

MONITORING REPORT [MR]

Project Title ("the Programme"):	Enhancing sustainable tourism, clean production and export capacity in Lao People's Democratic Republic
Report Date:	24 May 2013
Date of Mission:	5 - 10 May 2013
Client:	Swiss State Secretariat for Economic Affairs (SECO) Mr. Christian Sieber, Programme Manager
Contact Address Programme:	Mr. Franck Caussin, International Coordinator Email: FranckC@unops.org
Methodology/Focus of this Mission	<p>The ROM methodology applied is described in Annex D</p> <p>The Client requested the following particular focus:</p> <ul style="list-style-type: none"> • Check on implementation of prior recommendations • Impact of personnel changes within LANITH • Implementation of the cooperation with the SDC, including on preparation of possible next phase • Look at the need of follow-up support and recommend key elements of a possible next phase. <p>Important: As the first ROM mission in 2012, fact finding focused on the field level (Lao PDR). In line with standard evaluation practices, the views of SECO, ILO, ITC, UNCTAD, UNIDO and UNOPS (headquarter levels) will be taken into account during a de-briefing prior to finalizing this report.</p>

I. Programme Synopsis

Programme title:	Enhancing sustainable tourism, clean production and export capacity in Lao People's Democratic Republic ("The Programme")
Programme agreement signed:	16 May 2011
Start date - actual:	June 2011
End date - planned:	September 2014 (extended)
Programme budget (SECO):	USD 4'040'000
Disbursed up to 31.12.2012:	USD 3'507'840 (no updated figures available)
New budget SDC (phasing-in)	USD 799'870
Disbursed in percent of Budget:	86.2% of original budget (SECO)

Development Cooperation

Project Design, Monitoring & Evaluations
Organizational Assessments

Swiss Consulting Co. Ltd. Hanoi - Vietnam

Management Consulting

Business Planning
Investment Opportunity Screenings

www.swissconsulting.com.vn

<p>Programme summary</p>	<p>The main Programme objective is to develop an overall competitive, sustainable tourism industry in order to create income sources for the local population and reduce poverty. Through strengthening the organic agriculture and the handicraft industry and linking them to domestic and international buyers, the Programme aims at (a) increasing a spill-over effect from tourism revenues on those industries and (b) increasing export revenues.</p> <p>The Programme covers all three core elements (competitiveness, compliance and connectivity) of trade capacity building in a comprehensive way. Support to establishing an enabling trade policy and business environment aims at contributing to improved framework conditions to export (UNCTAD).</p> <p>Tools used to improve productivity, product quality and compliance are: the promotion of labor standards (ILO), resource efficient and production services (RECP) (UNIDO), the introduction of a tourism quality mark (UNIDO), and assistance to compliance with mandatory/voluntary standards (UNIDO). Connectivity aspects are covered by providing market information and match making (ITC, UNCTAD).</p> <p>Recognizing the importance of matching the demand with the supply side in value chain development, support to farming households has been reinforced through additional SDC funding. Enabling farmers to successfully supply to the hospitality market is expected to enhance the spill-over effect of tourism revenues to more disadvantaged segments of the population.</p> <p>Counterparts are the Department of Trade Promotion and Product Development (TPPD), the Ministry of Industry and Commerce (MOIT) and the Lao National Tourism Administration (LNTA) under the Ministry of Information, Culture and Tourism. Funded by the SECO and the SDC (additional phase-in budget), the Programme is executed by the United Nations Conference for Trade and Development (UNCTAD), the International Labour Organization (ILO), the United Nations Industrial Development Organization (UNIDO), and the International Trade Centre (ITC) through a Trust Fund managed by the United Nations Office for Programme Services (UNOPS).</p> <p>The Programme is embedded within the National Integrated Framework Governance Structure (NIFGS) in Lao PDR. This multi-agency entity aligned to the Enhanced Integrated Framework (EIF) and the Vientiane Declaration on Aid Effectiveness is led by the Government of Lao PDR (GoL) and coordinates Official Development Assistance (ODA) in areas relating to trade and business environment. The NIFGS is used as a tool to coordinate donor assistance in the respective field. Geographically, the Programme has so far focused on Vientiane and Luang Prabang. The originally planned activities in Southern Laos have been postponed.</p>
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<p>Programme intervention logic</p>	<p>The overall development objective of strengthening the tourism industry in Lao PDR and achieve backward linkages to the handicraft and organic vegetable sector is broken down into five specific objectives (expected outcomes):</p> <ol style="list-style-type: none"> 1. Compliance with food safety, service quality and environmental standards improved within the tourism sector through the introduction of a voluntary National Quality Certification Mark (NQCM) 2. Management practices, workplace cooperation, as well as skills and productivity of workers in the tourism sector are improved. 3. Enhanced backward linkages of selected handicraft and especially silk and organic agricultural products to the tourism industry - i.e. more locally produced products are sold to the hospitality industry and/or to tourists. Under additional funding provided by the SDC, direct support to the farmers' level to successfully supply to tourism markets has been enhanced. 4. Strengthened capacities of the GoL in the areas of trade policy and Non-Tariff Measures, as well as improved export opportunities of selected high quality silk and organic agricultural products. 5. Contribute to improved productivity in the tourism, silk and organic sectors through cleaner production. 6. Strengthen the Trade and Private Sector working group and the Export Competitiveness Task Force of the NIFGS through the active technical involvement of the cluster in those forums.
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II. Assessment (Grading)				
Assessment criteria	Very good	Good	Problems	Serious deficiencies
Grading in points (from B)	4	3	2	1
1. Relevance and quality of design		3		
2. Efficiency of implementation to date		2.5		
3. Effectiveness to date			2	
4. Prospects of sustainability			2	
Overall conclusion			2.4	

III. Assessment (narrative)

1. Relevance and Quality of Design (satisfactory)

Overall the Programme continued to be of high relevance to all beneficiaries. The new cooperation with the SDC (as recommended in the last ROM Report) offers opportunities to join forces and to combine the strengths of the Swiss Agency for Development and Cooperation (SDC) in rural development with the core competency of the Programme to link producers to markets. Of particularly high relevance is the planned deepening of support to local farmer groups that supply clean vegetables in Luang Prabang under additional SDC funding. This also increases the programme outreach to more remote regions and to poorer segments of the population, including ethnic minorities. The same applies to the introduction of small livestock in target villages (promoting integrated farming). From hindsight, objectives of the original programme document were overambitious and unachievable, in particular at the outcome level. No sustainability strategy was defined. The still highly centralized management structure under the current agency execution mode reduces ownership of the GoL. While full national execution is likely to affect aid effectiveness in technically complex programmes, a form of joint execution where the GoL signs off on procurement prior to commissioning equipment and expertise might be an appropriate solution for a next phase.

2. Efficiency of implementation to date (satisfactory)

Generally, the Programme is operationally well managed. The PMU continued to fulfill an important coordination role with the GoL, the province and other development actors (at the field level). The initially rather weak involvement of counterparts in programme management at both national and provincial level has significantly improved. The Programme remains however largely UN-driven rather than partner-led. This is mainly due to the execution mode applied. Through the Swiss Cooperation Office, Switzerland is now through directly represented in the EU-led donor coordination group covering trade and private sector development. The programme is however still not part of the UNDAF framework. The International Coordinator is not invited to attend meetings of the UN Country Team. Consolidated financial reporting according to UN budget lines only, although in compliance with agreements and SECO's requirements, does not provide a transparent picture on how funds were disbursed. Transaction costs of the programme continue to be perceived as high. In the light of a next phase, increased use of local expertise (where available) would not only decrease costs, but also favor know-how transfer in the light of sustainability of the Programme.

3. Effectiveness to date (unsatisfactory)

Generally, the delivery of outputs is on track. Delayed are the support to the development of the quality mark (UNIDO), the support to the organic vegetable market (UNCTAD) and the support to obtain local organic certification. Reasons are mainly procurement problems of UNIDO (laboratory equipment for testing) and UNCTAD (experts). None of the target beneficiaries does recall any support towards achieving outcome 4 (strengthening the GoL's capacity in the area of trade policy and Non-Tariff measures). From today's perspective, most outputs are likely to be delivered by the extended end of the programme. Generating the broader changes expected (outcome level) will require significant additional time and funding. The selection of beneficiaries interviewed was generally satisfied with the services provided, but expressed the wish that further support should be more hands-on than theoretical. The lack of a systematic control system (through feed-back) does not allow for a more comprehensive assessment of output quality in order to ensure continuous improvement. Some activities were not followed-up (e.g. the seminar on organic certification, the ILO seminar to the handicraft association, some "training the trainer" activities and study tours).

