



**Lao people's Democratic Republic**  
**Peace Independent Unity Prosperity**

January 10, 2020

Mr. Balasubramaniam Murali  
Deputy Resident Representative  
UNDP,  
UN House  
LaneXane Avenue  
Vientiane.

Dear Mr. Murali

Refer to your letter dated 4<sup>th</sup> December 2019 and our meeting on 6<sup>th</sup> December 2019, on the result of the GPAR GDP Midterm Review, which conducted by Mr. Pierre MAHY Evaluation Consultant.

Having further considered the draft MTR and the responses received 25<sup>th</sup> November from the consultant in relation to the initial queries raised through UNDP, and following internal discussions within MoHA and other concerned government agencies, I regret to say that the Ministry of Home Affairs finds that the utility of the exercise does not meet our expectations and raises many questions in terms of the MTR's understanding, balance, and constructive suggestions relating to our national GPAR GDP programme. Consequently, the MoHA is not in a position where it can accept this MTR.

The report displays limited understanding of the intended role of GDP within the governance and public administration reform agenda of the government of Lao PDR and undermines the role NGPAR/GDP plays, and key findings and recommendations are not grounded in the realities of the Lao policy and budgetary context and the direction of our national development agenda to 2030.

Laos' national development vision is closely aligned to our efforts to achieve our responsibilities under the Agenda 2030, and its mantra of "leaving no one behind" (LNOB). The achievement of our localised Sustainable Development Goals (SDGs) will be embedded in the new 9<sup>th</sup> NSEDP (2021-2025). Our updated DDF, while still embodying local decision and prioritization, can play an important role as a system that the government administration can adopt to target the neediest sectors of society, regardless of where they are, and thereby taking affirmative action towards leaving No One Behind (LNOB).

Finally, based on our long experience of hosting international missions including numerous evaluations over 25 years of productive GPAR programmes, MoHA is quite surprised by the

content and the tone of the current effort and the situation it attempts to portray. We observe from the outset that the overall approach of the international consultants was not empathic or constructive, that the tone of interviews with government officials at times reflected a pre-determined and unreceptive attitude, which, unfortunately, seem to have carried through to the written report to its further detriment.

MoHA's primary interest is now in moving on, in cooperation with our valued and long term development partners in GPAR GIDP, with the effective implementation of the GIDP for the duration of its remaining period to 31<sup>st</sup> March 2021. MoHA remains open and supportive to discussions and consensus in this regard, whether under the GPAR GIDP Programme Board mechanism or other preferred platforms.

Your sincerely,




Khammoune Viphongxay  
Vice Minister MoHA and Executive GIDP Programme Board

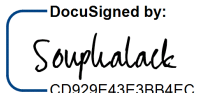
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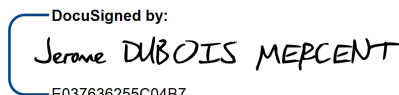
Paul Martin, Regional Technical Advisor, UNCDF  
Jean Francois Cuenod, Mekong Regional Director, SDC

**United Nations Development Programme***Empowered lives.  
Resilient nations.***Interoffice Memorandum**

1 April 2020

To: Ricarda Rieger  
Resident Representative   
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Through: Souphalack Bounpadith  
Head of Programme Support Unit   
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From: Jerome Dubois Mercent  
Head of Governance Unit   
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**Subject: Mid-term Evaluation report of GPAR-GIDP**

This memo has been prepared as Note to File: Governance and Public Administration Reform – Governance for Inclusive Development Programme (2017-2021) conducted its Mid-term Evaluation from 21 October 2019 to 30 November 2019 that includes an in-country mission from 24 October to 7 November, 2019.

The Mid-term Evaluation was conducted by one international evaluator assisted by one national consultant in consultation with an external expert commissioned by Swiss Agency for Development and Cooperation (SDC) Office for the Mekong Region, a development partner of the GPAR-GIDP.

It is noted that the report submitted on 30 November 2019 is deemed incomplete due to the lack of appropriate consideration of the consolidated written comments to the draft Mid-term Evaluation Report provided by UNDP and UNCDF, which were based on discussion with the Implementing Partner, Ministry of Home Affairs (MoHA).

It is also noted that the report displayed a limited understanding of the governance strategy and the intended objectives of the project and the country context. In the absence of objective consideration to the comments provided, UNDP and UNCDF, in consultation with and full endorsement of MoHA/Government of Lao PDR, are not accepting the recommendations of the report as well as the report which will remain a draft.

