



LAO PDR

**Deutsche Welthungerhilfe e.V.
(DWHH / GAA)**

Small Scale Project Fund (SSPF)

LAO 1016

(Phase II: 5/2003 – 4/2006, extended to 4/2007)

EVALUATION REPORT

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ibe consult gmbh

Dipl.-Ing. agr. M. Sc. Gertrud Busemann
in cooperation with Mr. Vanxay Vang / Concern

This report has been prepared at the request of Deutsche Welthungerhilfe (DWHH/GAA).
Comments therein reflect the opinions of the Consultant/s only.

1. Summary of the main results and conclusions including an assessment of following aspects

1.1 Short project description

Within the frame of Small Scale Project Fund / SSPF (LAO 1016-03), 34 small-scale projects are supported addressing mainly disadvantaged rural families. The planned project duration is of three years but was extended until April 2007. The project focuses on the north of Laos. In order to ensure optimum, management and administration of the SSFP it was planned, that the small-scale projects should be located in the proximity of the other ongoing DWHH/GAA projects in the Provinces of Oudomxay and Phonsaly. The direct target group consists of about 10,000 family members. The total budget planned is of 260,000 €. The project is co-financed by Happel-Stiftung.

The duration of the individual small-scale projects in the fields of basic infrastructure, agricultural promotion and income generation should not exceed one year. The planned maximum financial support provided by the SSPF is of 7,500 € per small-scale project. With the help of the SSPF, those small-scale projects should be addressed which can, due to administrative and cost-efficiency reasons, not be supported within the frame of the usual DWHH/GAA approach and instruments.

1.2 Project holder analysis

The DWHH/GAA Regional Office in Vientiane is headed by the DWHH/GAA Regional Director (for Laos, Cambodia, and Vietnam; Headquarter in Cambodia). The Regional Office consists of three Departments: Programming, Administration and Small-scale Project Fund. Besides SSPF, there are two DWHH/GAA Project offices in the Province of Oudomxay and one Project office in the Province of Phongsaly, each headed by an expatriate Project Manager. DWHH/GAA has been working in Laos since 1993. Until today, DWHH/GAA has carried out about 30 projects in the country. In April 2000, DWHH/GAA was formally registered with the Ministry of Foreign Affairs as first international NGO under the NGO-Decree (No. 71 / Prime Minister's Office).

The DWHH/GAA-SSPF Phase I (2000 to 2003) and Phase II focused on aspects of improvement of livelihood of the Lao population by interventions for the improvement of the health/sanitation situation and of rural infrastructure, as well as for increasing agricultural production and income of the poor in rural areas by supporting self-help capacities. Partners are the related Line Ministries at District level. Apart from the herewith-evaluated SSPF 1016, DWHH/GAA Laos is currently implementing three other projects.

Since 2002, a local Project Manager has been in charge of the overall management of the SSPF. He can refer to a professional background in community development. Since 2004, a Site Co-ordinator working with SSPF in the Province of Oudomxay has assisted him.

At the Regional Office, an overall M&E systems has not been installed as usually required. It is the plan, that monitoring should be done by the SSPF staff. The Regional Office is only responsible for budget control activities. An adequate monitoring and evaluation of the project success of Phase II is difficult due to the inappropriate project-planning matrix provided by the project planner (see chapter 5). The lack of appropriate indicators in particular made it difficult to judge whether project objective or project results have been achieved.

1.3 Analysis of situation and target group

The Lao PDR is a landlocked country with a population of 5.6 million (Population and Housing Census, 2005) and an area the size of the United Kingdom. The population is 23 percent urban, 77 percent rural and ethnically diverse. The Lao PDR is classified by the United Nations (UN) as a 'least developed country' (LDC). Per capita income in the Lao PDR in 2005 was US\$ 491 (CPI, 2005). While there are serious challenges, there are also real signs of progress. Recent economic growth has been steady at six percent and above. Income poverty by three measures fell between 1997-98 and 2002-03 in both rural and urban areas.

The Lao PDR is still the most forested country in South-East Asia, with 41.5 percent coverage. The terrain ranges from low land plains along the Mekong River and alluvial plains along tributary rivers, to hills, upland plateaus, and mountains ranging to 3,000 metres in altitude. Seventy percent of the country is mountainous. Only six percent of the total land area is permanently used for agriculture - half for crops and half for pasture. Shifting cultivation still occurs on about 30,000 additional hectares with fallow periods of varying duration. Continued logging, agricultural expansion, and large hydro-electricity projects threaten the remaining forests.