4. Potential sustainability (unsatisfactory)

Not sufficient attention has been paid so far to align with partners on a proper, gradual phase out strategy. From today's perspectives, chances of technical, financial and institutional sustainability are low without further follow-up support. Provided the quality mark will be hosted by LANITH as planned and the experts trained continue to be available, chances for institutional and technical sustainability of the mark are good. The financial and technical sustainability of the laboratory services to be provided by the University of Luang Prabang, which is needed to conduct testing the quality mark, is questionable. For the mark in general, no business plan is available that would allow for an assessment of future viability of the mark. The same is true for the handicraft label. Sustainability of improved management practices at smaller guesthouses would require embedding the different business support services provided to the local industry into strong, local institutions that are able and willing to carry on serving the local industry beyond the Project. "Training of trainers" alone, without institutionalization of service provision, is unsustainable. While the new organizational set-up of the CP Centre as a semi-independent public institution has increased perspectives for institutional and financial sustainability, initial ideas how to gradually decrease dependence from SECO funding have not been translated into a business plan. Direct technical and financial support to agricultural producers for buying equipment is a short-term solution. Strengthening agricultural extension services and teaming up with other development partners to ensure long-term access to funding (e.g. establishing microcredits schemes) would be more sustainable. The additional SDC support that is currently phased into the Programme is a significant step into the right direction. Policy support was one of the key objectives and an important sustainability factor. So far, the link to/interaction with the policy level has been rather weak. Policy makers at the national and provincial levels are "following" the Programme with interest and attending some of the events, but specific advice on how to mainstream the concepts that were "piloted" into policies has yet to be provided. To broaden impact and perpetuate results, it would be of great importance to systematically demonstrate benefits and to provide specific advice on how to translate them into enabling policies for supporting/replicating them.

IV. Key Conclusions on the Programme's quality and specific strengths/weaknesses

- **The Project defined the right objectives:** With tourism, the Programme targets a key economic sector where Lao PDR has significant comparative advantages. Strengthening backward linkages through a value chain approach is highly pertinent to enlarge benefits of tourism to a wider segment of the population. Strengthening the support of the supply side (farmers) through SDC funding further increased relevance of objectives.
- **Synergies among agencies are a key value added of the "cluster approach":** The programmatic approach resulted in synergies and complementarities among the work of UN-agencies involved. Some of the efficiency gains were however offset through high coordination cost. In practice, the work of ITC, UNIDO and UNCTAD lead to significant economies of scale and scope (e.g. for the quality mark, the organic vegetables), as they targeted the same beneficiaries.
- **The Project is generally well harmonized with other donors.** Management successfully capitalized on arising opportunities to cooperate with other donors (e.g. with LANINTH on the quality mark and the TDF on funding a cold storage facility). An exception was the JICA-funded tourism programme in Luang Prabang, which did not have any contact with the programme.
- **The support of the PMU was instrumental for coordinating the delivery of outputs:** The Project Management Unit (PMU) generally performed well in ensuring day-to-day coordination in the field and facilitating coordination with the agencies. Detailed operational plans (activities) and detailed reports are available. Furthermore, the PMU played an important role in ensuring donor coordination at the field level. A dedicated coordinator based in the field with extensive local know-how, language skills, and hands-on experience in moving projects forward as one of the key success factor for projects executed by agencies without an operational field presence.
- **Significant room for improving the application of principles of result-based management:** Partially due to weaknesses in the logical framework, reporting is only output-based and does not compare planned against the expected outcomes using objectively verifiable performance indicators. Providing expenditures only according to UN budget lines (except ITC) does not meet minimum transparency requirements and is insufficient to be used as a management tool.
- **The mix of international and national expertise needs to better balance quality requirements, cost and the need of local capacity building:** While beneficiaries were generally satisfied with the quality of expertise, anecdotic evidence raises concerns about the value for money of some of the extensive international expertise provided. Systematically twinning local with international experts and using more regional expertise would not only increase efficiency, but also be important for the technical sustainability of results.
- **Perspectives of sustainability are unsatisfactory.** Some of the support provided to companies/producers is still not embedded into an institution that could carry on service provision beyond SECO's support. A remarkable exception is the integration of the ILO's KAB manual into the curriculum of secondary schools. The financial and technical sustainability of the testing laboratory is questionable. No business plans are available for the handicraft label, the quality mark, and the CP Centre. Generally, support to the GoL in mainstreaming lessons learned into an enabling policy framework has been weak.

V. Recommendations and lessons learned according to priority/importance			
Who	Recommended action: <i>Must be specific, feasible and take the timeframe/budget of the Project into account. They must be addressed to one organization (recipient), which is competent to follow-up on it.</i> <i>Recommendations are ordered according the combined score of priority/importance.</i>	Priority	Importance
ON PREPARATION OF A FOLLOW-UP PHASE			
All	<p>1. Maintain the current organizational structure, but shift decisively towards a joint-management model</p> <p>In order to increase ownership of the GoL and contribute to capacity building in programme management, a new phase should be implemented through a form of joint-execution where local partners are more actively and regularly involved into decision making, including procurement. One way to do this would be to establish a mechanism for the NIU to sign off on the recruitment of experts and the purchase of equipment. The procurement itself and quality assurance of services should continue to be the responsibility of the respective agencies.</p>	H	H
All	<p>2. Preparation of a follow-up phase</p> <p>(a) In order to avoid gaps between phases and a loss of momentum, the preparation of a follow-up phase should commence as soon as possible.</p> <p>(b) Follow-up support should include consolidating and deepening the support provided to the existing value chains in Luang Prabang, with a view to achieve clearly defined, sustainable outcomes.</p> <p>(c) New value chains in Luang Prabang and in other provinces should be identified based on their potential socio-economic impact. This requires a thorough, methodologically sound value chain analysis, which identifies the key measures needed to increase value addition at all stages of the chain and foster demand for the selected products.</p> <p>(d) Other existing and planned donor support should be comprehensively analyzed (in particular in the field of tourism, agriculture, training and trade).</p> <p>(e) The value chain analysis should be followed by a participatory needs analysis as a basis to define expected outcomes, outputs and activities needed to achieve them and to translate them into a logical framework.</p> <p>(f) The programme document should include a clear sustainability strategy.</p> <p>(g) Baseline and end-line-surveys should be included as programme outputs.</p> <p>(h) Based on the detailed logical framework, the programme document should identify which partner organizations inside and outside the UN system could, based on a proven expertise and sound track-record of delivering high-quality support, best contribute to the achievements of each outcome. Joint-contributions of organizations should be considered where they are likely to lead to significant economies of scale or scope, otherwise not.</p> <p>(i) The new programme document should be subject to a brief independent appraisal (ex-ante evaluation) for consideration of SECO and the GoL.</p>	H	H

All	<p>3. Improve transparency and timeliness of financial reporting (next phase)</p> <p>SECO should cause UNOPS and the participating UN agencies to enhance timeliness and transparency of the financial reporting system to SECO and the GoL. In addition to audited financial report six months after the end of the project year as per project agreement, half yearly reports should be prepared and submitted within three months of the reporting period in order to align financial reporting to the TDF. All reports should link expenditures according to UN-budget lines according to the five main outcomes. The fund management agreement for next phase should state this as a <u>binding requirement</u>.</p> <p>Financial reports should be shared with the PMU and the National Project Director to strengthen ownership and facilitate overall coordination of ODA.</p>	M	H
All	<p>4. Complement reporting on outputs with reporting of planned against expected outcomes</p> <p>SECO should cause UNOPS and the executing agencies to establish an operational reporting to SECO and the GoL that assesses achieved against planned outcomes using the performance indicators defined in an updated logical framework.</p>	M	H
All	<p>5. Core funding to the CP Centre should be replaced by subcontracting services</p>	M	M
ON THE CURRENT PROGRAMME PHASE IN GENERAL			
SECO SDC ITC UNCTAD	<p>6. Agree on a clear delimitation of who will provide support to value chains at which stage</p> <p>In order to avoid overlaps and duplications, SECO, SDC, ITC, and UNCTAD should formally agree on who will be responsible for providing support at what stage of the value chain (raw material for handicraft and clean vegetables). A logical division of work would be to focus on strengthening supply (farmers, wholesale, market), while ITC and UNCTAD would focus on strengthening the demand side.</p>	H	H
SECO	<p>7. Progressively increase the use of local/regional expertise</p> <p>In order to increase likelihood of technical sustainability and save costs, all agencies should progressively increase the use of local expertise working alongside international experts. Furthermore, where possible, the use of regional expertise should be promoted, which will be easier to access beyond the duration of the Project.</p>	M	H
ON PARTICULAR OUTCOMES (AGENCY-SPECIFIC)			
UNIDO	<p>8. Additional support to the Quality Mark</p> <p>(a) UNIDO should establish a full business plan for the quality mark according to good practices of business planning.</p> <p>(b) UNIDO should consider adapting the mark manual better to the local environment to make it actionable for hotels to be certified.</p> <p>(c) With assistance of an intellectual property expert, ITC should check whether the label has been properly registered as a trademark in Lao PDR</p>	H	M
ITC	<p>9. Additional support to the Handicraft Label</p> <p>(a) In addition to the existing manual, ITC should with assistance from a local management consultant and in close cooperation with the Luang Prabang Handicraft Association, establish a business plan for the label.</p> <p>(b) With assistance of an intellectual property expert, ITC should check whether the label has been properly registered as a trademark in Lao PDR <u>and</u> in important key markets for Lao handicraft products or in countries that are main competitors.</p>	H	M

