

Country Name	<b>Project for Enhancing Capacity of Public Investment Program Management (Phase 2 project)</b> <b>Project for Establishing Public Investment Plan under NSEDP (Phase 3 project)</b>
Lao People's Democratic Republic	

**I. Project Outline**

Background	<p>As an organization with responsibility and authority for overall supervision and management of public investment projects, the Ministry of Planning and Investment (MPI) has a role to review the budget for public investment projects to be approved by the National Assembly, to verify the relevance of projects in each area, to conduct regular monitoring and evaluation, and to report the results to the National Assembly. However, MPI as well as the Provincial Department for Planning and Investment (DPI) and the District Planning and Investment Office (DPIO) lacked the business management monitoring capabilities of public investment projects implemented with the national budget, and they were not effectively implemented. Therefore, their contribution to achieving the goals of the National Socio-Economic Development Plan (NSEDP) was unclear.</p> <p>Under such circumstances, the “Project for Capacity Building in PIP Management” (the “Phase 1 project”) was implemented which developed a project review tool and management supervision methods in accordance with the development budget in Laos, and had written them in manuals and handbooks. After the completion of the Phase 1 project, a technical cooperation project called “Project for Enhancing Capacity of Public Investment Program Management” (the “Phase 2 project”) was implemented to support further improvement of the developed methods.</p> <p>Public investment projects were required to be reviewed under the Public Investment Act of 2009, and the methods and forms developed under Phase 1 and Phase 2 projects were positioned as national institutions by the law. The implementation of project screening increased transparency and accountability of the selection of public investment projects, however, it was necessary to continue dissemination and training of the methods and forms in more ministries and provinces. In order to further improve the management of public investment projects, strengthening the capacity to supervise the management of public investment projects in a medium-term planning framework that meets the overall goals of financial management and the NSEDP was an issue for the future.</p>
Objectives of the Project	<p>The projects aimed at strengthening the managing capacity of MPI and its subordinate organizations on Public Investment Program (PIP), thereby contributing to the appropriate management of PIP through (i) enhancing the knowledge on PIP of officials in provinces and ministries, (ii) upgrading manuals and handbooks on PIP management, (iii) strengthening a legal framework, (iv) incorporating ODA counterpart management and District-level PIP management into manuals and handbooks, (v) drafting Mid-Term Public Investment Plan and Mid-term Public Investment Financial Management Guideline, (vi) strengthening a system for carrying out terminal and ex-post evaluation, (vii) developing a framework for ODA project information management, and (viii) strengthening district-level public investment project management.</p> <p>&lt;Phase 2&gt;</p> <ol style="list-style-type: none"> <li>1. Project Purpose: MPI and DPI process PIP projects through a new assessment procedure introduced by the Project within strict budget ceiling, and conduct monitoring and evaluation.</li> <li>2. Overall Goal: Sector ministries and provincial sector departments effectively and efficiently implement PIP projects on schedule and in accordance with planned budget execution under an upgraded sector program.</li> </ol> <p>&lt;Phase 3&gt;</p> <ol style="list-style-type: none"> <li>1. 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.</li> <li>2. 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.</li> </ol>
Activities of the Project	<ol style="list-style-type: none"> <li>1. Project site: &lt;Phase 2&gt; Vientiane capital, Khammouan, Oudomxay and Salavan Provinces &lt;Phase 3&gt; Vientiane capital, Oudomxay Province (Pilot province), Bolikhamxai and Champasak Provinces (Monitor provinces)</li> <li>2. Main activities: &lt;Phase 2&gt; (i) enhancing the knowledge on PIP of officials in provinces and ministries, (ii) upgrading manuals and handbooks on PIP management, (iii) strengthening a legal framework, and (iv) incorporating ODA counterpart management and District-level PIP management into manuals and handbooks &lt;Phase 3&gt; (i) drafting Mid-Term Public Investment Plan and Mid-term Public Investment Financial Management Guideline, (ii) strengthening a system for carrying out terminal and ex-post evaluation, (iii) developing a framework for ODA project information management, and (iv)</li> </ol>

