

Lao People's Democratic Republic

Rural Livelihoods Improvement Programme in Attapeu and Sayabouri Project Performance Assessment

Executive Summary

1. **Background.** The Independent Office of Evaluation (IOE) of the International Fund for Agricultural Development (IFAD) undertook a project performance assessment (PPA) of the Rural Livelihoods Improvement Programme in Attapeu and Sayabouri (RLIP) in the Lao People's Democratic Republic (Lao PDR). The data for the PPA were gathered and analysed from the desk reviews and interviews at IFAD headquarters, followed by the extensive use of the findings in the project completion report. It also benefits from fieldwork undertaken in Lao PDR in May-June 2015, which included interacting with the project staff and stakeholders, including beneficiaries.
2. **The programme.** RLIP was an eight-year programme implemented in the Attapeu and Sayabouri provinces, which have some of the poorest districts in Lao PDR. The purpose of the programme was to promote economic growth and livelihood improvements among the rural poor, including women and other vulnerable groups in the target area, such as unemployed rural youth and upland ethnic groups.
3. *Programme objectives.* The RLIP overall goal was: economic growth and livelihood improvements sustained for the rural poor, including women and other vulnerable groups, in the eight programme target districts. To achieve this goal, the programme comprised four components: (i) Social development (community development, health, education, and drug detoxification and rehabilitation only in Sayabouri Province (SP)); (ii) Economic development and natural resource management (agriculture and marketing, off-farm income generation, rural microfinance, and natural resources management); (iii) Rural infrastructure (local roads, and warehouses only in Attapeu Province (AP)); and (iv) Institutional development and capacity-building (strengthening capacity for policy analysis and management, and coordination).
4. *Programme area and target group.* RLIP was an integrated rural development programme covering 207 selected villages in 8 districts in Attapeu and Sayabouri provinces, all belonging to the list of poor or very poor areas identified by the National Growth and Poverty Eradication Strategy. In these districts, from 30-50 per cent or more of households are identified as poor, according to the following general characteristics: (i) located in remote mountainous areas at altitudes greater than 600 metres; (ii) very limited areas of paddy land; (iii) inaccessible, with poor infrastructure; and (iv) poor access to basic education and health services. The RLIP planned to directly benefit 26,200 poor and food-insecure households, of which 25 per cent were in Attapeu and 75 per cent in Sayabouri.
5. *Programme components and financing.* RLIP had four components, with an initial programme cost of US\$25.95 million, financed by an IFAD loan and grant, a World Food Programme (WFP) food aid package (only for Attapeu), grants from the German government and counterpart contributions from the Government of Lao PDR and the beneficiaries. Later, additional funds were utilized (only for Attapeu), with final total programme costs reaching US\$28.99 million.

6. *Changes in context.* Keeping in line with opening of Lao PDR to a market economy, the mid-term review (MTR) recommended certain changes in the programme strategy. While RLIP-Sayabouri would focus further on sustainable agriculture and economic development, RLIP-Attapeu was to engage in existing private sector promotion activities by integrating them into a Regional Economic Development concept. This promoted the introduction of technical assistance from German Agency for International Cooperation (GIZ), and a new category of expenditure for microfinance. Changes in this new direction included providing cash for a revolving fund for livestock rearing rather than giving animals to farmers. Promotion of private sector small-scale poultry breeding and fish breeding were major changes in Attapeu.
7. *Implementation arrangements.* RLIP was implemented through two separate autonomous sub-programme units established in Attapeu and Sayabouri provinces. The two units were headed by two experienced senior government officers as coordinators, together with staff seconded from the Ministry of Planning and Investment. The other staff were either drawn from other state organizations or recruited on contract for the programme. Each sub-programme unit had several divisions responsible for the programme components as well as for monitoring and evaluation (M&E) and for finance and administration.
8. **Performance assessment.** In terms of **relevance**, the objectives of RLIP were relevant, participatory, inclusive, pro-poor and gender-sensitive. With regard to the relevance of design, the RLIP design was based on an in-depth poverty analysis and the proposed objectives were realistic and well within the budgetary resources and implementation timeframe. However, the programme lacked operational linkages between the sub-components, as would be seen in an integrated rural development project. The programme was basically a livelihoods improvement programme, primarily promoting the improvement of food security and attempting to diminish food scarcity during the lean months. As such, there was no marketing strategy. The MTR recommended a substantial modification of programme strategy, with a focus on agricultural value chains and marketing services delivery. This was partly achieved when a harmonized approach, centred on public-private partnerships and value chain development, was introduced in both provinces. This paved the way for evolution of a marketing strategy with ensured outlets and guaranteed prices, thus offering signals for drivers of private sector development.
9. As for **effectiveness**, the social development achieved under objective 1 (which addressed social development) has strengthened bottom-up socio-economic planning processes. In addition, the participatory methods and gender awareness training have increased men's participation in domestic duties and women's participation in planning and decision-making processes. Further, the development of agriculture was important to address the food insecurity of the target areas, both in Attapeu and in Sayabouri, in order to achieve the economic development and natural resources management under objective 2. This was achieved through expansion of the land under paddy, improvement of irrigation schemes and provision of improved seeds and training. Livestock improvement was not prominent in the design of RLIP, although some attempts were made to incorporate a backyard livestock improvement package in order to enhance family income.
10. Participatory land use planning and land allocation promoted the conservation objectives of the programme, especially in Sayabouri, where slash-and-burn practices were reduced, increasing protected forest areas and natural regeneration and fish conservation areas. The investment in rural infrastructure (under objective 3) was the most salient and visible element of RLIP and accounted for 47.5 per cent of the total project cost. The roads have improved access to rural villages and facilitated easy movement for people, information flow, and circulation of goods from and to the district capital; they also promote commercial exchange with traders. Further, the design and implementation of RLIP followed a highly