Daniel Keller	<p>10. Conduct a seminar on intellectual property rights with key stakeholders in Vientiane and Luang Prabang</p> <p>[Follow-up: Daniel Keller agreed with the Department of Intellectual Property, the Swiss Federal Institute of Intellectual Property and the National Office of Intellectual Property in Vietnam that this <u>seminar will take place on 24 June 2013 in Vientiane and tentatively on 26 June 2013 in Luang Prabang</u>. This activity will be funded by SECO under the budget line for the Lao Intellectual Property Project. Preparation work is ongoing].</p>	H	M
SECO UNIDO	<p>11. UNIDO should support the GoL and the CP Centre in</p> <p>(a) Developing a business plan that outlines how the CP center will gradually become less dependent on UNIDO support (the example of the VNCPC established with assistance from UNIDO might provide useful input)</p> <p>(b) Drafting a CP policy or strategy (considering the example of Vietnam might be appropriate)</p> <p>Both of this will require specific, specialized expertise</p>	H	H
ILO	<p>12. Formulate a clear concept on how to institutionalize support to the hotel industry (REPEATED)</p> <p>In order to ensure sustainability of results, the ILO should establish and submit a clear (brief) concept on how to institutionalize its support to the hotel industry in Lao PDR in general and Luang Prabang in particular beyond the duration of the project. This might require the selection/strengthening of a partner institution that will be able to carry on training/capacity building activities beyond the time of the project. Working with hotel associations or integrating the support into LANITH's training programme funded by Lux Development might be options to be considered. The partnership with the Tourism Training Center and the Ministry of Education are significant steps into the right direction.</p>	M	M
<p>Notes:</p> <p><i>Importance: high = H (crucial for the achievement of results), medium = M (contributes significantly to the achievement of results), low = L (positive effect on results likely)</i></p> <p><i>Priority: rated as high = H (immediate action required), medium = M (action required within the next 3 - 6 months) and low (within 6 months or more/for future projects)</i></p> <p><i>Monitoring of follow-up on actions decided by the Client based on previous recommendations is included in the BCS sheet (Annex A). Where actions have not been implemented, they are again included into the recommendations (with a reference to the previous ROM Report).</i></p>			

Annex A: Background Conclusion Sheet (BCS)¹

1. Relevance and Quality of Project Design					
The appropriateness of the Project's objectives to the real problems, needs and priorities of its target groups/beneficiaries and the quality of the design through which these objectives are to be reached.					
	Performance Conclusion on Relevance				Weight
Evaluative Questions <i>[delete in report]</i>	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	40 %
1.1 What is the <u>present</u> level of relevance of the Project	All government representatives and key beneficiaries confirmed the high ongoing relevance of the Programme's main objectives. Tourism remains a key economic sector of Lao PDR. Besides physical infrastructure, the quality of service is one of the main competitiveness factors for the hospitality industry. Quality of service depends heavily on the availability of well-trained management and staff. Through trainings of hotel owners and their staff, the Programme thus addresses one of the key factors for the comparative advantage of Lao PDR as a tourism destination. The Programme's focus on Luang Prabang with a high demand for quality tourism services adds to relevance. Strengthening "backward linkages" (handicraft, organic vegetables) potentially expands the benefits of tourism to larger segments of the population. Increasing revenues for local farmers and creating employment opportunities contributes to the socio-economic development objectives of the GoL. As the selected locally grown organic vegetables are significantly cheaper than imports, they are marketable. The availability of attractive locally made handicraft products also provide shopping opportunities for visitors, which is also a part of an attractive tourism product. Expected project outcomes (quality mark for hotel industry, training of hotel staff, working towards quality improvements/links to buyer for handicraft, promoting organic vegetables for sale to hotel/restaurants) are mutually aligned and offer the potential to create synergies. Relevance is further increased through reinforcing support to the supply side of the value chain (phase-in of SDC support). This also allows increasing the programme outreach to more remote regions and to poorer segments of the population, including ethnic minorities. The same applies to the introduction of small livestock in target villages (promoting integrated farming). This potentially eliminates the original bias of the programme to strengthen the supply side. Stronger policy support would further increase relevance.				
	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	20%
1.2 As presently designed, does the intervention logic hold true?	The overall intervention logic is clearly defined and coherent, but not translated into a self-explaining logical framework that meets the requirements of result-based management. Key weaknesses are: <ul style="list-style-type: none">No baseline against which progress can be measured (not done during inception, as planned);Assumptions generic, some of them not directly related/relevant for expected outcomes;Key risks (e.g. on sustainability) not identified, no clear strategy to mitigate them;Some of the performance indicators are not directly relevant to expected outputs/outcomes and/or not measurable (no "SMART indicators"); SECO was fully aware of the weaknesses of the original project design. Nevertheless, in order not to further delay the project start, a deliberate was taken not to commission an external inception mission. The updated logical framework (version 2012) is a step into the right direction, yet not very useful as a planning/monitoring tool, because it still uses no OVIs and baseline data is not available. Considering that the programme will end in September 2014 and a follow-up phase is planned, <u>it seems not appropriate to invest resources into another planning exercise.</u> While expected outputs seem to be achievable, most of the expected outcomes are clearly overambitious. The experience of other programmes in the region shows that years of sustained support are needed to really make a difference.				

¹ Adopted from: European Commission, **EuropeAid Co-operation Office, ROM Handbook Results-oriented Monitoring April 2012**, pages 67-80

	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	20%
1.3 Is the current design sufficiently supported by all stakeholders?	<p>The programme approach received broad endorsement by all key stakeholders. This was an important factor for achieving a high degree of relevance of objectives. The coordination mechanism with stakeholders has significantly improved, both at the national and the provincial level.</p> <p>The current implementation structure of the Programme (full agency execution) has the advantage of <u>potentially</u> providing easier/quicker access to highly specialized expertise of the different UN agencies. The disadvantage is that some counterparts perceive the Project as an “UN-initiative” as opposed to programme of Lao PDR. Furthermore, the perception prevails that the transaction costs are high. The lack of financial transparency (detailed reports on fund use) undermines local ownership. While the GoL has delivered bi-annual, <u>audited</u> reports on the use of budget for its subcontract (NIU) within three months, UNOPS has so far (10 May 2013) only provided unaudited expenditures per agency and budget lines to counterparts. This is in line with the agreement made with SECO to provide unaudited financial figures by March and audited figures by June. It does however not meet good practices of managerial accounting, which should provide a picture on how (types of expenditures) and for what purpose (activities) funds have been disbursed.</p> <p>Centralized decision making at every UN agency’s headquarter separately without a formalized consultation mechanism with the beneficiary government are not in line with the spirit of the Paris Declaration and no longer adequate. Applying full-fledged national execution modalities in technically complex fields requiring highly specialized expertise might however affect aid effectiveness. Delays caused by lengthy and sometimes complex procurement procedures were reportedly a weakness of the TDF. Also, reaching and commissioning the right international experts and technically complex equipment would be challenging for the GoL. Joint implementation would be alternative model that ensures both aid effectiveness and ownership, which are both equally important objectives of the Paris Declaration. This would also respond to the premise of joint-accountability. Essential is to strike a good balance and craft the execution modalities in a way that allows both local counterparts and the UN to capitalize on their particular strengths. One simple way to increase local ownership could for instance be to get contracts issued by UN agencies counter-signed by the NIU.</p> <p>Demonstrating financial efficiency, responsiveness and quality of service is an important part of enrolling the GoL into continuing receiving support through a cluster approach. Channeling all trade-related technical assistance by the UN through one “single-window” would also be an important selling point. To be effective and credible, the “single-window” approach should be consistently applied. Dedicated “parallel structures” serving the needs of particular agencies need to be avoided.</p>				
	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	20%
1.4 Design quality of programmatic approach	<p>The project design calls for strong synergies between the different components of the Project. Examples include:</p> <ul style="list-style-type: none"> • Joint-contribution of ITC and UNCTAD to the strengthening value chains (organic vegetables, handicraft) and to linking producers to the market, although the contribution of UNCTAD has so far been rather limited. • Joint-contribution to the quality mark for the hotel industry: Testing (UNIDO), establishing/accreditation of the mark and trainers (UNIDO), joint-contribution of all agencies to elaborate standards. After initial hesitation, the ILO has provided input on labor aspects to the mark. • The work of the ILO is complementary to the efforts of the other agencies. Less potential for direct synergies exist between the training activities of the ILO and other project components, because its work focused on a target group that was not covered by the other agencies (guesthouses rather than larger hotels, in order to complement the ongoing work of LANITH). Efforts have been undertaken to increase the ILO’s contributions to other components, such as for example an ILO workshop for handicraft producers. • RECP: partially contributes to the work of other agencies (environmental standards for quality mark, implementation of CP projects in the hotel industry). Part of the work however is rather linked to the purpose of up-scaling RECP rather than directly to the improvement of productivity/environmental footprint within the tourism sector. <p>The quality of the programmatic approach is good.</p>				

