



Technical Assistance Report

Project Number: 39178
July 2005

Lao PDR: Small-Scale TA for Capacity Development for Monitoring Development Results for the National Growth and Poverty

Eradication Strategy (Financed by Managing for Development
Results Cooperation Fund)

Asian Development Bank

7 July 2005

For Approval of Para. 14

To: Vice President (Operations 1)

Through: Director General, MKRD

From: Country Director, LRM

Subject: **LAO: Small-Scale Technical Assistance for Capacity Development for Monitoring Development Results of the National Growth and Poverty Eradication Strategy– Request for Approval****I. INTRODUCTION**

1. The National Growth and Poverty Eradication Program (NGPES)¹ adopted in 2004 reflects the overall development framework of the Government of Lao PDR and hence its commitment to sustainable growth and poverty eradication. Monitoring the development results of the NGPES and the related capacity building is a major concern and is of paramount importance in guiding the formulation of policies and focused investment programs to respond to the country's development needs. The Government of Lao PDR requested the Asian Development Bank (ADB) to provide a small-scale technical assistance (SSTA)² to build capacity for monitoring development results of the NGPES. A consultation³ with the Government during May 2005 on the proposed SSTA reached an understanding on its goal, scope of activities, and implementation arrangements. Subsequently during the Country Programming Mission on 26 April – 6 May 2005, the SSTA was included in the non-lending assistance program as "Firm" for 2005.

II. ISSUES

2. Over the last decade, Lao PDR has made impressive progress in socio-economic development and poverty reduction - poverty incidence decreased from 46.0% in 1992 to 32.7% in 2002. Lao PDR is in the process of implementing the NGPES for achieving the Millennium Development Goals (MDGs) and the country's medium-term development objectives: (i) graduating from least-developed country status (LDCs) by 2020; (ii) eliminating

¹ The National Growth and Poverty Eradication Strategy (NGPES) meets the Poverty Reduction Strategy Paper (PRSP) requirements.

² The SSTA concept paper was approved by Vice President (Operation 1) on 31 March 2005. The SSTA was first listed in ADBBO on 6 May 2005.

³ From 6 to 12 May 2005, a Fact Finding Mission comprising Mr. Rattanatay Luanglatbandith, LRM Senior Economist, met with Director General of the General Planning Department of the Committee for Planning and Investment; and Director General of Department of International Cooperation of the Ministry of Foreign Affairs to discuss the proposed SSTA. The Mission also met with the United Nations Development Programme (UNDP) to exchange views on how to cooperate in assisting the Government to strengthen NGPES monitoring capacity and to achieve complementarities with the related UNDP initiatives.

opium production by 2006; (iii) phasing out slash and burn cultivation by 2010; and (iv) eradicating mass poverty by 2010.

3. Monitoring can be viewed at two broad levels: (i) monitoring of inputs and outputs or implementation monitoring, and (ii) monitoring of outcomes and impacts or impact monitoring. Both monitoring and evaluation of the implementation of the NGPES and its impact are integral elements of the NGPES. In its present form, the NGPES does not entail a methodology or system for assessing development results of the NGPES. The monitoring system for NGPES is yet to be identified and built. The indicators included in the NGPES are voluminous and vary in degree of importance. A number of poverty and social development indicators are currently being used in Lao PDR, but they are not always consistent or up to international standards. Overall, the statistical system in Lao PDR is still weak, and capacity for data collection and analysis requires strengthening. Official statistics are still untimely and available only for limited items pertaining to production and outputs of different economic sectors. These statistics measure the outputs of different sectors but their paucity renders them unamenable to the measurement of the intended development results. Different Ministries undertake ad hoc surveys, but again the definitions they use are not consistent with those used by other Government agencies or by development partners. Following the Governance Round Table Meeting in 2004, the Government has stepped up legal and institutional development and reform in public administration with a view to achieve greater participation, accountability and transparency. To this effect, the Government places a strong commitment to the development of a sustained monitoring and evaluation system in the most effective and efficient manner possible.

