for promoting usage of manuals and formats In order to promote the wider usage of public investment management tools developed by the Project, such as Five-year Public Investment Plan, Three-year Public Investment Priority List and SPIS, it is necessary for MPI to clearly indicate the use of specific formats and manuals in its official instructions and guidelines with legal binding.</li> <li>2) Ensuring the use of result based Format on Five-year Public Investment Plan MPI needs to ensure Ministries and Provinces to use the Format on Five-year Public Investment Plan of the Manual for Mid-Term Public Investment Plan, which is reflecting the result based management, in the formulation of respective five-year public investment plan under SEDP.</li> <li>3) Issuance of the Guideline of Terminal Evaluation and Ex-Post Evaluation Actual implementation of terminal evaluation and ex-post evaluation by Ministries and Provinces needs to be initiated with the personal and budgetary provision. In this connection, MPI needs to issue the Guidelines of Implementation of Terminal and Ex-Post Evaluation on Domestic-funded Public Investment Projects at the earliest within July 2015.</li> </ol> <p>(2) Issues to be considered for sustaining self-help efforts after the completion of the Project</p> <ol style="list-style-type: none"> <li>1) Formulation of Three-year Public Investment Priority List For effective public investment management with Three-year Public Investment Priority List, instruction for 2016/2017 budget preparation needs to be included budget ceiling align with MTBF, where possible, and the usage of format in the Manual for Mid-Term Public</li> </ol>

#### Investment Plan.

- 2) Sharing good practices of public investment management  
Good practices of public investment management by the pilot and monitor organization such as Champassak Province should be shared among other provinces and utilized as resource persons for training
- 3) Maintenance of homepage access to documents related to public investment management  
MPI should maintain the homepage to provide access to documents related to public investment management such as law, decree, instructions, guidelines, manuals, handbook, and formats. It can be considered to establish such homepage within the official MPI homepage in future.
- 4) Sharing good practices of public investment management  
MPI should continue to make the efforts to ensure the understanding and support from the top management of the ministries and provinces for effective public investment management.
- 5) Continued cooperation with Ministry of Finance in public investment management  
MPI should continue to cooperate with Ministry of Finance, particularly newly established Public Investment Financial Division of the Budget Department for effective management of public investment projects.

#### 3-7. Lessons Learnt

##### (1) Importance of legal support for new initiative

Timely provision of clear instructions and guidelines based on law is essential to support the implementation of new initiatives and usage of new tools.

##### (2) Process to develop new mechanism reflecting country context

The exercise for piloting new initiative or mechanism in the pilot organization and verifying its result with the monitor organization is appropriate for developing suitable process reflecting the particular context of the country.