Summary Assessment on Relevance [to be copied to MR section III]		Overall Score	
<p>Overall the Programme continued to be of high relevance to all beneficiaries. The new cooperation with the SDC (as recommended in the last ROM Report) offers opportunities to join forces and to combine the strengths of the Swiss Agency for Development and Cooperation (SDC) in rural development with the core competency of the Programme to link producers to markets. Of particularly high relevance is the planned deepening of support to local farmer groups that supply clean vegetables in Luang Prabang under additional SDC funding. This also increases the programme outreach to more remote regions and to poorer segments of the population, including ethnic minorities. The same applies to the introduction of small livestock in target villages (promoting integrated farming). From hindsight, objectives of the original programme document were overambitious and unachievable, in particular at the outcome level. No sustainability strategy was defined. The still highly centralized management structure under the current agency execution mode reduces ownership of the GoL. While full national execution is likely to affect aid effectiveness in technically complex programmes, a form of joint execution where the GoL signs off on procurement prior to commissioning equipment and expertise might be an appropriate solution for a next phase.</p>		3	
Recommendations on Relevance [to be copied to MR section V]		Priority	Importance
Who	<p>Recommended action: <i>Must be specific, feasible and take the timeframe/budget of the Project into account. They must be addressed to one organization (recipient), which is competent to follow-up on it.</i></p> <p>Importance: <i>high = H (crucial for the achievement of results), medium = M (contributes significantly to the achievement of results), low = L (positive effect on results likely)</i></p> <p>Priority: <i>rated as high = H (immediate action required), medium = M (action required within the next 3 - 6 months) and low (within 6 months or more/for future projects)</i></p>		
All	<p>1. Maintain the current organizational structure for a new programme phase, but shift decisively towards a joint-management model</p> <p>In order to increase ownership of the GoL and contribute to capacity building in programme management, <u>a new phase</u> should be implemented through a form of joint-execution where local partners are more actively and regularly involved into decision making, including procurement. One way to do this would be to establish a mechanism for the NIU to sign off of on the recruitment of experts and the purchase of equipment. The procurement itself and quality assurance of services should continue to be the responsibility of the respective agencies.</p>	L	H
	<p>2. Preparation of a new programme phase</p> <p>(a) In order to avoid gaps between phases and a loss of momentum, the preparation of a follow-up phase should commence as soon as possible.</p> <p>(b) Follow-up support should include consolidating and deepening the support provided to the existing value chains in Luang Prabang, with a view to achieve clearly defined, sustainable outcomes.</p> <p>(c) New value chains in Luang Prabang and in other provinces should be identified based on their potential socio-economic impact. This requires a thorough, methodologically sound value chain analysis, which identifies the key measures needed to increase value addition at all stages of the chain and foster demand for the selected products.</p> <p>(d) Other existing and planned donor support should be comprehensively analyzed (in particular in the field of tourism, agriculture, training and trade).</p> <p>(e) The value chain analysis should be followed by a participatory needs analysis as a basis to define expected outcomes, outputs and activities needed to achieve them and to translate them into a logical framework.</p> <p>(f) The programme document should include a clear sustainability strategy.</p> <p>(g) A baseline survey and an end-line-survey should be included as outputs in the programme document.</p> <p>(h) Based on the detailed logical framework, the programme document should identify which partner organizations inside and outside the UN system could, based on a proven expertise and sound track-record of delivering high-quality support, best contribute to the achievements of each outcome. Joint-contributions of organizations should be considered where they are likely to lead to significant economies of scale or scope, otherwise not.</p> <p>(i) The new programme document should be subject to a brief independent appraisal (ex-ante evaluation) for consideration of SECO and the GoL.</p>		

2. Efficiency of Implementation to Date

How well means/inputs and activities were converted into results (outputs)

	Performance Conclusion on Efficiency				Weight
Evaluative Questions <i>[delete in report]</i>	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	25%
2.1 Coordination within the project and with other donors?	<p>Overall operational management: After some initial challenges, organizational procedures, job descriptions seem to be clearly understood and implemented. While the additional step to obtain approval from UNOPS prior to implementing activities is sometimes time consuming, no cases of delays due to complex procedures were reported.</p> <p>After an initial phase of trust building, the different agencies seem to make appropriate use of the PMU and capitalize on the local know-how and experience available. The PMU has also built a good reputation among the local donor community and interacts with them effectively. Staff is enthusiastic, eager to learn and willing to actively contribute to the Project's success.</p> <p>Coordination within the Project: The overall coordination in the field among all actors (UNOPS, the PMU, the National Implementation Unit and the Agencies) works generally well. The International Coordinator plays a crucial role at the field level. Project execution through a trust fund administered by UNOPS seems to be an effective way to "encourage" the different agencies to engage in closer cooperation. Coordination between the provincial/national levels have significantly improved.</p> <p>Coordination with other projects (operational level): Interviews indicate that the IC is regularly exchanging information with other donors. The exchange of information with other UN-agencies remains challenging, as the International Coordinator is for formal reasons not invited to meetings of resident agencies. The Project is formally not part of the United Nations Development Assistance Framework (UNDAF) for Lao PDR. Considering that some of the agencies participating in the Project still deliver their own trade-related technical assistance in parallel (e.g. UNIDO in the field of SMTQ, ILO through two projects), a formal representation of the Project in the meetings of the different resident agencies would be important.</p> <p>Representation of Switzerland in specialized donor coordination groups: Through the Swiss Coordination Office, SECO is now officially represented in the donor coordination group on trade and private sector development lead by the EU, which is of great importance.</p> <p>Coordination with interventions funded by the SDC in the light of the new Country Programme: the decision of implementing activities under SDC funding (phasing-in) is a significant step into the right direction. A clear delimitation of who will be responsible for which parts of the clean vegetable/raw material supply chain will be important. A logical division of work would be for the SDC to cover the value chains until products leave the farm (see FAO's responsibilities in the UN Joint-Programme on Green Production and Trade, Vietnam).</p> <p>Reporting: While operational reporting on outputs is timely, detailed and provides a good overview on the delivery of services (outputs), the Project does not report on the outcome level using performance indicators. Due to the lack of any financial data except the total of expenditures, an intermediate assessment of efficiency through analyzing expenditures according to results/budget lines is not possible.</p>				25%
2.2 How well is the implementation of activities managed?	<p>Coordination of activities both at the field level and between the field and the headquarters of participating agencies worked well. The International Coordinator plays an important role. Activities are systematically scheduled in the form of quarterly and annual plans. Activities among different agencies are well coordinated, in particular among ITC, UNCTAD and UNIDO.</p> <p>No coordinated framework of systematically monitoring the quality of outputs is in place (e.g. on the performance of experts, feed-back of participants on seminars, trainings and study visits). Feed-back on the quality of outputs received during the mission was merely informal and not based on a systematic assessment by the Project.</p> <p>After initial difficulties, management seems to have developed a certain responsiveness/flexibility to changed needs, as evidenced by incorporating SDC's support to farmers and refocusing of ILO activities.</p>				25%