Enclosure: Letter from MoHA on MTE dated 10 January 2020

# **Mid-term Evaluation for the Governance for Inclusive Development Programme (GIDP)**

## **Final Evaluation Report**

***30 November 2019***

**Report prepared by Pierre Mahy, External Evaluator  
Kongchay Vixathep (National Consultant)**

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## List of acronyms and abbreviations

CTA	Chief Technical Advisor
DDF	District Development Fund
GIDP	Governance for Inclusive Development Programme
GoL	Government of Lao PDR
GPAR	National Governance and Public Administration Reform Programme
GSWG	Governance Sector Working Group
IMC	Inter Ministry Committee
LDC	Least Developed Country
MoF	Ministry of Finance
MoHA	Ministry of Home Affairs
MPI	Ministry of Planning and Investment
MTE	Mid-Term Evaluation
NPA	Non-Profit Association
NSEDP	National Socio-Economic Development Plan
ODS	One Door Service
ODSC	One Door Service Center
OM	Operations Manual
ProDoc	Project Document
PSIF	Public Service Innovation Facility
RF	Results Framework
SDC	Swiss Agency for Development and Cooperation
SUFS	Service Users Feedback System
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme

## 1. Executive summary

### **GIDP Purpose**

The GIDP was formulated under the framework of the National Governance and Public Administration Reform Programme (NGPAR) of the Government of Lao PDR as the last of 4 sub projects (4 phases) with main Swiss (SDC) funding; it was designed with three main “inter-related components” leading to the following three results:

1. Targeted local administrations are able to develop and finance the implementation of multi-sector workplans based on community priorities
2. Accountability framework applied at the district level to capture and use citizens’ feedback on provision of basic services
3. Enhance multi-stakeholder governance process promoting dialogue and feeding into good governance related policies including the delivery of basic services.

### **Mid-Term Evaluation (MTE)**

The Mid-Term Evaluation (MTE) of the GIDP was carried out from 21 October 2019 until 7 November 2019 by a team of 2 independent experts recruited by UNDP who were joined by one consultant appointed by SDC. The evaluation was carried out on the basis of the standard OECD evaluation criteria; it also follows the guidance of the 2009 UNDP Handbook on Planning, Monitoring and Evaluating for Development Results (Addendum June 2011).

### **Findings of the evaluation**

#### **Relevance**

The overall objective to “*support the government in strengthening public administration to deliver better services, provide wider governance and increase citizens’ engagement at local level*” was and remains valid. Likewise, the proposed interlinkage of the three main components in a “virtuous loop” promoting good governance, accountability and partnerships at national and sub-national levels still is an appropriate strategy to expect the results (GIDP Purpose) to be achieved.

The project design document, however, should have taken into consideration that this is the 4<sup>th</sup> phase of series of SDC (co-)funded projects under the GPAR umbrella, after which, most likely, SDC funding will come to an end. The objectives, while still valid, do not reflect to aim at finalizing and capitalizing on a process which has now been going on for several years.

Besides suggesting that all activities would interlink between the 3 components, the strategic direction of the project is missing in the ProDoc; the indicators stated in the Results Framework reflect activities, but do not reflect any possible indication on the expected impact of the project.

Contextual changes (new laws, new institutions and new policies) commanded the project to redefine a number of activities, of which the revision of the DDF mechanism has been the most substantial. Several informants suggested to the evaluators that this revision was not the correct approach.

#### **Effectiveness**

Annual and progress reports do not provide any indication on how activities and outputs contribute to the achievement of objectives. Qualitative Performance indicators have not been defined.

The perceptible outputs of the project at this time are the following:

- 12 DDF projects for a total amount of US\$ 338,000 dispersed over 8 provinces
- 2 One Door Services in process of becoming “model ODSCs” (but not before 2020)
- 4 SUFS completed, for which results are not available (yet)



- 16 PSIF projects awarded in 2018 dispersed over 11 provinces
- Regular support to governance working groups and sub-working groups

This, at mid-term of implementation, is a rather small performance, which raises the question of value for money invested in the project so far.

With regard to the effectiveness of each “activity”, the MTE Team summarizes the situation as follows:

**District Development Fund (DDF):** the current design of DDF 2.0 is incorrect and reinforces the notion of central level decision-making. It is based on wish lists of project ideas and has no linkage with sub national multi sector planning; Objective 1 (Targeted local administrations are able to develop and finance the implementation of multi-sector workplans based on community priorities) is therefore unlikely to be achieved.

**One-Door-Service Centers (ODSC):** the “model” approach, as was suggested in the project document, is in some way innovative (and certainly not revolutionary), but given the stage of implementation it cannot be assessed yet whether or not these approaches will indeed provide better results than everything else which has been tried in previous years. Considering the long history of inefficient ODSCs in the country, prospects of having a significant improvement with a new model are uncertain at best.

**Service Users Feedback System (SUFS):** as results of the 4 surveys are not known (yet), it is too early to assess if Objective 2 (Accountability framework applied at the district level to capture and use citizens’ feedback on provision of basic services) will be achieved. Mechanisms to translate the citizens’ feedback into planning and action are so far vaguely defined at best.

**Public Service Innovation Facility (PSIF):** PSIF grants are ad hoc one-off interventions of different nature, located across the country; whilst there is little involvement of other stakeholders than government it is unclear how they will contribute to a multi-stakeholder governance process promoting dialogue and feeding into good governance related policies including the delivery of basic services.

**Governance Sector Working Group (GSWG):** the support of the GIDP to the secretariat of the GSWG is probably one of the most relevant activities of the project (in terms of effectiveness) – yet the activities are largely outside the project’s main objectives and at best to be considered either as a ‘side activity’ or a supervisory support activity.