	strengthening district-level public investment project management		
	3. Inputs (to carry out above activities)		
	Japanese Side	Lao Side	
	<Phase 2>	<Phase 2>	
	1) Expert: 10 persons	1) Staff allocated: 8 persons	
	2) Local Cost: travel allowance, rental fee of training rooms and vehicles, communication cost, and translation expenses.	2) Land and facilities: Project Office	
		3) Local Cost: salary for counterpart staff, utility fee and others	
	<Phase 3>	<Phase 3>	
	1) Experts: 9 persons	1) Staff allocated: 64 persons	
	2) Operation cost: Lao consultants and other staff members to support experts	2) Land and facilities: project offices, meeting rooms and training rooms	
		3) Operation cost: partial cost for training	
Project Period	<Phase 2> March 2008-August 2011	Project Cost	<Phase 2> (ex-ante) 373 million yen (actual) 320 million yen
	<Phase 3> March 2012-September 2015 (Extended period: October 2015-September 2016)		<Phase 3> (ex-ante) 307 million yen (actual) 420million yen
Implementing Agency	Ministry of Planning and Investment (MPI): Department of Evaluation (DOE, MPI), Department of Planning (MPI-DOP), and Department of International Cooperation (MPI-DIC)		
Cooperation Agency in Japan	IC Net Limited		

## II. Result of the Evaluation

< Special Perspectives Considered in the Ex-Post Evaluation >

- As the Phase 2 and Phase 3 projects share the common goal, the indicators for the Phase 3 project are verified to check the level of achievement of the Project Purpose and the Overall Goal.
- Continuation of the project purpose was analyzed as factors to achieve the Overall Goal.

### 1 Relevance

<Consistency with the Development Policy of Laos at the Time of Ex-Ante Evaluation >

The project was consistent with the development policy of Laos. Lao PDR set a long-term national development goal of breaking away from Least Developed Countries (LDCs) by 2020, and formulated the 6th NSEDP (2006-2010) to embody the goal. PIP was positioned as an action plan to implement this medium-term plan.

<Consistency with the Development Needs of Laos at the Time of Ex-Ante Evaluation >

The project was consistent with the development needs of Laos for improvement of public investment, as the public investment projects were not effectively implemented, as mentioned above (See background above).

<Consistency with Japan's ODA Policy at the Time of Ex-Ante Evaluation>

The project was consistent with Japan's ODA policy to Laos. At the time of the Phase 2 project, improvement of administrative capacity and institutional building was one of the priority areas under the "Country Assistance Program for Lao PDR" (September 2006). At the time of the Phase 3 project, as one of the "issues to be kept in mind", "Pay attention to the necessity of improving governance such as administrative capacity, institutional building and the judicial system from the viewpoints of promoting development and raising the effects of assistance." was mentioned in the "Country Assistance Policy for Lao People's Democratic Republic" (April 2012).

<Evaluation Result>

In light of the above, the relevance of the project is high.

### 2 Effectiveness/Impact

<Status of Achievement of the Project Purpose at the time of Project Completion>

The Project Purpose was partially achieved at the project completion. The "Guideline on establishing the Vision to 2030, Ten years Social Economic Strategy (2016-2025)" was issued and the 8th National Social Economic Development Plan (2016-2020)" contained the mid-term public investment plan guideline (Indicator 1) . Four terminal evaluation and three ex-post evaluation studies were conducted (Indicator 2). However, utilization of Simplified Project Information Sheet (SPIS) was somewhat limited (Indicator 3) and whether or not the number of public investment projects managed at the district level was not able to be verified (Indicator 4).

<Continuation Status of Project Effects at the time of Ex-post Evaluation>

The effects of the project have partially continued. As mentioned above, the status of continuation of the project effects at the time of ex-post evaluation were taken as the part of the verifiable indicators of the Overall Goal (such as utilization of the monitoring tool) and the factors affecting the achievement levels of the verifiable indicators of the Overall Goal.

<Status of Achievement for Overall Goal at the time of Ex-post Evaluation>

The Overall Goal has been partially achieved. As for the indicator 1, many public investment projects in Laos have been monitored in a large number; however, the quality has been low. The implementation of PIP faced some problems, such as the delay of documents submission from the project owners, the changes in regulations and lack of pragmatic usage in some provinces accordingly. (Indicator 1). Nonetheless, sharing the working mechanism and principles of evaluation fostered the linkage between the central and provincial departments according to DOE. As for the Indicator 2, , it was not able to confirm that expenditure control has led to a reduction in debt because it was difficult to obtain publicly available information (Indicator 2). Annually, the capital expenditure for PIP has been managed by the Ministry of Finance and its amount has accounted for around 9-10% of the total revenue collection including providing for debt payment for each project, ongoing project and new proposal project. The government is trying to limit the new project proposal for debt reduction. As for the performance of NSEDP (Indicator 3), DOE has not finished the summary for the Actual Performance at the time of ex post evaluation. Nevertheless, the nature of the projects has continued towards Public Investment Management (PIM) development

including upgrade of projects' tools (Indicator 3). DOE believes a range of problems on public investment projects are solved due to the benefit of utilizing good tools of evaluation which the project developed.

