

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: SEOC

TA No., Country and Name		Amount Approved: \$400,000	
TA 4521-LAO: Institutional Strengthening for Poverty Monitoring and Evaluation		Revised Amount: \$400,000	
Executing Agency National Statistics Center	Source of Funding TASF	Amount Undisbursed: \$43,103.45	Amount Utilized: \$356,896.55
TA Approval Date: 22 Dec 2004	TA Signing Date: 31 Mar 2005	Fielding of First Consultants: 25 Sep 2005	TA Completion Date Original: 28 Feb 2006      Actual: 31 Mar 2008  Account Closing Date Original: 28 Feb 2006      Actual: 30 Jun 2008

**Description:** Lao PDR has made considerable progress in reducing overall poverty since the early 1990s, with the poverty rate falling from 46% to 33% in the ten years to 2002/03. However, there remain large disparities along ethnic, regional, and gender dimensions. In 2003, the National Assembly mandated the Government to implement the National Growth and Poverty Eradication Strategy (NGPES) which aimed to reduce poverty through strong economic growth and with an increased focus on the 47 districts identified by the Government as priority districts for poverty reduction. The first participatory poverty assessment (PPA) conducted in 2000 with ADB support illuminated the dimensions of poverty from the perspective of the poor themselves. Subsequently ADB provided support to pilot test implementation of a participatory poverty monitoring instrument in various districts and build capacity in periodic poverty assessments. This TA was designed to build on these initiatives and was included in ADB's Country Strategy and Program Update 2004-2005 for the Lao PDR.

**Expected Impact, Outcome and Outputs:** The TA was expected to impact the Government's poverty reduction efforts over the longer-term through a better understanding of poverty and its determinants. The expected outcome of the TA was improved monitoring and evaluation capacity of the National Statistics Center (NSC) to inform policies for poverty reduction. It was formulated in close consultation with the NSC, Ministry of Finance, Committee for Planning and Cooperation, the World Bank, and Statistics Sweden. The expected outputs were (i) an updated PPA, (ii) an assessment of poverty monitoring and training of government officials at the provincial and district levels in participatory monitoring techniques, and (iii) a quantitative assessment of the impact of infrastructure development and trade on poverty incidence. The formulation of the TA and the consultants' terms of reference were generally adequate to support its rationale and purpose. The implementation arrangements were appropriate, considering the EA's central role in poverty monitoring and evaluation, although the implementation period proved to be ambitious.

**Delivery of Inputs and Conduct of Activities:** The TA was programmed to finance 16 person-months of international consultants (including experts, in participatory social assessment and in economic and social impact of projects, with knowledge about the Lao PDR context) and 15 person-months of national consultants. The consultants performed well in terms of their interaction with the EA, quality of the reports, their participation in the consultation workshops, and the conduct of training programs.

The implementation period, originally expected to be one year, proved to be too short for a number of reasons. Major activities got off to a late start because of delays in (i) mobilizing a suitable consultant/team leader for the participatory assessment component of the TA, and (ii) reaching agreements on administration of finances under the TA, selection of the sample of villages for the participatory poverty survey, and the appropriate sequencing and design of the training program for district and provincial officials. Once agreements were reached on these issues, implementation proceeded generally smoothly, albeit with some delays attributable to the difficulty of access to some remote villages for the survey during the rainy season and the somewhat longer-than-anticipated time taken for review, finalization, endorsement, and printing of the TA reports. Overall, the EA was satisfied with the inputs provided and the conduct of activities.

**Evaluation of Outputs and Achievement of Outcome:** The EA showed strong ownership of, and commitment to, the project. The main counterparts were closely involved in all stages of the survey and training programs, as well as the quantitative impact assessment. The survey teams for the participatory assessment included representatives of the provincial and district planning offices, the Lao Front for National Construction, and the Lao Women's Union, in addition to staff from the EA and TA consultants. The TA reports were printed by the EA, with support from ADB, further indicating their ownership. In spite of the longer-than-anticipated implementation period, the EA's close involvement throughout the project ensured that the outputs were relevant, useful, and of a quality that was to the

client's satisfaction. As a result of the close participation of central, provincial, district level officials in all stages of implementation, the TA was effective in achieving its outcome of enhancing capacity for poverty monitoring and evaluation. The TA outputs were as follows:

**(a) Participatory poverty survey and assessment:** The survey of 95 villages in 47 poorest districts identified by the Government as priority districts for poverty reduction was conducted in 2006. Of the 95 villages, 35 had also been included in the first PPA completed in 2000, allowing comparisons of the trend and nature of poverty between the two years. Some of the key findings from the survey were: (a) villagers in these poorest districts generally do not perceive poverty to have been reduced over the past five years; (b) a large proportion of villages reported decreases in consumption of wild meat and, except for villages in the North, in wild vegetables; (c) livestock (a key measure of wealth as defined by villagers) were reported to have declined in the majority of villages in the South and Central regions. The major factors contributing to poverty identified by the villagers were (a) insufficient access to land; (b) livestock disease; (c) lack of access to finance and to markets; (d) lack of knowledge in marketing and distribution; (e) inadequate education and health services. A key implication of the PPA is that policies to consolidate villages to improve their access to infrastructure and social services, and to re-allocate land with the objective of eradicating opium production and controlling swidden cultivation, are not having the desired effects. The findings of the PPA were presented and discussed in a workshop attended by about 60 central, provincial, and district officials and representatives from the donor community. Their comments were incorporated in the final report.

**(b) Training to develop capacity in participatory monitoring and evaluation.** The training manual for participatory assessment at the district level which was developed under a previous TA was reviewed and revised under the current TA. It was then utilized in a training program held for one week each in three central locations, Savannakhet, Xieng Khoang, and Louang Prabang. The participants comprised a total of 124 officials from provincial and district planning offices, district-level Lao Front for National Construction and Lao Women's Union, representing each of the 17 provinces and 47 poor districts. The training was carried out by National Statistics Center staff, including a Deputy Director General and those who were part of the survey teams for the Participatory Poverty Assessment, as well as the local consultant team engaged under the TA. It covered the methodologies for participatory poverty assessment, data collection, data compilation and report writing. The participants also visited nearby villages for field work. Overall the training was judged a success by both the trainers and the trainees. Some difficulties experienced involved differences in education and backgrounds of the trainees, with some participants too quantitatively oriented while others had more village level experience.

**(c) Quantitative assessment of the impact of infrastructure development on poverty.** A general equilibrium modeling approach was used to assess the effect of rural road improvement on poverty incidence. The report considered three categories of villages according to the quality of rural roads to which they had access: (i) no vehicular access, (ii) only dry season access, and (iii) all weather access. The results indicated that upgrading of roads had significant effect on poverty reduction, with the effect of upgrading from no vehicular access to only dry season access particularly large. The costs of such upgrading were also larger, but much less so than its relative positive effect on poverty reduction. The results suggest that there may be grounds to reconsider the way in which resources are allocated among different types of road improvement. The report was discussed at a workshop attended by representatives from the central government, research institutes, and the donor community, and their comments were incorporated in the final report.

**Overall Assessment and Rating:** The TA is rated as successful overall. It was highly relevant to Lao PDR, considering the disparities in poverty rates along ethnic, regional, and gender lines, in spite of the country's significant success in achieving overall poverty reduction. However, the sustainability of the outcome depends largely on the Government fulfilling its commitment to steadily improve statistical capacity with an increase in staffing and resources and, in the short- to medium-term, support from development partners. The latter has become more urgent with the decision last year by the Swedish International Development Agency (SIDA) to stop its support to Lao PDR after this year as part of its overall strategy to focus on only a limited number of countries in Asia. SIDA was a major source of funding to the National Statistics Center, including the financing of all the censuses.

**Major Lessons:** The implementation period for the TA could have been more realistic. Apart from the time required to engage a suitable expert for the PPA, a period of one-half to two years would likely have been more appropriate.

**Recommendations and Follow-Up Actions:** Considering the Government's limited resources and the importance of external assistance to development of the statistical system, further support will likely need to be considered in the context of overall statistical capacity development in the Lao PDR, as diagnosed under an ongoing RETA being implemented by ADB's Economics and Research Department.