### **Efficiency**

The project team has implemented activities according to work plan, and quantitative targets of the RRF have been met. This however does not lead to the conclusion that project objectives are being met. The project is not seen as a project limited in time, during which it has to achieve specific set objectives. The project team does not have a clear strategic vision and activities lack synergies. The analysis of financial expenditures shows that several issues remain unclear. Available data suggest that expenditures for overhead, training and other operational costs (to spend the DDF and PSIF grants) account for 75% of all expenditures which would certainly be too high.

### **Potential impact**

The project activities so far are open ended, dispersed all over the country, without synergy and often lacking strategic objectives. The final overall result of the project is likely to be very disappointing unless drastic changes are made to change the course of action for the remaining time of implementation.

### **Sustainability**

Due to the lack of financial means, it is unlikely that the government will be able to sustain a continuation of the project without external support, which is yet to be identified. Until now, the project has not



prepared any exit strategy which would provide the direction on how to capitalize on the achievements of the current phase.

The institutional sustainability is also rather weak, except for the GSWG which has clear objectives and full ownership of the government.

In **conclusion**, the GIDP is being implemented on basis of a weak project document and a deficient results framework lacking adequate indicators which would allow to guide its activities and measure its impact with regard to governance and decentralization. The project office is embedded in government structures and the team implements activities according to a work plan without any precise strategic orientation.

After more than 2 decades of GPAR, the project office has outlived itself and something drastic needs to happen to change course, in particular in refocusing activities and preparing an exit strategy to avoid the GIDP ending up as a failed project.

The MTE Team therefore proposes a number of orientations to be considered by all parties involved, in particular by SDC as the main funder of the project.

## **Recommendations**

1. Either go back to DDF 1.0 or develop a DDF 2.1 that
  - a. Takes the discretionary fiscal grant principle of DDF 1.0 as starting point
  - b. Takes provinces (and no longer districts) as the primary units of sub-national governance (and decentralization)
  - c. Allows targeting of particular provinces (1 or 2 max under GIDP)
2. Define and explain the strategy and aim of SUFS to avoid multiple interpretations. As they are meant to contribute to the preparation of the national development plan, they could be a tool for consultations in the planning process
3. Ensure that PSIFs are better linked to DDF activities (in the same provinces)
4. Define a strategy for the PSIF (e.g. aiming at generating policy discussion)
5. Reduce overheads and re-allocate savings for canceled activities to the DDF grant
6. Redefine the workplan based on the (to be) revisited project objectives
7. Update the RRF is defining clear qualitative indicators which will allow measuring the project contribution to better governance
8. Align project staff behind the (to be) revisited overall project objectives
9. Convene the PB more frequently than once a year and possibly revert to the quarterly frequency as originally planned.

In addition, for future projects, the MTE Team makes the following recommendations with regard to project design:

1. Develop future project documents with a clear “vision statement” of what the donor(s) is/are willing to fund.
2. Avoid superficial definitions of indicative activities (e.g. the way in which the word “inclusive” appears in the GIDP project document leads to confusion).
3. Besides quantitative indicators, identify qualitative indicators in the Results Framework which will allow measuring the impact of a project.
4. Have the Results Framework reviewed by an external party, i.e. undertake an Evaluability Assessment.

## 2. Introduction

The Mid-Term Evaluation (MTE) of the GIDP aims to assess the GIDP's efficiency, effectiveness, and relevance at output level and their contributions to outcome level goals, whilst analyzing budget and resource allocations and listing emerging issues that the programme needs to address. It also seeks to capture lessons and provide recommendations.

To achieve this, the MTE assessed the programme on basis of the standard OECD evaluation criteria, i.e. relevance, effectiveness, efficiency, (potential) impact and sustainability.

The assignment was carried out from 21 October 2019 until 7 November 2019 by a team of 2 independent experts recruited by UNDP who were joined by one consultant appointed by SDC.

The GIDP being a joint programme of the government of Lao PDR, UNDP, UNCDF as implementing partners (also providing funding) and SDC as supplementary funding party, the MTE will directly benefit to all parties involved, as well as to sub-national authorities with whom the findings and recommendations might be shared. Ultimately, the MTE should benefit the Lao citizens if recommendations of the MTE can lead to an improvement of their engagement in the planning and decision-making process at local level.

In the following sections, the report will present:

- A short reminder of the GIDP and the overall context
- The scope and methodology of the evaluation
- Findings and conclusions
- Recommendations and lessons learned

## 3. Description of the intervention

### **GIDP Purpose**

The GIDP was formulated under the framework of the National Governance and Public Administration Reform Programme (NGPAR) of the Government of Lao PDR, an umbrella programme that has been initiated in 1993. For the GIDP, the Ministry of Home Affairs (MoHA) was nominated to lead the implementation, with cross sector cooperation and implementation by the Ministry of Finance (MoF), the Ministry of Planning and Investment (MPI), and Provincial and District administrations.

The programme is intended enhance responsiveness in the provision of public services and promote multi-sector planning and the use of data and other information to enrich the content of district plans. At the same time, the programme was projected to systematically capture villagers' perceptions on access and quality of basic services, and promote opportunities for collaboration with civil society in local development and services, hence creating mechanisms of accountability and feedback that would help improve service delivery and local development whilst also more inclusive.