4. As far as institutional arrangements are concerned, currently, there is no focal point within the General Planning Department (GPD) of the Committee for Planning and Investment (CPI) for undertaking monitoring and evaluation of development results of the NGPES. Monitoring and evaluation of the National Socio-economic Development Plan (NSED) is apparently done by staff of the sectoral divisions within GPD through administrative reports from line agencies and official statistics from the National Statistical Centre (NSC). To the extent possible, the NGPES implementation monitoring and evaluation system will be built upon the existing plan implementation monitoring system. CPI proposes to establish within the GPD a unit for monitoring the implementation of the NGPES and its development effectiveness.

5. NSC is mandated with monitoring and evaluation of the SEDP through its routine official statistics system. One of the thrusts of NSC in relation to NGPES is to monitor the outcome and impacts of development on poverty reduction. NSC conducts the Lao Expenditures and Consumption Survey (LECS) every five years. National Health Survey is conducted every two years, and Population Census is conducted every ten years. NSC also develops the Village Statistical Book (VSB) for data collection at the grass root level on a regular basis. The VSB provides information on village profile, production, wealth, and poverty status. However, to develop VSB into an efficient reporting system for monitoring poverty, substantial resources and institutional and staff capacity building would be required; which is beyond the Government's financial capacity. Information from different sources listed above including user surveys will be fed into a National Information System currently being developed by NSC, and this system will be utilized for NGPES, MDGs and NSED monitoring and evaluation. As the current analytical capacity of the NSC is still weak, in order to make NGPES monitoring and evaluation sustainable, it also is necessary to build the capacity of NSC in monitoring and evaluation of development results.

6. The Government is in the process of preparing the Five-Year National Socio-Economic Development Plan (NSED) for 2006-2010⁴. The NSED is instrumental to the implementation of the NGPES. ADB's new Country and Strategy and Program (CSP) for 2007-2011 will be aligned with the NGPES and the NSED. Monitoring the results of the implementation of the NGPES is a means to gauge development results of the NSED and the international commitments of Lao PDR toward achieving Millennium Development Goals (MDGs) because MDGs are duly integrated in the NGPES. Recently, the Government decided to integrate NGPES activities in the NSED. However, the integration of all NGPES activities in the NSED could not happen overnight. There is also an opportunity to develop a cost-effective and efficient common set of key measurable results based indicators for monitoring the CSP in line with monitoring of the NGPES indicators.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

7. The purpose of the SSTA is to strengthen the Government's institutional capacity for monitoring the implementation of results-based NGPES and its development effectiveness. To this end, the SSTA assists central and local government authorities strengthen the capacity of the concerned government officials in applying the MfDR approach for monitoring the NGPES. While pursuing the result-orientation, specific attention will be paid to avoid imposing quantitative targets and constraints on business activities of the enterprise sector, in support of the Government's efforts to implement liberal economic reforms and the country's transition to a market economy. Under the framework of the Round Table Process for Government-donors consultations, UNDP is assessing the existing Government monitoring system and capacity. This assessment will be considered under the proposed SSTA, which will then develop a simple and functional monitoring approach or system for results-based NGPES monitoring. The initiatives under the SSTA will complement the current statistical system of NSC and the overall NGPES monitoring efforts under the Round Table Process. It is expected that NSC will be actively involved in the development of baseline information data for development results monitoring, identifying data gaps for the results-based indicators and in capacity building entailed in the SSTA. The SSTA will contribute to building statistical capacity for the country over the medium to long term.

8. The expected outputs of the SSTA include (i) an acceptable set of measurable indicators for monitoring and evaluation of the implementation and impact of the NGPES, (ii) a common methodology to monitor those indicators, (iii) a functional and sustainable results-based monitoring system (iv) appropriate training programs to improve capacity on monitoring (data collection, processing and analysis) of concerned government officials, and (v) sustained application of the monitoring methodology. To sustain the application of the monitoring system developed, the proposed capacity building also includes training of trainers. As a result of these outputs, the Government will internalize the implementation of the results-based NGPES monitoring in the routine works of the central and local government statistical and planning agencies, under each of which a monitoring unit with full time staff is to be formally established.