Officially, there are 49 ethnicities with four broad language families in Lao PDR. In the Lao PDR agriculture (and livestock) generate most of household income. Agricultural systems are usually classified based on major production systems and topography, as influenced by the Mekong watershed. Lowland areas are made up of alluvial plains located primarily along the Mekong and its tributaries. The bulk of the nation's food is produced in the lowland areas, a large part of which is inhabited by Tai-Kadai ethnic groups. The Committee for Planning and Cooperation and the provinces have classified 72 out of the 142 districts of Laos as "poor districts". But poverty is also present in the "non-poor" districts. The 72 poor districts absorb 160,000 poor households; the number of poor households nation-wide has been estimated at 270,000. Progress in poverty reduction has been much more intense in the Mekong corridor or lowlands than in the uplands.

About half of the supported small-scale projects are located in the North (18 in Oudomxay Province and 2 in Luang Prabang Province). Another 7 small-scale projects are located in Vientiane Capital Province. The remaining 7 sites are distributed to 6 different Provinces all over the country. This rather widespread distribution of project locations is not favourable with regard to the cost-efficiency and effectiveness of the intervention (see chapter 4.4). In Phase II, the SSPF supported in total about 2,400 families or 9,880 persons (women, men and children). In the frame of the infrastructure measures the SSPF works together with communities or entire

villages. For the agricultural promotion and the income generating activities the collaboration is with groups of 10 to 25 interested persons or families. The groups and villages supported in the North are almost all Khmou (belonging to the Mon-Khmer, more than 10 subgroups). In total, slightly more than half of the project beneficiaries are women, living and working in rural, often remote areas. Therefore, the project can be described as problem- and gender –oriented (see chapter 7.4).

Partners directly involved in the project are the relevant line Ministries at District level, namely the District Health Office (water supply and sanitation), the District Education Office (school construction) and the DAFO, Department of Irrigation, and Department of Livestock (e.g. fish pond management). With the decentralisation law (2000) the Government of Laos envisages the districts to become the planning unit, the village as the implementing unit and the province as the strategic unit for the development.

1.4 Analysis and assessment of planning/project planning matrix

Further needs for the implementation of small-scale projects have been identified during phase one of SSPF. During the implementation of phase I, an increasing number of additional project applications were submitted to the project office.

The Project Objective defined (“Livelihood of involved members and/or target group of the small-scale projects and the basic infrastructure of their villages have improved”) is acceptable. The related indicators defined for the achievement of the Project Objective focus on project results and project activities rather than on the Project Objective. From the related indicators defined by the project planner, the Consultants were unable to identify the concrete project results that should be achieved. The actual indicators listed describe project activities, whereas the expected result of these activities remains largely unclear.

In total, the amount of 260.000 Euro was planned for the implementation of the project. The portion of 50 % should be financed by DWHH/GAA; the other half should be paid by Happel-Stiftung. From the total amount of 260.000 Euro, only less than 50 % were planned for the support of small-scale projects (126.000 Euro). Personnel costs of 21 %, transport, office and communication costs of 25 % and other costs of 5 % of the total budget were planned initially. In the view of the Consultants, administrative costs of more than 50 % are very high but not unusual for small-scale project funds.

Obviously, the transfer of knowledge and the input of know-how was not a major aspect for the project planner. The provision of M&E staff and gender experts has been neglected by the project planner (probably due to the fact that it would have further increased the administrative cost, see 5.2) The Consultants are of the opinion, that the planning of an intermittent support of short-term experts could have been helpful to improve the quality of project implementation.

The target group was not directly involved in the planning of the SSPF, but intensively in the planning of the particular small-scale projects. In most cases, the communities or groups addressed to the relevant District Line Ministries (DoH, DoE, DAFO, Department of irrigation and livestock) before applying for funds with the SSPF for design and expertise. In the selection phase they took part in the assessments,

providing all the necessary information to the SSPF staff and discussing the planned activity and the conditions set up by the SSPF. Special desires of the villagers have been respected in the design (e.g. no additional ceiling in the construction of schools).

1.5 Analysis and assessment of project implementation

The SSPF project approach is highly demand-oriented. Villages or groups have to send an application for supporting an activity to either the SSPF/GAA office in Vientiane or Oudomxay or to the relevant District offices that pass them over to the SSPF office. Although pro-poor targeting and generally appropriate, the application procedure and the selection criteria for small projects are actually not really suitable to focus activities on the poorest segments of the society.

The Consultants have got the impression, that the implementation of the different project components have been based on a solid management and implementation structure developed over the years, based on a sound planning. On the basis of the experiences gained during the implementation of phases I and II, the project staff in close cooperation with the relevant District Line Ministries and rural population were able to plan and implement especially infrastructure projects in a quite professional, cost-efficient and technically adequate manner. The infrastructure components erected with the help of the project and the related District technicians were constructed respecting the state of the art requirements in Lao PDR. All small-scale projects seen by the Consultants were successful, although the related income generation varies from business to business.