The GIDP was designed with three main "inter-related components" leading to the following three results:

1. Targeted local administrations are able to develop and finance the implementation of multi-sector workplans based on community priorities
2. Accountability framework applied at the district level to capture and use citizens' feedback on provision of basic services

3. Enhance multi-stakeholder governance process promoting dialogue and feeding into good governance related policies including the delivery of basic services.

Expected Outcome and Outputs are summarized in the GIDP Results Framework (RF) which has been updated in the course of implementation.

The Programme responds to the UNPF 2017-2021 (in particular Outcome 7), which prioritizes three broad thematic areas, i.e. Economic Development, Governance and Resilience and feeds into Outcome 3 of UNDP Country Programme Document (CPD) 2016-2020 (*"institutions and policies at national and local level support the delivery of quality services that better respond to people's needs"*).

With regard to Lao PDR policies and priorities, the programme is intended to align to the cross-cutting governance goals of the 8th NSEDP 2016-2020, which has graduation from Least Developed Country (LDC) status as its primary goal as well as to the Strategic Plan on Governance 2010-2020 which provides the overarching framework for governance reform in Lao PDR.

#### **GIDP Resources**

The programme was designed for a period of four years (1 April 2017 – 31 March 2021) with a total estimated budget of US\$ 9,454,729 of which US\$ 7,650,000 funded budget (SDC: 5,050,000 – UNDP: 1,000,000 - UNCDF: 1,000,000 – Government 600,000) and US\$ 1,804,729 unfunded budget. The actual SDC contribution however was reduced to US\$ 4,050,000. As per the agreement, SDC can only fund a maximum of 50% of the project costs. The other half (or more) has to be funded by other parties.

#### **GIDP current status of implementation**

Initiated in April 2017, the GIDP only became operational in the 3<sup>rd</sup> quarter of 2017 (the first GIDP Programme Board and GIDP Inception Workshop were held on 17th August 2017) and only started producing initial contributions to outputs in 2018. SDC funding became available during the last quarter of 2017, hence allowing the programme to become fully functioning as of the end of 2017/early 2018.

At the time of this MTE, the GIDP is in its second year of full-scale operation and has implemented a number of activities which are reviewed in the present report (see Effectiveness).

Other development partners which were expected to cover the unfunded part of the budget did not emerge until now.

## 4. Evaluation scope and methodology

### Evaluation scope and objectives

Intended to assess the GIDP's efficiency, effectiveness, relevance, (potential impact) and sustainability, the MTE mainly has two objectives:

1. provide an overall independent assessment of the performance of the programme until now paying particular attention to its intermediate results measured against its expected objectives as defined in project document and in the results framework, and the reasons underpinning such results; and
2. identify key lessons learned, draw conclusions and formulate recommendations in order to improve implementation during the remaining time of the programme and possible future actions.

The Terms of Reference (ToR) specifically request the following criteria to be covered:

#### a) **Relevance:**

- To what extent are the objectives of the programme still valid?
- Are the activities and outputs of the programme consistent with the overall goal and the attainment of its objectives?
- Are the activities and outputs of the programme consistent with the intended impacts and effects?
- Is the project pro-actively addressing emerging demands and opportunities unforeseen during the project development, adapting its theory of change to respond to changes in the country context and stakeholder landscape, including changing national priorities, legislative and policy updates, changes in power relation among key stakeholders?

#### b) **Effectiveness:**

- To what extent were the objectives achieved / are likely to be achieved?
- What were the major factors influencing the achievement or non-achievement of the objectives?
- What are lessons learnt from previous phases of GPAR and how are they reflected and implemented in GIDP?
- Have there been regular reviews of the work to ensure that the project is on track to achieve the desired results, and to inform course corrections if needed?
- Is project's governance mechanism (i.e., the project board or equivalent) functioning well? If not, commentary and recommendations shall be provided.
- Are the outcome indicators measured against baseline and target values (if available) and reflects quantitative and qualitative dimensions of the achievement?

#### c) **Efficiency:**

- Were activities cost-efficient?
- Were objectives achieved on time?
- Was the programme or project implemented in the most efficient way compared to alternatives?
- Are budget deviations, be it over/under spending, well-recorded? Is the budget outlook for the rest of the phase well assessed?

#### d) **(Potential) Impact**

- What would be expected to happen as a result of the programme or project?
- What real difference has the activity made or is expected to make to the beneficiaries?
- How many people have been / are expected to be affected?

**e) Sustainability:**

- To what extent did the benefits of a programme or project will be able to continue after donor funding ceased?
- What were the major factors which influenced the achievement or non-achievement of sustainability of the programme or project?
- Is there an exit strategy / transition plan from DP funded project to GoL endeavor, with a special focus on the funding status?
- Is there an actionable exit plan to transit the DP funded project to a national government initiative, and is the plan regularly reviewed and adjusted according to the project progress, including its financial commitments and capacity?
- Are stakeholders and national partners fully engaged in the decision-making, implementation and monitoring of the project?

