

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: LRM, SERD

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<b>TA No. and Name</b> TA No. 3969 -LAO: Northern Region Strategic Action Plan			<b>Amount Approved:</b> \$700,000	
			<b>Revised Amount:</b> \$700,000	
<b>Executing Agency</b> Committee for Planning and Investment		<b>Source of Funding:</b> TASF	<b>TA Amount Undisbursed</b> \$41,257	<b>TA Amount Utilized</b> \$658,743
<b>Date</b> <b>Approval</b> 04 Nov 2002			<b>Completion Date</b> <b>Original</b> 31 Mar 2004	
<b>Signing</b> 26 Nov 2002			<b>Actual</b> 31 March 2005	
<b>Fielding of Consultants</b> 13 Dec 2002			<b>Closing Date</b> <b>Original</b> 31 Mar 2004	
<b>Actual</b>				
<b>Description</b> Lao PDR experienced a significant reduction in poverty from 45% in 1993 to 33% in 2003, and economic growth averaging 6.3% per annum over the period 2001-2005. However, development has largely taken place in the urban centers and the lowland communities in the Mekong river basin. Thus, the gap in interregional and rural-urban socioeconomic development has been widening. The northern region has not adequately integrated with the other regions in Lao PDR and has thus not proportionately benefited from the country's recent development. Poverty incidence (52.5%) in the northern region is much higher than in the central (34.9%) and southern (38.4%) regions. Physical and social infrastructure development in the northern region lags behind other regions posing a serious barrier to access to basic social services and viable economic opportunities. At the time the TA was prepared the Government planned to develop participatory strategic action plans for the northern, central, and southern regions commencing with the northern region. As the north is a geographic focus of ADB operations focus in the current CSP, this TA is aligned to the CSP and the Government's priorities. The Committee for Planning and Investment (CPI) was appointed as the executing agency for this TA.				
<b>Objectives and Scope</b> The TA set out to assist the Government to (i) prepare a Northern Region Development Strategy (NRDS), aiming at better balanced and broad-based development; (ii) establish best practices for regional planning through effectively coordinating central agencies, line ministries, provinces, the private sector, and communities; and (iii) strengthen the capacity within the Government and provinces in conducting effective regional development planning. The NRDS was to include a strategic vision up to 2020, and a plan of action up to 2010, and it was to place emphasis on key opportunities for investment activities, policy reforms, and institutional improvement that are necessary to address binding constraints, realize development potential, and improve living standards in the northern region. It aimed to identify and prepare key proposals suitable for internal and external financing. In particular, the NSAP aimed to have a major bearing on the public investment program (PIP). The TA was designed in close consultations with central and local governments, development partners, civil society and private sector through a series of meetings and consultative workshops during the field work for reconnaissance and fact finding missions. The TA implementation was originally scheduled from December 2002 to March 2004.				
<b>Evaluation of Inputs</b> The TA was financed by a grant from the ADB amounting to \$700,000. The TA was adequately formulated and responsive to the country need as were the terms of reference (TOR) of the consultants. The major input of the TA was consulting services, providing for 63 months of international consulting and 14 months of domestic consulting. The TA facilitated participatory planning workshops and provided logistic support. The Government showed very strong ownership of the TA. The General Planning Department and the National Economic Research Institute <sup>1</sup> provided three full time counterpart staff to the project and office accommodation. The Government also appointed a Steering Committee (SC) headed by the Deputy Prime Minister and President of CPI to oversee the implementation of the project. Members of the SC comprised a Deputy Governor from each of the nine northern provinces and a Director General from each of the key line ministries of the central Government including General Planning Department, National Economic Research Institute Ministry of Health, Ministry of Education, Ministry of Agriculture and Forestry, Ministry of Communication, Transport, Post and Construction, Ministry of Commerce, Ministry of Industry and Handicraft, Ministry of Finance, Lao Women Union, Bank of Lao PDR and National Tourism Authority. The scope, TOR, and implementation arrangements and schedule of the TA were considered relevant and appropriate. The TA also provided assistance to the Government in formulating the National Growth and Poverty Eradication Strategy (NGPES). During implementation the Government requested ADB to extend the TA by 12 months to conduct further stakeholder consultations and to align the final version of the NRDS with the Sixth National 5-Year Socioeconomic Development Plan (NSED6): 2006-2010. ADB approved the TA extension. All tasks in the TOR of the consultants were satisfactorily completed <sup>2</sup> , and the Lao PDR Resident Mission (LRM) staff actively participated in the TA implementation.				

<sup>1</sup> Both the General Planning Department and National Economic Research Institute are under the Committee for Planning and Investment, which was the Executive Agency of the TA.