	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	50%
2.3 Quality of outputs (value for money)	Feed-back on the quality of outputs received through a sample of beneficiaries was generally positive. Several beneficiaries expressed however the wish for more in-depth, hands-on support rather than theoretical workshops, as the project is moving forward. Delays however led to sequencing problems that affected expected outputs (quality mark, support to clean vegetable market) A lack of financial data does not allow for a systematic assessment of efficiency (value for money). Anecdotic evidence and analysis of a sample of ToRs reveal a need to more closely monitor the use/value added of expertise, in order to ensure the economic use of project resources. Generally, also under the aspect of technical sustainability, a higher use of local/regional expertise (which today is available in Lao PDR in many of the intervention areas of the project) would be advisable. The ITC and UNCTAD have taken a step into the right direction by employing a local expert for the support to the handicraft sector. She is working alongside international short-term experts travelling to Luang Prabang. In the field of RECP, a local expert is working alongside an Indian expert. Furthermore, the NPC responsible for RECP is actively involved in project activities. Among the development community, the Project is perceived as being “expensive”. The GoL is currently closely monitoring the value for money provided by international expertise. It would thus be advisable to carefully analyze costs in order to identify opportunities for cost savings where this is possible without jeopardizing the quality of outputs and provide evidence for economic use of project funds.				
	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	0%
2.4 Governance structure	This mission did not assess the quality of the governance structure (strategic level), as the evaluator did not have an opportunity to interview the different members of the Steering Committee and the Technical Committee.				
Summary Assessment on Efficiency [to be copied to MR section III]					Overall Score
Generally, the Programme is well managed at the operational level. The PMU continued to fulfill an important coordination role with the GoL, the UN Agencies and other development actors (at the field level). The initially rather weak involvement of counterparts in programme management at both national and provincial level has significantly improved. Generally, the Programme remains largely UN- rather than partner-led. This is mainly due to the organizational structure and management processes set in place during the design. While Switzerland is now directly represented in the EU-led donor coordination group covering trade and private sector development (through the Swiss Cooperation Office), it is still not officially represented within the “UN Country Team”. Financial reporting remains weak, but in line with the requirements of the Programme Document. Due to a lack of consolidated financial data, it is not possible to assess value for money in detail. The lack of financial transparency is a key reason why the Programme continues to be perceived as “expensive” in terms of transaction costs. In the light of a next phase, increased use of local expertise (where available) would not only decrease costs, but also favor know-how transfer in the light of sustainability of the Programme.					2.5
Recommendations on Efficiency [to be copied to MR section V]					
Who	Recommended action: <i>Must be specific, feasible and take the timeframe/budget of the Project into account. They must be addressed to one organization (recipient), which is competent to follow-up on it.</i> <i>Importance: high = H (crucial for the achievement of results), medium = M (contributes significantly to the achievement of results), low = L (positive effect on results likely)</i> <i>Priority: rated as high = H (immediate action required), medium = M (action required within the next 3 - 6 months) and low (within 6 months or more/for future projects)</i>				Priority Importance
SECO UNOPS	3. Improve transparency and timeliness of financial reporting (next phase) SECO should cause UNOPS and the participating UN agencies to enhance timeliness and transparency of the financial reporting system to SECO and the GoL. In addition to audited financial report six months after the end of the project year as per project agreement, half yearly reports should be prepared and submitted within three months of the reporting period in order to align financial reporting to the TDF. All reports should link expenditures according to UN-budget lines according to the five main outcomes. The fund management agreement for next phase should state this as a <u>binding requirement</u> . Financial reports should be shared with the PMU and the National Project Director to strengthen ownership and facilitate overall coordination of ODA.				M H

SECO	4. Complement reporting on outputs with reporting of planned against expected outcomes (next phase) Complement operational reporting on outputs with reporting of planned against expected outcomes based on an updated logical framework SECO should cause UNOPS and the executing agencies to establish an operational reporting to SECO and the GoL that assesses achieved against planned outcomes using the performance indicators defined in an updated logical framework.	M	H
SECO SDC ITC UNCTAD	5. Agree on a clear delimitation of who will provide support to value chains at which stage (current phase) In order to avoid overlaps and duplications, SECO, SDC, ITC, and UNCTAD should formally agree on who will be responsible for providing support at what stage of the value chain (raw material for handicraft and clean vegetables). A logical division of work would be to focus on strengthening supply (farmers, wholesale, market), while ITC and UNCTAD would focus on strengthening the demand side.	H	H
SECO	6. Progressively increase the use of local/regional expertise (next phase) In order to increase likelihood of technical sustainability and save costs, all agencies should progressively increase the use of local expertise working alongside international experts. Furthermore, where possible, the use of regional expertise should be promoted, which will be easier to access beyond the duration of the Project.	M	H

3. Effectiveness of Implementation to Date

The contribution made by the Project's results (as in "outcomes") to the achievement of the project purpose

	Performance Conclusion on Effectiveness				Weight
Evaluative Questions <i>[delete in report]</i>	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	100%
3.1 How well is the Project achieving its planned results? 3.2 As presently implemented, what is the likelihood of the Project purpose to be achieved?	<p>Outcome 1 (Quality Mark): Due to procurement problems, UNIDO was unable to deliver the laboratory equipment in 2012. It is now planned to commission the testing equipment in the second half of 2013. This leaves little room for staff training and for following-up on technical challenges. In order to bridge the gap, some training will be provided to laboratory staff in Sri Lanka. Secondly, LANITH, as host of the mark, lost most of the staff who were trained by the Programme and accredited to as trainers and auditors. Nevertheless, UNIDO hired a highly motivated and committed mark manager on 10 May 2013 who will be trained in Sri Lanka as well. Under his lead, the mark will now be piloted in seven hotels, prior to taking a final decision on how to continue at the end of 2013. A business plan for the mark (including a "market study", estimated number of users, revenues, costs etc.) is not available, but would be important prior to taking a decision on how to continue with the mark. The Mark has been designed, but not protected as a trademark. Consultations with the Ministry of Health to ensure alignment of the mark to local hygiene standards have been initiated. Chances are good that the expected outputs will be delivered by the end of the extension period. At the outcome level, scaling up the use of the mark to achieve significant improvements of compliance with Food Safety, Service Quality and Environmental Standards within the tourism sector seems unrealistic. Protection of the Quality Mark as a trademark would be important to prevent misuse.</p> <p>Outcome 2 (Human resources in hotel industry): Following a revision of the ILO's implementation strategy, significant progress was made. A version of "Know About Business (KAB)", which is specifically tailored to the tourism sector, will be piloted in secondary schools in Luang Prabang starting September 2013. A decision has been taken to apply it also in other tourism locations. The ILO also moved forward in "anchoring" its "Good Practice Guide (GPG)" and other training material within local institutions, including the Tourism Training Center. After the resignation of the ILO Programme manager in Luang Prabang, local follow-up has substantially weakened, despite the efforts of the ILO's National Representative in Vientiane. Without sustained follow-up, it seems unlikely that the Hotel Association will actively use the curriculum. Considering that the remaining duration of the</p>				

	<p>programme would not be sufficient to finalize work, ILO has rightly decided to postpone its support to improving the training curriculum at the SOUPHANOUVONG University. Finally, a training on "Working Conditions, Workplace Relations and Competitiveness" as delivered to the Luang Prabang handicraft association, which is a good example to enhance synergies with other programme components. Considering the significant progress made since the last ROM mission, expected outputs are likely to be delivered. Achieving outcomes (improving skills of managers, workers in the tourism sector) will require a broad application of the training material. This will not be possible until September 2014.</p> <p>Outcomes 3 and 4: Key milestones achieved were the introduction of the label "Handmade Luang Prabang", the support to the Luang Prabang Handicraft Festival and the participation of handicraft companies at the Lifestyle Vietnam fare. A visit at the night market showed however that few sellers yet use the label. Whether it is protected as an intellectual property right is not clear. The fare resulted in significant sales (reportedly around USD 25'000 and high visibility for Laos. Personal observation of the evaluator who visited the Lao boot (at this own cost) confirmed that the boot attracted a lot of attention. The refrigeration facility (funded by the World Bank) is in place and will be operated by a State-owned company. Prices to use the facilities are currently negotiated. The organic vegetable market as a second distribution channel has not yet opened and programme support (full-time expert to be recruited by UNCTAD) is delayed. Target beneficiaries are not aware of any support in the area of "Non-Tariff Barriers and trade policies". The new component 3a aims strengthening the supply side (raw material), which is urgently needed to achieve the expected outcomes. Overall, delivery of outputs is on track, with the exception of UNCTAD's support to the organic vegetable market and the organic certification according to Lao standards. Perspectives of achieving outcomes by the end of the programme are mixed.</p> <p>Outcome 5: The Cleaner Production Center continued to deliver its services as planned. The CP Centre has obtained a semi-autonomous status as a "Profit Center" within the Ministry. Under the current form, the CP Centre is allowed to generate and use service revenues or to receive dedicated donor funding. A business plan that outlines a strategy on how to gradually become more independent from UNIDO support has not yet been established. UNIDO has also not responded to the GoL's request to provide advice in establishing a CP policy/strategy. Such as strategy would be pivotal to ensure future government support and it is also one of the criteria donors consider in their funding decisions.</p> <p>There are at this stage no particular factors that would prevent target groups from assessing programme's services.</p> <p>Generally, in the view of selected participants interviewed, many of the workshops remained rather theoretical, while beneficiaries would need more practical hands-on advice, as provided to the participants of the trade fare and to some of the farmers visited. Follow-up on some activities would be needed, e.g. the UNCTAD seminars, but is not planned. The study trip to Chiang Mai included a wide variety of different topics. Focus and relevance for the participants from a wide variety of organizations seems to be rather questionable.</p>
Summary Assessment on Effectiveness [to be copied to MR section III]	Overall Score
<p>Generally, the delivery of <u>outputs</u> is on track, but <u>the achievement of outcomes is not</u>.</p> <p>Delayed are the support to the development of the quality mark (UNIDO), the support to the organic vegetable market (UNCTAD) and the support to obtain local organic certification. Reasons are mainly procurement problems of UNIDO (laboratory equipment for testing) and UNCTAD (experts). None of the target beneficiaries does recall any support towards achieving outcome 4 (strengthening the GoL's capacity in the area of trade policy and Non-Tariff measures). From today's perspective, most outputs are likely to be delivered by the extended end of the programme. Generating the broader changes expected (outcome level) will require significant additional time and funding. The selection of beneficiaries interviewed was generally satisfied with the services provided, but expressed the wish that further support should be more hands-on than theoretical. The lack of a systematic control system (through feed-back) does not allow for a more comprehensive assessment of output quality in order to ensure continuous improvement. Some activities were not followed-up (e.g. the seminar on organic certification, the ILO seminar to the handicraft association, some "training the trainer" activities and study tours).</p>	2