## Evaluation approach and methods

The evaluation has been undertaken in compliance with the guidance of the 2009 UNDP Handbook on Planning, Monitoring and Evaluating for Development Results (Addendum June 2011). The team carried out the evaluation based on the OECD/DAC evaluation criteria and quality standards, which guarantee adhering to professional codes of conduct such as impartiality, integrity, honesty and transparency.

The evaluation has been implemented using the following steps:

- Collection of relevant reference documents such as project documents (project design, annual and quarterly reports, Results Framework, technical reports, guidelines and manuals prepared by the project, field visit reports, etc.), Lao PDR reference documents (Development plan, Politburo decisions, laws and regulations, etc.) and other relevant documents available on the web; *the list of documents consulted is presented in Annex 1.*
- Analysis of the documentation collected to understand the background of the programme and its reported achievements as stated in technical progress reports (annual and quarterly).
- Preparation of a work plan for interviews and field visits to cover the different parts of the project; *the work plan is presented in Annex 2.*
- Interviews with key stakeholders (including implementing partners, beneficiaries, national, provincial and local authorities and project team); *the list of persons/organizations consulted is presented in Annex 3.*
- Analysis of information collected during interviews and field visits (including triangulation to cross-check information received to avoid that subjective statements made by informants influence the assessment made by the evaluators).
- Assessment of the performance of the project based on the evaluation criteria in answering the evaluation questions proposed in the Terms of Reference.
- Drawing conclusions on basis of the assessment made and definition of recommendations addressing the weaknesses identified during the evaluation.

While the MTE work plan shown in Annex 2 has been followed, the MTE Team encountered the following complications/challenges which somehow limit the observations of the evaluation:

1. Most relevant reference documents were only provided to the team after the kick-off meeting, hence not allowing in-depth consultation prior to arrival in the country.
2. The time allocated for the assignment was short and did not allow for extensive consultations.
3. Informants in MPI and MoF assigned to meet the MTE Team only had limited knowledge of the programme; key officials at a sufficient level of responsibility could not be met.

## 5. Findings and conclusions

### Findings

The findings of the MTE are presented in line with the five OECD evaluation criteria on basis of the analysis of data and information collected from the documentary review, interviews and observations during the field visit.

#### Relevance

##### ***Present relevance of objectives:***

The overall objective of the GIDP to *“support the government in strengthening public administration to deliver better services, provide wider governance and increase citizens’ engagement at local level”* was and remains valid. Likewise, the proposed interlinkage of the three main components in a “virtuous loop” promoting good governance, accountability and partnerships at national and sub-national levels still is an appropriate strategy to expect the results (GIDP Purpose) as described in section 3 of the project document to be achieved. The expected results are stated in the updated Programme Results Framework.

The project design document, however, should have taken into consideration that this is the 4<sup>th</sup> phase of series of SDC (co) funded projects under the GPAR umbrella, after which, most likely, SDC funding will come to an end. The objectives, while still valid, do not reflect to aim at finalizing and capitalizing on a process which has now been going on for several years.

##### ***Contextual changes:***

During the 3rd phase of SDC funding for GPAR, the Government of Lao PDR established Provincial People Assemblies (PPA) set to function as provincial parliaments. The design of GIDP (phase 4 of SDC funding for GPAR) therefore encompassed supporting, among other institutions, the PPAs; this was intended to happen under the 3 interlinked components:

1. In implementing the DDF system to respond to a demand-driven approach with strengthened provincial governance (e.g. plans approved and overseen by PPAs)
2. In implementing *“activities designed to elevate the social inclusion of people who may not have been included in local governmental planning efforts in the past and to bolster the quality and use of information and data by governance structures”* (Accountability), and
3. In involving PPAs in the promotion of policy dialogue at provincial level to open up better governance opportunities.

The emergence of PPAs, and hence the emergence of the provinces as a 2<sup>nd</sup> tier of (local) government, offered an opportunity for the project to divert from the previous state of affairs and implement an innovative approach in support of the decentralization/de-concentration process launched by the 8<sup>th</sup> NSEDP.

Further contextual changes consist in the promulgation of new laws and regulations, among which a new State Budget law, the law on public investments and the *Sam Sang* policy amongst others set a modified framework for the GIDP.

##### ***Relevance of activities and outputs:***

The project document suggested that the programme would involve *“a mix of activities ranging from local capacity building, citizen and community feedback surveys, to targeted grants for capital and operational expenditure, and grants for collaboration with civil society on local service issues”*. A list of indicative

activities for each output is provided, leaving sufficient flexibility to adapt the actual activities to contextual circumstances. This does not seem to have happened.

Besides suggesting that all activities would interlink between the 3 components, the strategic direction of the project is missing in the ProDoc; the indicators stated in the Results Framework reflect activities, but do not reflect any possible indication on the expected impact of the project (e.g. the number of projects financed or the number of districts implementing the SUFS provide a quantified indication about the activities implemented but has little value in terms of measuring or capturing the overall objective of the project).