As for the continuation of the project effects and activities, evaluation skills of DOE's staff have been well improved. And tools (the guidelines, manuals and formats) under the projects have not been entirely updated since the Investment Law has been changed. Some parts of those publications are adjusted including formats for PIP proposals and instruction for PIP. In 2018, limited budget was provided for monitoring and evaluation, as a result, the monitoring has not been comprehensive.

<Other Impacts at the time of Ex-post Evaluation>

No impact on the natural environment has been observed.

There have been no positive/negative impacts by the project which were not expected at the time of the ex-ante evaluation

<Evaluation Result>

Therefore, the effectiveness/impact of the project is fair.

Achievement of Project Purpose and Overall Goal

Aim	Indicators	Results																								
(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.	Indicator 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.	Status of the Achievement: Achieved (Project Completion) - 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 the mid-term public investment plan guideline.																								
	Indicator 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.	Status of achievement: Achieved (Project Completion) Four terminal evaluations and three ex-post evaluations were conducted respectively. The operation and maintenance plans were attached.																								
	Indicator 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	Status of achievement: Not verified (Project Completion) Utilization of SPIS form developed by the project for application for counterpart fund of ODA project was still limited and information on ODA projects including counterpart fund had not been shared yet among development partners and the Lao government. Data to verify the achievement was not provided from Implementing Agency because NSEDP (2016-2020) targets were not approved.																								
	Indicator 4. Increased number of projects that are managed in the district levels.	Status of the Achievement: Not verified (Project Completion) 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, was yet to be announced.																								
(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.	Indicator 1: The Mid-Term Public Investment Plan 2016-2020 is utilized by the Lao Government in ministries, government organizations, provinces and districts as the standard development budget planning and monitoring tool.	(Ex-post Evaluation) Partially achieved - The positive effect is that the guideline, manual and format developed in the project were utilized for PIP implementation and gradually improved the coordination between project owner and contractor in terms of project proposal and project report submission. However, the quality of PIP has been low and PIP management has been ineffective. The reason was that some critical approaches for investment projects have not been pragmatic enough due to the change in the internal regulation for PIP. Implementation of new projects delayed as they need to adapt in the new procedure including report submission and new project proposal,																								
	Indicator2: The capital expenditure is managed in a mid-term basis and its debt is seeing reduction	(Ex-post Evaluation) Not verified (Unit: billion kip) <table border="1"> <thead> <tr> <th></th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Budget for PIP</td> <td>3.800</td> <td>3.300</td> <td>2.800</td> <td>4.000</td> <td>4.500</td> </tr> <tr> <td>Actual Capital Expenditure (PIP projects)</td> <td>3.300</td> <td>3.300</td> <td>2.800</td> <td>2.450</td> <td>2.600</td> </tr> <tr> <td>Public Debt</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table> <p>Now Government of Laos is trying to limit the new project proposal and prioritize the most important project to implement to reduce the debt. There were no information on Public Debt that can be shared to the public, therefore we cannot verify the impact of the project.</p>		2016	2017	2018	2019	2020	Budget for PIP	3.800	3.300	2.800	4.000	4.500	Actual Capital Expenditure (PIP projects)	3.300	3.300	2.800	2.450	2.600	Public Debt	N/A	N/A	N/A	N/A	N/A
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Indicator 3: Positive and continuous effects that are contributing to the achievement of the NSEDP targets are found in completed public investment projects that are completed, operated and maintained as planned.	(Ex-post Evaluation) Not verified The positive and continuous effects of the project is to develop PIM including the "upgrade" of the Public Investment Law No.72" in December 2015, and the MPI/Ministry/Provincial efforts to manage project based on tools developed under the project. Champasak Province utilized tools to further manage the projects and budget, selecting appropriate projects.  <b>NSEDP target</b>																									

	Target	Actual Performance at the time of ex-post evaluation
Poverty Rate	10%	-
GNI per capita	2,354USD	2,570USD
Annual GDP growth rate	7.2%	4.8%
Revenue of GDP (%)	18.6%	N/A
Budget Revenue of GDP (%)	16.4%	N/A
Expenditure of GDP (%)	N/A	N/A
Budget deficit of GDP (%)	4.23%	N/A
Gini coefficient	N/A	N/A
Exports of goods of GDP (%)	N/A	N/A

Source : DOE, MPI

### 3 Efficiency

Both the project cost and project period slightly exceeded the plan (the ratio against the plan: 109%, 114%). Outputs were produced as planned. Therefore, the efficiency of the project is fair.