Recommendations on Effectiveness [to be copied to MR section V]		Priority	Importance
UNIDO	7. Additional support to the Quality Mark (a) UNIDO should establish a full business plan for the quality mark according to good practices of business planning. (b) UNIDO should consider adapting the mark manual better to the local environment to make it actionable for hotels to be certified. (c) With assistance of an intellectual property expert, ITC should check whether the label has been properly registered as a trademark in Lao PDR	H	M
ITC	8. Additional support to the Handicraft Label (a) In addition to the existing manual, ITC should with assistance from a local management consultant and in close cooperation with the Luang Prabang Handicraft Association, establish a business plan for the label. (b) With assistance of an intellectual property expert, ITC should check whether the label has been properly registered as a trademark in Lao PDR <u>and</u> in important key markets for Lao handicraft products or in countries that are main competitors.	H	M
SECO	9. Conduct a seminar on intellectual property rights with key stakeholders in Vientiane and Luang Prabang [Follow-up: Daniel Keller agreed with the Department of Intellectual Property, the Swiss Federal Institute of Intellectual Property and the National Office of Intellectual Property in Vietnam that this <u>seminar will take place on 24 June 2013 in Vientiane and tentatively on 26 June 2013 in Luang Prabang</u> . This activity will be funded by SECO under the budget line for the Lao Intellectual Property Project. Preparation work is ongoing].	H	M
SECO UNIDO	10. UNIDO should support the GoL and the CP Centre in (c) Developing a business plan that outlines how the CP center will gradually become less dependent on UNIDO support (the example of the VNCPC established with assistance from UNIDO might provide useful input) (d) Drafting a CP policy or strategy (considering the example of Vietnam might be appropriate) This will require specific, specialized expertise	H	H

4. Impact Prospects

As presently implemented, the Project's likely contribution to the overall development objective

	Performance Conclusion on Impact Prospects				Weight
Evaluative Questions <i>[delete in report]</i>	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	%
4.1 What are the direct impact prospects of the Project at the level of overall objectives?	Not assessed - too early at this stage				
	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	%
4.2. To what extent does/will the Project have any indirect positive/negative impacts (e.g. environmental, social, cultural, gender	Not assessed - too early at this stage				

and economic)?				
Summary Assessment on Impact Prospects [to be copied to MR section III]				
Not assessed				Overall Score
				1 - 4
Recommendations on Impact Prospects [to be copied to MR section V]				
None				
5. Potential Sustainability				
The likelihood of a continuation in the stream of benefits produced by the Project after the period of external support has ended				
Performance Conclusion on Potential Sustainability				Weight
Evaluative Questions <i>[delete in report]</i>	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1
5.1 Financial/economic viability 5.2 What is the degree of ownership of target groups and will it continue after external support? 5.3 How well is the Project contributing to institutional and management capacity?	<p>Achieving sustainability of outcomes will require a follow-up phase with a clear phase out strategy</p> <p>Outcome 1 (Quality Mark): Prospective of <u>technical and institutional sustainability</u> are good, if the mark is "hosted" by LANITH and trained staff that have moved to the Tourism Training Center adhere to their commitment to continue working as consultants/auditors for the mark. This seems to be likely, as they are allowed to and are looking to do additional consultancy work. Whether testing capacities needed for certification continue to be able locally depends on the technical and financial sustainability of the laboratory at the University of Luang Prabang. It is so far not clear how the laboratory equipment in the University of Luang Prabang will be maintained, operated and properly depreciated once the project ends. While the university does have a semi-independent status that allows generating/partially using revenues generated through services, there is no business plan on how to ensure the continuous operation of the laboratory. The fact that no budget is available to renovate the premises of the laboratory in order to fulfill the conditions for operating the equipment raises concerns. Looking at <u>financial sustainability</u>, certification needs to generate sufficient revenues to cover cost, including renewing accreditation. A business plan would show the level of fees needed to grant the mark. Initial subsidies might be needed to create interests, but there should be a clear phase-out plan (e.g. gradually increasing fees). UNIDO has so far not provided any support to drafting a business plan for the mark and the laboratory. Data to assess the likelihood of financial sustainability is not available.</p> <p>Outcome 2 (management and worker skills in hotel sector): Training provision to high school students (KAB) has been integrated into the curriculum and seems to be sustainable. A clear plan on how to institutionalize support services to smaller hotels/guest houses has not yet been articulated. An institution that would serve as a business service provider at the meso level has not yet been identified, despite some initial discussions with the Hotel Association in Luang Prabang. "Involving beneficiaries" and training "trainers" alone is not a sustainable approach. Appropriate would be to assess a number of institutions, select the one or two that are most likely able to service the support needs to the industry and then technically/institutionally strengthening them, prior to gradually phasing out support. Selection should be based on a full-fledged organizational assessment that also identifies gaps and ways to eliminate them. Linking such institutions into a peer network increases chances that technical sustainability is maintained. Would LANITH be able and willing to offer tailor-made trainings (on-the-job) to smaller hotels?</p> <p>Outcomes 3 and 4: Strengthening of agricultural extension services and the "clean vegetable market" as a service provider is pivotal to</p>			70%

	<p>maintaining initial positive results achieved. Sustainability further requires ensuring access of farmers to finance rather than direct funding (institutionalized micro-credit schemes anchored in strong institutions). The planned additional support funded by the SDC seems to go into the right direction. Likelihood of sustainability has significantly improved, but depends on longer-term support. Quality label for handicraft: The label is operated by a stable institution (the handicraft association). Its use is clearly regulated. While the label seems to be <u>institutionally and technically</u> sustainable, a business plan showing how long-term <u>financial sustainability</u> is expected to be achieved has not yet been established. Support to trade fares: personal observation (Ho Chi Minh City) showed that participating enterprises would at this stage not yet be able to successfully sell at trade fares on their own. Essentially, much of the work with buyers was done with assistance from programme experts (including negotiations, drafting contracts). Further support is required to gradually enable larger companies to sell their products through fares or to export on their own.</p> <p>Outcome 5 RECP-Services: While RECP services are embedded into an institution (the CP Centre), which now is allowed to generate revenues and use its own budget, it is not clear how RECP activities will be funded without UNIDO's support. After more than 10 years of funding by UNIDO/SECO, a clear business plan on how to gradually source alternative funding for maintaining services to the industry is still not available. The CP-Centre seems to count on continuous long-term funding by SECO. Another pivotal factor to ensure long-term sustainability would be an official CP policy/strategy that provides the legal basis to institutionalize CP as a public service and to gradually obtain government funding for it. UNIDO has not yet responded to the GoL's request to support the development of a draft strategy, although this would be possible without significant additional funding, using the experience of Vietnam.</p> <p>In all fields of intervention, there is a need to shift decisively away from direct service provision to strengthening local institutions. Using more local experts and twinning them with regional experts would be another way to increase chances of sustainability. Ideally, foreign experts would gradually shift from a leading to a coaching role. After the phasing out of international donor support, regional experts/networks will be important to ensure Lao PDR's continuous access to affordable expertise.</p> <p>To summarize: Institutionalizing training/support services is the crucial factor for achieving sustainability. This requires a combination of technical and institutional strengthening of institutions that - based on a systematic assessment - are willing and able to carry on beyond the end of the Programme. A clear business plan/strategy should be the basis for developing products/services.</p>				
	A = very good = 4	B = good = 3	C = problems = 2	D = serious deficiencies = 1	30%
5.3 What is the degree of policy support provided and the degree of interaction between project and policy level?	<p>Policy support is not the key objective of the Project, but nevertheless an important sustainability factor.</p> <p>So far, the link to/interaction with the policy level has been rather weak. Policy makers at the national and provincial levels are following the activities, but there is no specific advice on how to mainstream the concepts used under the project into policies.</p> <p>There is no evidence of policy changes as a result of the Programme. Among the four agencies, the ILO - through its tri-partite approach - had so far the closest link to the policy level.</p> <p>It is of crucial importance to systematically demonstrate the benefits of the concepts promoted under the Programme, to capitalize on them and to provide specific advice on how to develop enabling policies (and related budgets) for supporting/replicating them.</p> <p>The aspect of mainstreaming programme results into policies will have to be reviewed more in detail in preparing a follow-up phase.</p>				