decentralized and participatory process for bottom-up planning and involvement of the community in the implementation of poverty alleviation actions, relating to institutional development and capacity-building under objective 4.

11. The level of **efficiency** of RLIP has been satisfactory, indicated by around 93 per cent disbursement of funds by 2012, the savings of US\$1.33 million at project completion in relation to project management costs, and a positive Net Present Value of project financials at completion, with an economic internal rate of return (EIRR) of 10 per cent at a discount rate of 12 per cent.
12. In terms of the overall **rural poverty impact**, the programme's contribution is most pronounced in terms of household income, assets, food security and agricultural productivity. The number of poor households has decreased markedly in both provinces, together with the quality of housing. In terms of food security and agricultural productivity, a significant increase in households which have not experienced a first hunger season was a key achievement. Other key achievements included increases in cash crop production, enhanced rice production due to the expansion of rice fields in the lowland areas, and the reduction of chronic malnutrition.
13. When considering the **sustainability** of the project, the absence of an exit strategy and the lack of clarity regarding the ownership of programme investments were causes for concern. Further, with regard to innovation and scaling up, three contextual innovations have been scaled up in other villages in the same provinces and also in other provinces in Lao PDR. When considering the project's impact on gender equality and women's empowerment, gender was not considered to be an isolated issue but a highly significant cross-cutting issue to be addressed by the RLIP. Although there were no widespread income generating activities (IGAs) initiated that targeted women, a few were initiated – namely, dyeing of yarn and weaving of traditional Laotian cloth and cultivation of asparagus, in partnership with a Thai entrepreneur (who should be commended).
14. **Recommendations.** The PPA makes four main recommendations.
15. Institutionalize a participatory approach to local development planning. In order to sustain the benefits generated by the programme, it is recommended that Government of Lao PDR take steps to: (i) further strengthen community development activities; (ii) develop a strategy and action plan to mainstream a participatory development approach in regular government planning and budgeting processes, and sensitize senior government officials and members of the legislative assembly; (iii) institutionalize provincial and district steering/coordination committees, with terms of reference and clear designations of coordinators/focal points; and (iv) devolve full decentralization and autonomy to the provincial and district departments for handling development activities.
16. **Strengthen institution-building and training.** There is a need to build long-term capacities by strengthening village community workers and management committees in order to ensure sustainable community development. There is also a need to promote farmers' organizations and strengthen their negotiating power. In the future it may be necessary to set up strong institutions with clear mandates for operation and maintenance activities. With regard to training of beneficiaries, sessions should be participatory and very practical, addressing community needs, and suitable for women with a limited level of education as well as time/family/mobility constraints.
17. **Strengthen microfinance as a means of easy access to credit.** It is important to emphasize the complementarity of instruments to ensure that the supply of financial services meets the diversified demand of the various target groups. It would be useful to consider establishing strong linkages with the formal banking sector.

18. **Facilitate knowledge management and support the development of systems to better measure results and impact:** IFAD should plan regular information and knowledge-sharing events (workshops, field visits, training sessions, etc.) among the province/district coordination units. The Fund should coordinate programme action with other donors, and look for complementarity and synergy at grassroots level, especially for investments such as social infrastructures, which are no longer covered by IFAD financing but which have a high level of impact on the livelihoods of the target population. With regard to M&E, IFAD should pay greater attention and provide support at all stages, in collaboration with the Government – including proposing a solid basis for M&E in project design reports, providing support and guidance to project management in strengthening the M&E system and carrying out regular impact surveys.