⁴ To strive towards wider participation, transparency and accountability, in June 2005, the Government organized the first ever consultation meetings on National Socio-economic Development Plan (NSED) 2006-2010 with donors, private sector and other stakeholders.

⁵ The proposed SSTA financing was endorsed by the Managing for Development Results Cooperation Fund Review

B. Methodology and Key Activities

9. The SSTA will have the following components: (i) identification of a set of common measurable indicators for monitoring implementation and impacts of the NGPES and the CSP, and identification of data gaps for these indicators; (ii) development of a functional monitoring methodology and approach for the indicators identified in (i); (iii) preparation of guidelines and data collection modules for the application of the monitoring system and approach; and (iv) development of capacity in data collection, database maintenance capacity and in the analysis of data collected for these indicators for staff in the GPD and NSC, and the corresponding staff in sectoral ministries and provincial government officials, including training of trainers.

10. Key activities of the SSTA include the following: (i) identification of a set of measurable NGPES indicators acceptable to the Government and ADB; (ii) in collaboration with NSC and the monitoring unit of GPD, identification of data gaps for these indicators and providing recommendations to address these gaps; (iii) development of a functional monitoring framework and methodology for measuring the indicators identified, based on the findings of the UNDP assessment of current monitoring institutional capacity; (iv) preparation of guidelines on monitoring for development results; and (v) provision of a training workshop for staff responsible for NGPES monitoring in CPI and sectoral ministries, including training of trainers and a training workshop for provincial and district staff entrusted with similar assignments in each of the Northern, Central and Southern regions of Lao PDR. The technical assistance framework is shown in Attachment 1.

C. Cost and Financing

11. The TA is estimated to cost \$ 170,000 equivalent, of which the foreign exchange cost is \$76,010 and the local currency cost is \$93,990 equivalent. ADB will provide a grant of \$150,000 to cover the entire foreign exchange cost and \$73,990 equivalent of the local currency costs. The TA will be financed on a grant basis by the Managing for Development Result Cooperation Fund⁵. The Government will contribute the remaining local currency cost of \$20,000 equivalent to provide office accommodation, counterpart staff, and related facilities. Details of the cost estimates and financing plan are in Attachment 2.

D. Implementation Arrangements

12. The SSTA will be undertaken over a period of 4 months and is expected to commence by October 2005, for planned completion by January 2006. The CPI will be the Executing Agency of the SSTA. The Government will appoint a senior official of CPI's General Planning Department to act as the TA director. The director will serve as the contact point for ADB and will be responsible for the overall implementation of the SSTA, including supervising the work of the consultants, reviewing their reports and monitoring capacity building activities.

13. The SSTA will require the input of 3 person-months of an international consultant (Result-based Planning and Monitoring Specialist) and 4 person-months of a domestic consultant who will serve as Poverty Monitoring Expert and Project Coordinator to assist the international consultant in carrying out SSTA activities. The consultants will be engaged by ADB and recruited individually according to ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the selection and engagement of domestic consultants.

The outline terms of reference for consultants are presented in Attachment 3. The consultant will procure equipment in accordance with ADB's Guidelines for Procurement.

IV. RECOMMENDATION

14. Management's approval is requested for provision of technical assistance not exceeding the equivalent of \$150,000 to the Government of Lao PDR to be financed on a grant basis by the Managing for Development Result Cooperation Fund for Capacity Development for Monitoring Development Results of the National Growth and Poverty Eradication Strategy. Upon approval, the grant will be reported to the Board in the Monthly Report on Small-Scale Technical Assistance Projects.