Summary Assessment on Potential Sustainability [to be copied to MR section III]		Overall Score	
<p>Not sufficient attention has been paid so far to align with partners on a proper, gradual phase out strategy.</p> <p>From today's perspectives, chances of technical, financial and institutional sustainability are low without further follow-up support. Provided the quality mark will be hosted by LANITH as planned and the experts trained continue to be available, chances for <u>institutional and technical sustainability</u> of the mark are good. The <u>financial and technical sustainability</u> of the laboratory services to be provided by the University of Luang Prabang, which is needed to conduct testing the quality mark, is questionable. For the mark in general, no business plan is available that would allow for an assessment of future viability of the mark. The same is true for the handicraft label. Sustainability of improved management practices at smaller guesthouses would require embedding the different business support services provided to the local industry into strong, local institutions that are able and willing to carry on serving the local industry beyond the Project. "Training of trainers" alone, without institutionalization of service provision, is unsustainable. While the new organizational set-up of the CP Centre as a semi-independent public institution has increased perspectives for institutional and financial sustainability, initial ideas how to gradually decrease dependence from SECO funding have not been translated into a business plan. Direct technical and financial support to agricultural producers for buying equipment is a short-term solution. Strengthening agricultural extension services and teaming up with other development partners to ensure long-term access to funding (e.g. establishing microcredits schemes) would be more sustainable. The additional SDC support that is currently phased into the Programme is a significant step into the right direction. Policy support was one of the key objectives and an important sustainability factor. So far, the link to/interaction with the policy level has been rather weak. Policy makers at the national and provincial levels are "following" the Programme with interest and attending some of the events, but specific advice on how to mainstream the concepts that were "piloted" into policies has yet to be provided. To broaden impact and perpetuate results, it would be of great importance to systematically demonstrate benefits and to provide specific advice on how to translate them into enabling policies for supporting/replicating them.</p>		2	
Recommendations on Potential Sustainability [to be copied to MR section V]		Priority	Importance
Who			
	<p>Recommended action: <i>Must be specific, feasible and take the timeframe/budget of the Project into account. They must be addressed to one organization (recipient), which is competent to follow-up on it.</i></p> <p>Importance: <i>high = H (crucial for the achievement of results), medium = M (contributes significantly to the achievement of results), low = L (positive effect on results likely)</i></p> <p>Priority: <i>rated as high = H (immediate action required), medium = M (action required within the next 3 - 6 months) and low (within 6 months or more/for future projects)</i></p>		
ILO	<p>11. Formulate a clear concept on how to institutionalize support to the hotel industry</p> <p>In order to ensure sustainability of results, the ILO should establish and submit a clear (brief) concept on how to institutionalize its support to the hotel industry in Lao PDR in general and Luang Prabang in particular beyond the duration of the project. This might require the selection/strengthening of a partner institution that will be able to carry on training/capacity building activities beyond the time of the project. Working with hotel associations or integrating the support into LANITH's training programme funded by Lux Development might be an option to be considered. The partnership with the Tourism Training Center and the Ministry of Education are significant steps into the right direction.</p>	H	H
SECO UNIDO	<p>12. In a possible follow-up phase, core funding to the CP Centre should be replaced by a subcontract for specific services</p>	M	M

6. Other specific questions [submitted by donor/identified by ROM Consultant]

A de-briefing with SECO (separately during one Daniel Keller's next mission to Switzerland) and ideally also with the agencies would be of high value, since many of the issues identified are of more fundamental nature. Also, good evaluation practices require taking opinions of all stakeholders into account. The representatives of agencies (headquarter) are key stakeholder and may be able to provide insights that was not possible to be obtained at the field level. At the same time, feed-back to the preliminary evaluation results could be obtained. A discussion of the ROM report with formal feed-back would also enhance chances that recommendations are taken up. A de-briefing in Laos prior to the Steering Committee Meeting would be the most cost effective solution and would also allow to intensively involving the Lao counterparts.

Daniel Keller will follow-up with Christian Sieber and Franck Caussin

Other recommendations [to be copied to MR section V]

Who	<p>Recommended action: <i>Must be specific, feasible and take the timeframe/budget of the Project into account. They must be addressed to one organization (recipient), which is competent to follow-up on it.</i></p> <p><i>Importance: high = H (crucial for the achievement of results), medium = M (contributes significantly to the achievement of results), low = L (positive effect on results likely)</i></p> <p><i>Priority: rated as high = H (immediate action required), medium = M (action required within the next 3 - 6 months) and low (within 6 months or more/for future projects)</i></p>	Priority	Importance
None			

Annex B: Response Sheet (RS) recommendations ROM Report of 30 June 2012²

Recommendations				Comment Addressee			Status on 24 May 2013 (validated by ROM Consultant)	Responsible	Deadline
Who		Priority	Importance	Agree	Part. agree	Not agree			
SECO	<p>1. Improve transparency and timeliness of financial reporting</p> <p>SECO should cause UNOPS and the participating UN agencies to enhance timeliness and transparency of the financial reporting system to SECO and the GoL. In addition to audited financial report six months after the end of the project year as per trust fund agreement, half yearly reports should be prepared and submitted within three months of the reporting period. All reports should link expenditures according to UN-budget lines according to the five main outcomes. Financial reports should be shared with the PMU and the National Project Director to strengthen ownership and facilitate overall coordination of ODA.</p> <p>The cost for personnel resources should be analyzed in more detail in order to identify cost saving potential where this is possible without jeopardizing the quality of outputs.</p>	H	H				<p><u>Partially implemented</u></p> <p>As agreed with SECO, UNOPS produced and delivered an unaudited report as per 31.12.2013 at the end of March. The report, which was also shared with the National Programme Director, does however not link expenditures according to UN budget lines to individual outcomes.</p>	Agencies	31.3.2013

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SECO UNOPS ILO ITC UNCTAD UNIDO	<p>2. Initiate planning process for 2013 - 2016</p> <p>SECO/the UN agencies should take a decision in principle on future support to Lao PDR through a trade cluster project, in order to align the planning process with the ongoing preparation work for the next phase of the MDTF (TDF). This requires in particular:</p> <ul style="list-style-type: none"> Obtaining decision in principle of the GoL, SECO and the UN Agencies for a possible next phase of the project Provided approval to continue delivering trade-related technical assistance under the current framework of the project, define scope of intervention under consideration of the updated Action Matrix, aligned to support provided under TDF 2 (EC, AUSAID, GIZ, and World Bank). Ensure coordination/synergies with SDC's initiatives in the field of "income and employment generation" in the period 2013 - 2016. Ideally, all trade-related technical assistance provided by the UN (excluding work commissioned to UN agencies through the TDF) should be delivered through the trade cluster as a single-window facility for UN-services in the area of trade. Further strengthening the coordination role of UNOPS/PMU. 	H	H	X			<p><u>Partially implemented</u></p> <p>TDF II has started (focusing on trade facilitation/integration). No direct activities in provinces. Potential SECO contributions continue to be welcome. Agreement with SDC to provide additional funding signed (focus on outcome 3)</p>		
SECO	<p>3. Complement operational reporting on outputs with reporting of planned against expected outcomes based on an updated logical framework</p> <p>SECO should cause UNOPS and the executing agencies to establish an operational reporting to SECO and the GoL that assesses achieved against planned outcomes using the performance indicators defined in an updated logical framework.</p>	H	H				<p><u>Partially implemented</u></p> <p>The logical framework has been improved as far as this was possible and meaningful. It does however still not meet good RBM practices. Will be done for next phase.</p>		

UNOPS PMU	<p>4. Establish regular meetings between PMU, the Project Director and the provincial coordination committee in Luang Prabang</p> <p>Regular meetings between the IC (PMU), the Project Director and the provincial coordination committee in Luang Prabang would enhance the information flow and contribute to better coordination between the central and provincial levels.</p>	M	H				<p><u>Implemented</u></p> <p>Coordination has significantly improved and was commended by both national and local authorities. Quarterly provincial meetings take place.</p>		
SECO	<p>5. Agree with the Swiss COOF on a formal representation of SECO in multi-donor coordination groups</p> <p>SECO should agree the Swiss Coordination Office in Vientiane on how to ensure SECO's representation in donor coordination groups relevant to the Trade Cluster, in particular the working group on trade and private sector development.</p>	M	H				<p><u>Implemented</u></p> <p>Switzerland is represented by the Swiss Cooperation Office.</p>		
SECO	<p>6. Capitalize on potential synergies for following up on and complementing SDC-funded initiatives in Laos</p> <p>SECO should discuss with the SDC about opportunities to follow-up on and complement existing SDC projects aimed at strengthening value chains. This includes the SDC-funded project implemented in Luang Prabang (TABIS), the project "A Switch to Sustainable Rattan Production and Supply" and the initiative of Swisscontact aimed at the handicraft and food processing industries in southern Laos. This could result in synergies between the comparative advantages of SDC's experience in strengthening agricultural businesses with the project's expertise in linking them to markets.</p>	M	M				<p><u>Implemented</u></p> <p>Agreement with SDC to provide additional funding signed (focus on outcome 3)</p> <p>Sine this, coordination with TABI has significantly improved.</p> <p>Contact with Swisscontact has been established (Southern Laos).</p>		
All	<p>7. Progressively increase the use of local/regional expertise</p> <p>In order to increase likelihood of technical sustainability and save costs, all agencies should progressively increase the use of local expertise working alongside international experts. Furthermore, where possible, the use of regional expertise should be promoted, which will be easier to access beyond the duration of the Project.</p>	M	M				<p><u>Partially implemented</u></p> <p>Some shift to regional expertise</p>		