The major modification in the implementation of activities has been the revision of the DDF which was initiated in the first quarter of 2018 after an independent review<sup>1</sup>, and which led to the conception of DDF 2.0 “*intended to better align with the Sam Sang policy and to integrate DDF and the national planning and finance systems at the sub-national level*”. The review document notes, rightly so, that over the years with a number of revisions and additions (like the operational block grant, the climate resilience grant and the performance based grant) the DDF had become too complicated and that there is need to align it with the *Sam Sang* policy and also with the sustainable development goals (SDGs) which should get more emphasis. However, instead of going back to the simple basics of the DDF (a discretionary annual block grant providing a hard budget envelope allowing -and provoking- actual decision making at the local level) whilst integrating the new roles of the provinces and their relation to the districts, the mission engendered a total overhaul of the DDF into a “challenge fund” covering the entire country. While the need for a review might have been relevant given the changes in the context, the way in which DDF 2.0 has been developed appears to be irrational, reinforcing the central decision-making process rather than contributing to local (district/provincial) decision-making.

## Effectiveness

### ***Achievement of objectives:***

The annual and quarterly progress reports prepared by the project are activity-based and do not provide any explanation as to how activities contribute to the objectives of the project. The table “implementation progress summary at output level” based on the updated RRF displays quantitative indicators which confirm that activities have been implemented according to plan (or not). How these activities contribute to project outcomes, which in turn would feed into outputs (results) and achieve an impact cannot be deducted from this table, nor from the narrative part of the reports. The column “results achieved” only displays inappropriate information (e.g. construction completed, training provided, projects monitored, etc.).

The following paragraphs will therefore provide the MTE’s team assessment with regard to achieving the objectives:

<b>DDF</b>
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The start of the *Governance & Public Administration Reform* (GPAR) umbrella program dates back to the previous century, 1993 to be precise and hence the programme has been running for more than 25 years. Since 2007/08, and under the project with the subtitle *Support for better service delivery* (GPAR-SBSD), it has included a District Development Fund component, based on pilots which were started by UNCDF in Saravan province in 2005.

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<sup>1</sup> Repositioning the District Development Fund – Key Design Framework Document, by David Hook and Samchay Soulitham, 30<sup>th</sup> March 2018



Traditionally, and as a precursor for further anticipated decentralization, the District Development Fund (DDF) had three related objectives, which are to (i) provide concrete opportunity for districts to deliver tangible benefits to local citizens; (ii) build local administrative capacities in the process, whilst (iii) the experiences thus gathered would provide a basis for meaningful policy dialogue on issues such as fiscal decentralization, local level planning, and sub-national public financial management.<sup>2</sup>

The original DDF approach, tested (by UNCDF) as successful in various other countries, is/was relatively simple. From a total envelope (the size of which would typically be equivalent to USD 1-1.5 per capita on average), districts were provided with annual block-grant allocation, the size of which was determined by a transparent allocation formula (larger, more populated and poorer districts would get a larger amount). Districts would be informed of their DDF allocations (their DDF “budget envelope”) well before the start of the annual planning/budgeting process, and these therefore constitute a hard budget ceiling within which Districts could prioritize guaranteed expenditures. Districts were making real decisions, based on a participatory planning process and subsequently implemented as planned. The number of districts covered by DDF was always related to the size of the overall budget envelope and the targeted per capita allocation.

At the time, the DDF was seeking to assist the Government in implementing the decentralization directives which stipulated that, as far as the broad division of tasks across levels of government were concerned, provinces should become policy making entities, districts to become planning and budgeting units, while the *khumban* and villages were to be seen as implementing units. Under the *Sam Sang* policy, adopted in 2012, this all slightly changed, as the provinces became the 2<sup>nd</sup> tier of government, and first tier budget unit (like Ministries) whilst, districts would only be 2<sup>nd</sup> tier budget units. Hence the desire, as expressed in the GPAR-GIDP (2017-21) Project Document to review the DDF mechanism.

Two underlying reasons for the total overhaul, not mentioned in the consultant’s report (or later publications ‘selling’ the makeover<sup>3</sup>), were the fact of political pressure on funds going to the same provinces/districts one year after another, and the fact that the overall DDF budget envelope became smaller and smaller (and fell far below the original target of USD 1-1.5 per capita), as a result of which it could not even cover all districts in one province. As much as these two concerns are valid, the results of the way they were addressed under DDF 2.0 were simply disastrous in terms of all evaluation criteria (relevance, effectiveness, efficiency, sustainability and impact).

Under DDF 2.0 (and whilst knowing the available envelope under GIDP), the fund opened up to all 17 provinces and 148 districts in the country (whilst in 2010, the DDF heydays, only around 30 selected districts in 5 provinces were covered).

Under DDF 2.0, in principle all 8,000 villages and all 148 districts are invited to make proposals for projects in size below, roughly, US\$ 30,000, whilst in the end only 10-15 proposals get awarded. Naturally, these selected projects are scattered over the country and, due to the selection criteria, often in remote areas, which makes supervision and guidance difficult and costly.

A first selection of projects is done on the basis of shorter Expressions of Interest. The project then organizes training in proposal writing in some 5 times as many districts than that in the end receive a project grant (for the 2019 cycle, 73 detailed proposals were received; 12 projects were awarded). The training is one-off, as most likely the same district will not benefit the subsequent year. Here is hence zero continuity in capacity development over the span of a number of planning cycles.