28 of the in total 34 supported small-scale projects are completed (1 water supply, 1 school construction and 4 income generating activities are on-going). Within the frame of handing-over ceremonies, the ownership of all infrastructure facilities was transferred to the communities and groups concerned. Some of the villages/groups need further assistance and follow-up, although the projects are considered completed. This will either be carried out by the project staff or by the related District personnel. Although the related monitoring efforts were not carried out to the required extent, the Consultants got a positive impression of the quality (simple and functional) of the capacity building activities from site visits and discussions with villagers. The District Administrations visited by the Consultants is completely satisfied with the measures and results of the project.

The Project Manager has always been very conscientious about the selection of the individual small-scale projects. The individual small-scale projects in agricultural promotion and income generation supported by SSPF were well set on track, although the economic success varies significantly from case to case in accordance with the assets and financial means provided. The Consultants had the impression, that the beneficiaries were enabled to manage the initiated activities independently and successfully. All the participants have provided a maximum of own contributions in cash, work force or kind, which would allow the conclusion that the felt ownership and the related sustainable effects of the project measures are satisfactory. The provision of work force for the implementation especially of infrastructure project measures has been organised perfectly within the communities and groups.

The small-scale projects were financed by means of grants. But the high level of participation and own contributions (almost half of the small-scale project budget)

strengthens the sense of ownership among the communities and groups. Besides, the rules and regulations indicate, that either fees e.g. for water supply or school maintenance or part of the benefits (in case of selling off agricultural products or livestock) are collected from the beneficiaries to an internal fund intending to serve new members. The amount of money or the percentage, respectively, is negotiated amongst and defined by the members themselves and appears in the rules and regulations in writing prepared with the support of the SSPF staff.

It has to be mentioned that not always the poorest of the poor have submitted applications for support within the frame of SSPF 1016. But exactly these segments of the populations would have had major difficulties to implement small-scale projects to the required extent and quality. And the poorest of the poor often live in very remote areas, where the transport of material is difficult. Major deficiencies of SSPF are the only limited focus on the transfer of knowledge and know-how and the lack of an integrated project approach.

1.6 Impact with regard to development

Regarding existing weaknesses in the M&E-system of the SSPF and due to the fact that the small-scale projects were completed only recently it is seen as too early for a final statement on the impact of the Project. Generally, the improved water and sanitation infrastructure will generally improve the hygienic and health situation of the project beneficiaries. The time consumed for the collection of water will be reduced for women in particular. Additional time will be available for other activities e.g. securing food supply and income generation. Improved hygienic conditions will contribute to better livelihood, to a reduction of transmission of diseases and to reduced costs for medical treatment. The rehabilitation of existing schools will on the one hand enable the beneficiaries to improve the educational level of their children and will on the other hand provide additional room for social-cultural exchange among the communities. Available irrigation infrastructure, animal husbandry and cultivation of dry season crops will certainly increase the agricultural and livestock productivity and production, food security and the income situation in general. At the same time, the incidence of nutrition-related diseases and the related costs for medical treatments will be reduced. Through the initiation of committees and staff for the operation and maintenance of the provided infrastructure, the project will contribute to the establishment of a certain self-responsibility of the target group members. The SSPF support in tackling identified problems and in developing alternative sources of income will improve the self-esteem of the beneficiaries. Through the support of SSPF in planning and implementation of small-scale projects, the self-help potential of the target group and the communal self-governance will be strengthened. This could be the starting point for further initiatives of the target group. The self-confidence of women will be increased through the income creation opportunities initiated by the project. It can be expected that the project beneficiaries will estimate project measures as important for the improvement of the nutritional and income situation. Regarding the income generating activities, the profit per family generated with the help of the project intervention vary between 79 Euro/year for fish pond management and 23 Euro/year for goat raising so far.

Through the enormous involvement of the project beneficiaries in the planning and implementation of the small-scale infrastructure projects and through their own contributions in kind (local material), labour and cash it can be expected that a high

sense of ownership for the provided facilities will be developed by the target group. This will certainly lead to responsible operation and maintenance efforts, of the infrastructure systems in particular, and to long-lasting sustainable effects of the project measures. The sustainable effects of the income generating small-scale projects in aquaculture, animal husbandry and crop production supported by the project will largely depend on the individual economic success, on the intended increase of the number of group members in accordance with the rules and regulation and on the professional capacity and know-how of District staff responsible for providing training and consulting service. According to the PM, all projects of Phase I are still operational. This can partly be confirmed by the Consultants' visual inspection of some of the completed projects of Phase I and II. In this regard, acceptable sustainable effects of the project measures carried out under LAO 1016 can be expected.