### 4 Sustainability

#### <Policy Aspect>

Development planning and budgeting aligned though PIP rolling programme is one of the performance indicators for the outcome of sustained inclusive economic growth under the 8<sup>th</sup> NSEDP (2016-2020)<sup>1</sup>.

#### < Institutional/Organizational Aspect>

DOE has assigned staff in coordination for their responsibilities and their roles for PIP by establishing the Technical unit and Coordination unit responsible for the task. The total number of staff of DOE was 55 persons at the time of ex-post evaluation, which was sufficient for the assignment.

#### <Technical Aspect>

DOE has conducted the annual meeting every year to share the problems from the previous year and the on-going problems of the implementation. DOE has conducted the capacity building for officials to implement the investment projects and has instruction on the guidelines and manuals which were developed by the projects for central and provinces for deeper understanding in the implementation procedures.

Some staff in the provinces who received the training and improved skills and knowledge were transferred to other offices or promoted to higher position, while new staff have very limited capacity.

#### <Financial Aspect>

DOE has spent some budget from MPI for activities including site visiting, monitoring of the projects in provinces; however, the budget allocated has been still insufficient.

#### <Evaluation Result>

In light of the above, some problems have been observed in terms of the technical and financial aspects. Therefore, the sustainability of the effectiveness through the project is fair.

### 5 Summary of the Evaluation

The project partially achieved the Project Purpose, as the guideline was included in the 8<sup>th</sup> NSEDP, evaluation studies were carried out, while the information of ODA projects was not shared and the number of projects managed in the district levels was not verified. The Overall Goal was partially achieved as the monitoring of public investment projects has been carried out; however, the quality has not improved and inefficient. As for the sustainability, some problems have been observed in the technical and financial aspects. As for the efficiency, both the project cost and project period slightly exceeded the plan.

Considering all of the above points, this project is evaluated to be partially satisfactory.

## III. Recommendations & Lessons Learned

#### Recommendations for Implementing Agency:

- To make sure that the sustainable and effective PIP continues, MPI is requested to secure budget for monitoring and evaluation of PIP projects.
- At the Provincial Offices, number of the well-trained and qualified staff were moved to other departments without transferring skills and knowledge to the new comers, therefore, it is necessary to ensure the training system to transfer appropriate skills and knowledge to new staff when implementing agencies conduct personnel changes and regular trainings. Implementing Agency should also establish work transferring system, such as making work transfer document and having a briefing work session for new comers to make sure that they understand what they have to do.
- DOE-MPI needs to secure budget for updating the guideline, manual and format, and conduct trainings for project owners in provinces, in accordance to the revision of law and regulation. In this evaluation survey, it was identified that the project owner made some mistake due to the lack of understanding of how to use the format following the new law, and the delay was caused.

#### Lessons Learned for JICA:

- It was obvious that the Phase 2 and Phase 3 projects supported MPI and DPI by introducing the new assessment procedure for management of PIP projects. However, MPI and DPI has faced some difficulties in implementing that new assessment procedure

<sup>1</sup> At the time of ex-post evaluation, the next 9th plan was under planning process and will be set early of 2021.

especially monitoring and evaluation of PIP project effectively and efficiently due to the lack of budget allocation. Therefore, from the stage of project planning, JICA should have requested MPI to include the arrangement of counterpart budget for M&E after the project completion. Or, the project should have considered ways and mechanisms to minimize the impact on the supervision of the implementation of public works projects in the case that local agencies experience budget or capacity shortages. JICA should have designed appropriate size of the project, making sure that all targeted DPI has enough budget and ability to PIP projects, and helped them to set up the on-the-job training program system and that new staff and that they can continue their work effectively.

The following three construction projects were implemented based on the tools developed under the technical cooperation projects such as guideline, manual and format in the procedure of document submission.



Education Development Institute, Ministry of Education, VTE



Department of Education building, Champasack Province



Irrigation Canal from mountain for farming in Cadet School, Champasack Province