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<sup>2</sup> Position Paper on the possible further up-scaling of the District Development Fund (DDF), *From Piloting to Scaling-up to Mainstreaming*, by Gerhard van ‘t Land for UNCDF, April 2010.

<sup>3</sup> See e.g. Evolving DDF 1.0 to DDF 2.0, *Evolving the decentralization process in Lao*, UNCDF Technical note, undated

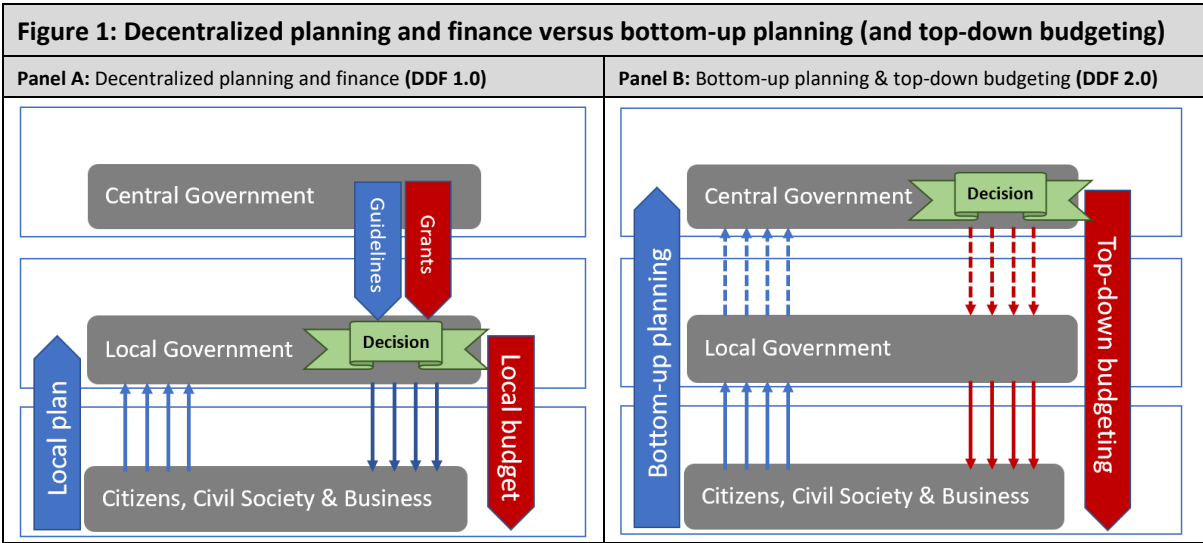
Planning is not done on the basis of multi sectoral plans (as the ProDoc envisaged), but is largely restricted to project identification and making of project proposals. Experience (from within Laos but also many other countries) has shown that when initiating (lower level) local government planning it often takes a few years (i.e. a few annual planning cycles) before some sort of multi sector planning emerges. GDP-DDF is presently not able to provide that type of year-to-year capacity support.

Under DDF 2.0, villages, districts *and* even provinces are invited to send “project wish lists” to the inter-ministerial DDF committee that establishes the final list of approved projects, depending on the availability of funds and costs of the prioritized projects.

In principle, under DDF 2.0 provinces have gotten some sort of decision-making power, as commitment to (provincial) co-funding is a requirement for project approval. But even provincial decision making is restricted as, for example, Khammouane province sent 5 proposals to central government without specifying priorities and only one was awarded.

***As a consequence of the current mistaken design of DDF 2.0, Objective 1 (Targeted local administrations are able to develop and finance the implementation of multi-sector workplans based on community priorities) is therefore unlikely to be achieved.***

***The following figure illustrates what DDF 2.0 has achieved***



2019) which comprises three parts: Process Flow Documentation, a Process Flow Diagram, and Stakeholder Mapping. This SOP is also intended to be used in Xaysetha ODSC.

While this was happening, the Ministry of Home Affairs continued to provide training in other ODSCs to improve their operations in the framework of MoHA's regular operations; in the 2 ODSCs visited by the MTE team, this training was provided on basis of SOP dating back to 2013, without any reference to any "new" guidelines prepared by the project, unknown to ODS staff met during the MTE Team's visit.

The new ODSC in Bachieng district is planned to become operational in 2020 and operate as the model on basis of which the ODSC in Xaysetha will be upgraded. At this time, besides preparing procedures and guidelines, holding consultation meetings and ordering equipment for the model ODSCs, no change in operations of ODSCs has been implemented by the project and an observable result cannot be reported (yet).

***While the project team assumes that the "model" approach (which was suggested in the project document) will make a change, it cannot be assessed whether or not this approach will indeed provide better results than everything which has been done in previous years. Considering the long history of inefficient ODSCs in the country, prospects of having a significant improvement with a new model are at best uncertain.***

#### **D-SDMS & SUFS**

The District Service Delivery Monitoring System (D-SDMS) designed more than 10 years ago was intended to provide decision makers at the local level with a simple tool for monitoring key SDG related services in terms of progress towards achievements of SDG goals and targets as specified in the NSEDP.