In total, slightly more than half of the project beneficiaries are women, living and working in rural, often remote areas. Therefore, the project can be described as problem- and gender –oriented (see also chapter 4). At present, the socio-cultural context puts men first as interlocutors, and decision-makers, in most development activities. Women seem to have an equal share in benefiting especially from infrastructure measures (water supply and latrines) but also from the improvement of agricultural production and income generating activities. Apart from those small-scale projects implemented by women's groups, the Consultants found out that women (especially in Lao Theung/midland and Lao Seung/highland villages) play a negligible role, especially visible by the poor women's participation in village or group committees of small-scale projects. In this context, special attention should be paid to addressing women in rural areas, to involve them into the process of capacity building and knowledge transfer.

1.7 Project management

The SSPF is managed by a local expert with an engineering background and several years of experience in development aid work in the country. He is assisted by a local Site-Co-ordinator located in Oudomxay. Decisions upon the individual small-scale projects were taken by the Steering Committee (STC). Taking into account the difficulties arising from the largely inappropriate logical framework plan (see chapter 5.1), the monitoring efforts of the M&E should be improved. In this regard, additional support should be provided to the Project Manager. Based on the existing experience, it is to be mentioned that the implementation and management of the SSPF is largely inefficient and could be reorganised. In view of the currently implemented DWHH/GAA projects in the Northern Provinces, the SSPF did not co-operate as closely as required, in terms of project set-up and project implementation arrangements in particular. Furthermore, the support of upcoming NPAs as local NGOs could lead to the development of a future partnership for the implementation of small project funds in the country. Although mentioned in the new country concept, this aspect has so far largely been neglected. Moreover, the co-ordination with the ongoing DWHH/GAA projects in the project region as well as the exchange of experiences and ideas with other organisations could be improved.

1.8 Recommendations

The Consultants recommend continuation of SSPF into a Phase III with the following adaptations:

- The regional distribution of small-scale projects should be further converted to focusing on the North, especially Oudomxay Province.
- Since two other DWHH/GAA projects (LAO 1015 and 1019) are simultaneously implemented in several Districts of the same Province, a common strategic planning is recommended to identify whether and how synergy effects can be created. In this context, it should be defined, which project measures should be supported by the SSPF (e.g. either water and sanitation projects in new project villages, forming the basis for the cooperation with LAO 1015 and LAO 1019, or in villages which were not reached by these projects, or as a subsequent or additional support measure for already completed activities).
- The STC should be shifted to Oudomxay. Members could be 1 of the 2 Project Managers of the other DWHH/GAA projects to harmonize efforts, a representative of an NGO working in the area or a DED adviser, a GDG Representative (promise to participate in the Oudomxay Committee already given to the project), and District or Province Representatives.
- The SSPF should put more emphasis on the exchange of experiences, information and ideas with the DWHH/GAA projects and other organisations (e.g. Concern) (see chapter 8.2.). Therefore, the Project Manager should participate in the relevant co-ordination among others to avoid duplication of work.
- Taking into account the difficulties arising from the largely inappropriate logical framework plan (see chapter 5.1), the monitoring efforts should be improved. Beginning with a profound understanding of the project objectives and results to be achieved, activities should focus on the monitoring of the effectiveness of the project measures. In order to set up an M&E system, which is up to the usual requirements, the Project Manager should receive profound M&E training (e.g. by short term experts or with local organisations that offers such training).
- The new developments concerning NPAs (No-Profit-Associations) should be taken into consideration for the continuation of SSPF.
- The gender equality approach should be included in the overall SSPF project description.
- In accordance with the OF, the SSPF should concentrate only on one, at maximum two fields of activities of the areas of promotion listed under chapter 4.4.
- Within the frame of small-scale projects, more focus should be laid on training and capacity building of the target group. Beneficiaries and project staff should be trained e.g. in gender awareness, sustainable agriculture and livestock management, introduction of new technologies, food processing for income generation, and leadership. Animal husbandry and nutrition should be included as additional training components. Rising of a certain environmental awareness of the population and staff and a related transfer of knowledge in natural resource management should be part of future project set-ups. Support from related (local) short-term experts or organisations could improve the quality of project implementation.

1.9 General conclusions

- Within the logical framework of Small Project Funds, adequate indicators should focus on the increase of income in the project region or on the improvement of the health/sanitation situation or even on social and socio-economic exchange figures due to an improved infrastructure situation. Indicators should usually reflect the benefits to be delivered to the project beneficiaries (see chapter 5.1).
- Results should clearly state the situation, which will be improved as a result of the activities (and for the achievement of which the Project Manager can be held directly accountable)(see chapter 5.1.)