Attachments:

- 1 - Technical Assistance Framework
- 2 - Cost Estimates and Financing Plan
- 3 - Outline Terms of Reference for Consultants

cc: Directors General, OED/RSDD
General Counsel
Chief Economist, ERD
Controller
Principal Director, COSO
Deputy Director General, MKRD
Directors, MKOC/MKID/MKAE/MKGF
Chief Advisor to the President, OPR
Senior Advisor, VPO1
G. Atay, OGC; Rattanatay Luanglatbandith, LRM

Attachment 1

TECHNICAL ASSISTANCE DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
Goal <ul style="list-style-type: none"> To strengthen the institutional capacity of the Government for results based monitoring of NGPES. 	<ul style="list-style-type: none"> NGPES indicators relating to CSP completely identified. Methodology and system for measuring indicators identified. Training of key Government officials conducted. 	<ul style="list-style-type: none"> NGPES and NSED progress reports. CSP indicators included in the CSP for 2007-2010. 	<ul style="list-style-type: none"> Government's strong commitments to introduce results oriented development planning for economic growth and poverty reduction. Government's strong commitments to the development of a sustainable monitoring and evaluation system.
Purpose <ul style="list-style-type: none"> Enhanced capacity of Government Institutions and officials to develop a workable approach for monitoring growth and poverty reduction 	<ul style="list-style-type: none"> Enhanced understanding of results-based development framework and result indicators of key Government officials. Sustainable and functional monitoring system in place. 	<ul style="list-style-type: none"> Training workshop proceedings and feedback. Regular reports to the Government and development partners on growth and poverty reduction. 	<ul style="list-style-type: none"> Government and ADB share the same vision toward establishing a workable system for monitoring economic growth and poverty reduction.
Outputs <ul style="list-style-type: none"> Identification of key NGPES/CSP related indicators relevant to Government needs and acceptable to ADB. Methodology for collecting, processing and analyzing results based indicators. Preparation of guidelines on monitoring development results. Capacity building of planning and 	<ul style="list-style-type: none"> By the end of 2005, a good set of relevant and measurable results-based NGPES indicators adopted. Data gaps for these indicators identified and remedy recommended. Monitoring system in place. Guidelines on the application of the monitoring system 	<ul style="list-style-type: none"> Review report. New CSP indicators. The adoption of the new monitoring methodology. Guidelines on the application of the monitoring system adopted. Training reports Around 50 	<ul style="list-style-type: none"> Timely recruitment of consultants. Active participation of counterpart Government staff. Consultations with provincial authorities and stakeholders Full cooperation and willingness to adopt result-based monitoring approach on the part of the central and local authorities. Guidelines on the application of the monitoring system useful and understandable by Government officials

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
statistical agencies at central and local levels.	developed. <ul style="list-style-type: none"> • Four training workshops on methodology and skills in monitoring. • Training of trainers. 	Government officials trained at the central government level. <ul style="list-style-type: none"> • Tentatively 250 local officials trained in the 3 regions of the country, including officials from 72 poor districts and 42 poorest districts identified in the NGPES. 	<ul style="list-style-type: none"> • Training useful and relevant.
Inputs (i) Consulting Services <ul style="list-style-type: none"> • 3 person-months of an international consultant • 4 person-months of a domestic consultant (ii) Training workshops	<ul style="list-style-type: none"> • Consulting services completed according to time schedules and budget 	<ul style="list-style-type: none"> • Review missions • Terms of reference 	<ul style="list-style-type: none"> • Timely recruitment of consultants. • Cooperation between consultants and Government officials

NGPES = National Growth and Poverty Eradication Strategy, CSP = Country Strategy and Program, SEDP = Socio-economic Development Plan



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Approved by:



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Mekong Department

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	61.01	0.00	61.01
ii. Domestic Consultants	0.00	11.35	11.35
b. International and Local Travel	5.00	4.00	9.00
c. Reports and Communications	0.00	5.00	5.00
2. Equipment ^b	0.00	4.00	4.00
3. Training workshops ^c	0.00	40.00	40.00
4. Miscellaneous Administration and Support Costs (Materials and supplies, printing and publication)	0.00	4.64	4.64
5. Contingencies	10.00	5.00	15.00
Subtotal (A)	76.01	73.99	150.00
B. Government Financing			
1. Office Accommodation and Transport	0.00	10.00	10.00
2. Remuneration and Per Diem of Counterpart Staff	0.00	8.00	8.00
3. Others	0.00	2.00	2.00
Subtotal (B)	0.00	20.00	20.00
Total	76.01	93.99	170.00

^a Financed by the Managing for Development Result Cooperation Fund.