<sup>2</sup> See Consultants' Performance Evaluation Report.

The ADB missions closely monitored the progress and issues of the TA, reviewed reports and drafts of the NRDS, and provided timely and valuable feedback and decisions on technical and management issues. ADB fielded missions, both at the central and provincial levels, to discuss the reconnaissance, inception, mid-term and final report with senior Government officials, private sector and communities involved, and other concerned stakeholders. ADB missions participated in the workshops at the central and regional levels to discuss the NRDS. The performance of the EA and ADB is considered satisfactory.

#### **Evaluation of Outputs**

The TA had three key components and outputs. **(i) Prepare a Northern Region Development Strategy (NRDS), aiming at better balanced and broad-based development.** The Northern Region Development Strategy (NRDS) was developed through participatory processes including extensive consultations with the Government, development partners, private sector and other stakeholders. The NRDS was produced both in English and subsequently translated to Lao language. The final version of the NRDS was widely distributed to line ministries and provinces as well as to a number of development partners. The NRDS significantly incorporated the National Growth and Poverty Eradication Strategy (NGPES) which was ultimately integrated in the NSEDP6. In preparing their socio-economic development plans and sector strategic plans, line ministries and provinces benefited from the analyses and policy recommendations made under the NRDS. As a result, line ministries and provinces effected a transition from the central planning practices to a market-oriented and sound socio-economic planning process as reflected in the ministerial and provincial socio-economic development plans (SEDPs). **(ii) Establish best practices for regional planning through effectively coordinating central agencies, line ministries, provinces, the private sector, and communities.** The Steering Committee met regularly to discuss issues relating to NRDS and review TA outputs, and worked out best practices for planning, which were adopted in the preparation process of the NSEDP6. Capacity in adopting best practices in planning, and in inter-ministerial and central-local government coordination in the process was developed for both line ministries and provinces. Through experience gained from the involvement in the NRDS, line ministries and provinces recognized the importance of coordination among themselves and with other development partners, and subsequently applied it to their SEDPs planning process. The General Planning Department of CPI extensively used a similar approach for the preparation of the NSEDP6. **(iii) Strengthen the capacity within the Government and provinces in conducting effective regional development planning.** The consultants worked closely with different Central and Provincial Government agencies, and consistently involved the National Economic Research Institute and General Planning Department of CPI, planning departments of line ministries and Northern provinces in the process of the preparation of the NRDS. The TA Inception workshop attended by all northern provinces was organized in Oudomxay Province. Data collection and discussions on development constraints and potential were carried out with Luangnamtha, Luang Prabang, Sayabury, Xiengkhouang and Huaphanh provinces. One high-level consultation workshop attended by provincial vice governors, vice ministers and senior officials was conducted in Vientiane. Three regional workshops were conducted to discuss the draft of the NRDS, including the High-Level Workshop, chaired by the Deputy Prime Minister and President of CPI in Xiengkhuang, for the Governors of the nine Northern provinces and a number of key ministers and vice ministers. During finalization of the NRDS two additional regional consultation and dissemination workshops and a field visit were conducted by LRM and CPI to discuss the final draft of the NRDS. Overall, more than 400 persons attended consultation workshops. Field visits confirmed that most of the northern provinces made use of the NRDS planning approach in identifying binding constraints, economic potential, and policy recommendations in the development of their five-year socio-economic development plans. The delivery of outputs was timely for the integration of NRDS in the NSEDP6 and for providing inputs into the on going preparation of the ADB Country Strategy and Program for Lao PDR covering the period 2007-2011.

#### **Overall Assessment and Rating**

The TA is rated as successful. Strengthened individual and institutional capacity for regional and national planning practices and analytical skills of the planning departments of CPI and those of the northern region provinces will enhance the planning capacity of the country. This was evidenced by the preparation of a sound socio-economic development plan, i.e. the NSEDP6. The TA provided a sound example of a planning process to be adopted by sectoral ministries and provinces in the preparation of their strategic plans.

#### **Major Lessons Learned**

Extensive consultations and a well-defined mechanism for inter-ministerial and provincial coordination is important for successful development planning; the Government's high level commitments and ownership over the TA is a decisive factor for success; and developing institutional and individual capacity through proactive involvement in the TA is an effective way of capacity development.

#### **Recommendations and Follow-Up Actions**

Since the NRDS was incorporated in the NSEDP6, it is worthwhile to consider providing a follow-up TA to assess capacity in the implementation of the NSEDP6 in priority sectors, and possible financing of a well formulated capacity development program for the NSEDP6 in these sectors.