ILO	<p>8. Formulate a clear concept on how to institutionalize support to the hotel industry</p> <p>In order to ensure sustainability of results, the ILO should establish and submit a clear (brief) concept on how to institutionalize its support to the hotel industry in Lao PDR in general and Luang Prabang in particular beyond the duration of the project. This might require the selection/strengthening of a partner institution that will be able to carry on training/capacity building activities beyond the time of the project. Working with hotel associations or integrating the support into LANITH's training programme funded by Lux Development might be an option to be considered. Rather than operating a project-based consultancy through ILO-experts, the ILO should distinctively focus on strengthening the meso-level (local service providers).</p>	H	H				<p><u>Partially implemented</u></p> <p>The ILO took some steps into the right direction (closer involvement of the Luang Prabang Hotel and Restaurant Association.</p> <p>In the case of high schools, the KAB curriculum will be piloted in Luang Prabang and if successful, introduced nationwide in all provinces with high foreign visitor numbers - success story!</p>		
UNIDO	<p>9. Establish a clear plan on how to institutionalize RECP in Lao PDR beyond the scope/duration project</p> <p>UNIDO should support the CP center in Laos to establish a clear plan on how to ensure long-term institutional, technical and financial sustainability of RECP services in Laos. The model of the VNCPC of calling on government/donor-funding for core services of public interest to enterprises could provide input to this.</p>	H	M				<p><u>Not implemented</u></p> <p>The Ministry would be very interested to receive UNIDO's support to develop a CP Strategy of policy, but has so far not yet received a response.</p>		
UNIDO ITC UNCTAD	<p>10. Support producers' associations in establishing Geographical Indications for key handicraft products</p> <p>Instead of only a "label", the Project should work towards the establishment of registered Geographical Indications (GIs), which would better serve the purpose of increasing the quality/value added to local products and protecting local art producers against counterfeit products from within and outside Lao PDR. This might require sourcing expertise from specialized institutions (e.g. the Swiss Federal Institute of Intellectual Property) and coordination with the Lao Intellectual Property Office.</p>	M	M				<p><u>Under implementation</u></p> <p>The ITC will conduct a feasibility study on the potential of Geographical Indications.</p> <p>Furthermore, Daniel Keller will under the Lao Intellectual Property Project funded by SECO arrange general awareness raising seminars (together with the IPI) in Luang Prabang and Vientiane (tentatively on June 24/26, 2013)</p>		

UNCTAD	11. Consider applying BioTrade principles for selected products In the view of a possible next phase, UNCTAD should explore the possibility to promote its BioTrade concept for selected natural products in Lao PDR. UNCTAD would be particularly well positioned in conducting policy dialogue with the GoL.	L	L				<u>Not implemented</u>		
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Stakeholder feed-back received at the de-briefing (factual verification)

Who	Comment	Answer ROM Expert

Annex D: Methodology³

1. What is Result-Oriented Monitoring (ROM)?

ROM is a regular rapid external assessment of the quality and progress of technical cooperation projects, based on standard evaluation methodology through short missions. The ROM expert must fulfill the criteria of independence defined by DAC for evaluators. He/she must be free from conflict of interests.⁴ In particular, the ROM expert must not have been involved into the preparation or implementation of the project under assessment.

ROM complements evaluations and regular internal monitoring by the project.

Monitoring by the project checks progress in achieving results and, unlike evaluations, does typically not include an assessment of project quality.

In contrast, ROM provides the donor, project management, project partners and other stakeholders with a regular “snapshot” review of a project’s performance. The value-added of ROM is that project *quality* is regularly assessed throughout the lifecycle of a project and not just towards its end. This allows for timely corrective action to optimize project performance. ROM provides direct feedback on success and problems during implementation and gives recommendations on how to improve operations. This enables project managers to take informed and timely decisions. Project implementation should be seen as a continuous learning process. Regular project reviews provide an opportunity to reflect on progress, agree on the content of progress reports and follow-up actions required. Experience gained is reviewed and fed-back into on-going planning.

Beyond this, the ROM process itself, including the discussions the ROM experts initiate with and among the stakeholders, should stimulate thinking in results-oriented terms and encourage improvements of project performance.

Besides triggering immediate changes in a specific project, ROM also aims at providing helpful data and drawing lessons learned. Ideally, ROM-reports also feed into the programming phase of the project cycle, e.g. for other similar projects or follow-up phases.

2. Approach and evaluation steps

ROM combines different evaluation tools to ensure an evidence-based qualitative and quantitative assessment. Particular emphasis is given to cross-validation of data and an assessment of plausibility of the results obtained. The methodological mix included desk studies, individual interviews, interviews of focal groups and direct observation. ROM focuses on key issues relevant to the achievement of project objectives. The time available for field missions (5 days excluding travel), preparation (1 day) and report writing (2 days) necessarily limits the depth of the assessment possible. Thus, rather than collecting primary data, ROM works on the basis of summarizing and validating monitoring data of the project.

While providing an independent assessment, ROM applies an interactive and participatory approach, taking into account the views of all persons involved. Ownership and partnership rely on the availability of data to enable informed decision making. Thus, in order for ROM to have maximum impact on project management, ROM reports should be communicated to all relevant stakeholders⁵. Only a proper dissemination will ensure that ROM contributes to the improvement of the project.

Briefings and de-briefings at the beginning/end of the mission are an essential part of ROM.

³ The methodology applied has been developed by **Swiss Consulting® Co. Ltd Vietnam** by adapting the system for Result-Oriented Monitoring (ROM) of the European Commission (EC) to cater to specific need of monitoring inter-agency and other programmes funded by the Swiss State Secretariat for Economic Affairs. The methodologies and templates have been adopted from: European Commission, **EuropeAid Co-operation Office, ROM Handbook Results-oriented Monitoring April 2012.**

⁴ Idem, Article 3.5: “Evaluators are independent from the development intervention, including its policy, operations and management functions, as well as intended beneficiaries. Possible conflicts of interest are addressed openly and honestly.”

⁵ There might be exceptional cases that warrant exceptions to this principle. The Client decides.

Results of the mission are presented in form of a written report (see below) and through physical de-briefing session (a) with key stakeholders in the field and (b) with the Client. During de-briefings in the field, no material is distributed!

The ROM-consultant reports exclusively to the contact person of the Client only. He/she is not empowered to make any representations or enter into any commitments on behalf of the Client.

3. Assessment Criteria

Quality of the project is assessed according to the OECD/DAC⁶ criteria for evaluating development assistance through an assessment of relevance, efficiency, effectiveness, impact and sustainability.

- **Relevance:** Looks at the extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donor's policies;
- **Efficiency,** is a measure of how economically resources/inputs (e.g. funds, expertise, time) are converted into results;
- **Effectiveness** measures the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance;
- **Sustainability** assesses the likelihood of continuation of project benefits after major development assistance has been completed.

Note: As a part of efficiency, ROM also assesses synergies with other donors and within different elements of a programme. Quality of project management assesses project cycle management against internationally recognized best practices, as for instance reflected in the manuals of SECO⁷. It furthermore looks at the performance of management in fulfilling their tasks according to their job descriptions. Ownership is assessed as one of the sustainability criteria.

4. Outputs of ROM

The ROM-Report includes the following documents:

(a) Monitoring Report (MR)

The MR includes a project synopsis, a grading of the quality⁸ of the project, a narrative summary of the quality assessment, conclusions (cross-cutting), recommendations and lessons learned (if any).

(b) Background Conclusion Sheet (BCS in Annex A)

The BCS is the key methodological instrument for ROM providing the structure for ROM to ensure objectivity, consistency and comprehensiveness. It serves as a supporting document for drafting the MR. It serves as the basis for grading in the MR. As an Annex to the MR it provides ROM users with more detailed information in addition to the ROM Report. The BCS also includes the monitoring of follow-up on actions decided by the Client based on previous recommendations.

(c) Response sheet (RS in Annex B)

The RS is filled out by the ROM-consultant based on the feedback received from the addressees of recommendations at the de-briefing. It includes eventual plans to implement MR recommendations and sets clear responsibilities by whom and by when.

5. Disclaimer

The mentioning of names of organizations, companies and products in ROM reports does not imply the endorsement of the evaluator or of the Client. The views and opinions of the evaluator do not necessarily reflect the position of the Client.

⁶ DAC Guidelines and Reference Series, Quality Standards for Development Evaluation, OECD Development Assistance Committee, OECD 2010

⁷ See as an example in: A Primer on Results-Based Management, SECO Economic Cooperation and Development, NADEL, ETH Zürich, Rudolf Batliner, Ruedi Felber, Isabel Günther, February 2011.

⁸ The grading is a summary of a more detailed grading (weighting different evaluation criteria) in the BIC. The grading is standardized (1: very good; 2 good; 3 problems; 4 serious deficiencies). Grades are rounded.