^b Equipment to be procured includes a set of desktop computer, a laptop personal computer, and a printer.

^c Approximately 50 Government officials from central line agencies and 250 local officials will be trained.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International Consultant

(i) Result-based Planning and Monitoring Specialist (3 person-months)

1. S/he should have a strong background in economics, result-based planning and monitoring with extensive knowledge of institutional capacity building in developing countries and/or transition economies. Extensive knowledge on Managing for Development Results (MfDR) is required. S/he will have the following responsibilities.

The Specialist will develop the methodology and a results based framework for the collection, processing, compilation, measurement of indicators of the National Growth and Poverty Eradication Strategy (NGPES), and conduct consultation. The Specialist will conduct training workshops for Government officials. Work experience of Lao PDR would be an advantage. In particular, the consultant will:

- (i) in conjunction with the proposed the United Nations Development Programme (UNDP) study findings, review and comment on the presently used development indicators and system for data collection, compilation and dissemination, and make recommendations and proposals on improving the system, within the overall framework of the Government's requirements, at the various levels;
- (ii) identify key measurable results indicators of the NGPES;
- (iii) coordinate with the National Statistical Centre (NSC) and the General Planning Department (GPD) of the Committee for Planning and Investment (CPI) to identify data gaps for measuring the results indicators of the NGPES and to recommend remedy to the identified shortcomings;
- (iv) built baseline information for development results monitoring in consultation with NSC in the context of the ongoing development of the Nation Information System (Database);
- (v) develop a methodology to assess results indicators and to identify information required for methodology development for results indicators identified in (ii) above. This exercise should emphasize the need for cost efficiency, effectiveness, and harmonization with national and development partners standards;
- (vi) ensure that the work undertaken under the Small-Scale Technical Assistance (SSTA) is complementary to work undertaken by NSC and projects financed by SIDA, UNDP and other development partners, and is in compliance with internationally accepted definitions and standards such as, for instances, those used by the NSC and United Nations (UN) systems of Standards and Classifications;
- (vii) advise on how to produce reports and to access other sources of information in addition to database maintained;
- (viii) prepare relevant guidelines and instructions on how to apply the monitoring system and approach developed;
- (ix) carry out capacity building activities by providing hand-on-job capacity building to GDP staff and a series of training to central and local officials, including training of trainers on the guidelines and instructions on how to apply the monitoring system and approach developed and on data analysis for the evaluation of development impacts;

- (x) involve NSC in the process of capacity building for data collection and analysis; and
- (xi) prepare a final SSTA report on activities, outputs and results of all SSTA components for submission to Committee for the Planning and Investment (CPI) and the Asian Development Bank (ADB).

B. Domestic Consultant

(ii) Poverty Monitoring Expert/Project Coordinator (domestic, 4 person-months)

2. The consultant will have a strong background and extensive working experience in poverty monitoring and impact assessment. She/he will have a good understanding of the requirements for methodology used to monitor the NGPES implementation at all levels. More specifically, the consultant will:

- (i) be the focal point for the SSTA and liaise with the ADB and the Executing Agency on issues related to SSTA implementation;
- (ii) assess the existing framework, institutions, policies, procedures and legislation for the collection of data for various sectors, and make recommendations within the scope of this SSTA;
- (iii) in close collaboration with the international consultant, relevant agencies and institutions; develop a detailed list of indicators and methodology to monitor those indicators. This exercise should emphasize the need for cost efficiency, effectiveness, and harmonization with national and development partners standards;
- (iv) translate methodology papers and guidelines or instructions developed by the international consultant to Lao language;
- (v) assist the international consultant and CPI in organizing and conducting training workshops and provide translation during these training workshops; and
- (vi) provide administrative and logistic support for carrying out SSTA activities.