It was meant to be a step towards engaging local administration in simple but systematic measurement that can provide decision makers with useful information to plan and manage key services and adjust budgets (DDF block grants) in line with NSEDP priorities. The D-SDMS was piloted in 2 districts and not further developed under the GIPD.

The Service User Feedback Survey (SUFS) mechanism was designed to capture, synthesize and record citizens' perception of the status of services delivered through costed level district plans.

The SUFS process was updated in 2018 (under GIDP) with the aim to promote citizen information and engagement at local level with district administrations and PPA members. The design was finalized early 2019 and 4 districts were selected for a pilot run (Khoa, Xiengkhor, Hinboun and Xaysetha). Training (Training of Trainers) was provided in the 4 districts and surveys implemented in June-July 2019 covering 56 villages and 1734 households as reported in the RRF. Results of the surveys are due to be released in November 2019. It is not clear what the changes in the 2019 design entailed and why they were made.

The 4 surveys were undertaken in districts which were selected for DDF projects, which appears to have no logic as they can no longer assist to guide DDF project selection. If consistently designed and implemented, the SUFS should have been part of the consultation process for the DDF.

The Result 2 indicator in the RRF refers to the number of SUFS implemented (target of 4 in 2019 achieved) with a related target of 25% of SUFS recommendations going into planning in 2020. How recommendations arising from the surveys will go into planning however is not clear and not reflected by any qualitative indicator. Interviews of the MTE Team in the field and in MoHA revealed that there is no strategic thinking (yet) behind the modalities by which citizens' feedback will feed into planning, and

whether that should be national planning or sub-national planning. Likely many of the SUFS findings will point to actions to be taken at the sub-national level without necessarily requiring huge amounts of investment funds (e.g. teacher absenteeism). But neither seems there to be a strategy how the findings could or should lead to local action.

***At this point in time, it is therefore too early to assess if Objective 2 (Accountability framework applied at the district level to capture and use citizens' feedback on provision of basic services) will be achieved. Mechanisms to translate the citizen feedback into planning and action are so far vaguely defined at best***

## PSIF

The Public Service Innovation Facility (PSIF) is a new activity launched under the GIDP with the aim to improve the access and the quality of basic services, through supporting the implementation of innovative ideas on a pilot basis; it was designed in order to encourage proposals for funding to be made jointly by local administrations and NPAs as a practical way of promoting partnerships and an enabling environment for non-government actors. The PSIF was furthermore intended to encourage multi-sector proposals.

A new committee was set up, guidelines and an activity plan developed, training on project proposal writing delivered, a call for expression of interests launched, which eventually resulted in the award of 16 grants in 2018 (out of 187 proposals received) for a total budget of US\$ 100,000.

The list of awards for 2018 shows that:

- Only 1 NPA was awarded a grant (being the only proposal that was submitted by an NPA), the 15 other grants being awarded to local authorities and government agencies
- Grants are scattered all over the country
- Most projects relate to capacity building, improvement of organization and local administration, document management, etc. which hardly relate to the quality of services and/or to partnerships.

The evaluators were told that 16 further grants were awarded in 2019, for which no evidence was provided.

The lack of interest from NPAs is acknowledged by the project, but there is no agreement on the reasons for this lack of interest in the project team. As the MTE Team was only given the opportunity to visit one of the grant beneficiaries, our observations are mainly based on documentary review which nevertheless shows that there is no mechanism to build a critical mass of activities, which all remain ad hoc without any link to the other components of the project (hence no “interlinkage”). It is noted that the PSIF seeks to achieve multiple objectives at the same time (improve public services, promote multi sector planning and promote NPA - government partnerships).

***As the PSIF grants are ad hoc one-off interventions of different nature, located across the country, whilst there is little involvement of other stakeholders than government it is unclear how they will contribute to a multi-stakeholder governance process promoting dialogue and feeding into good governance related policies including the delivery of basic services.***

## GSWG

The ten Sector Working Groups (SWGs) are the key coordination platforms for each thematic development area in Lao PDR's Round Table Process that brings government, DPs and other stakeholders

together on an annual basis. The WGs are led by the Government and include, apart from the development partners, civil society organizations and representatives from the private sector.

The groups serve as discussion forums, aim to build consensus on development priorities, and make development cooperation more effective, as set out in the Vientiane Declaration<sup>4</sup> of 2015. A relevant Ministry chairs each group while development partners, based on their expertise and involvement, serve as co-chairs. The Department for International Cooperation in the Ministry of Planning and Investment acts as an overall coordinating agency. The Department also manages the meetings of SWG Chairs and Co-Chairs.

The cross-cutting Governance Sector Working Group (GSWG) co-chaired by MoHA, the Ministry of Justice, UNP and Switzerland is meant to promote dialogue and feedback on governance issues, advocate and influence governance-related policies and service delivery, whilst also encouraging the participation of Non-Profit Associations (NPAs) recognized by the 2009 Decree 115 on Associations. The GSWG has two sub-sectors, i.e. the Public Service Improvement Sub-Sector Working Group (PSISSWG) and the Legal and Institutional Oversight Sub-Sector Working Group (LIOSSWG).

The GSWG has special responsibility to monitor SDG 16 (Peace, Justice and strong institutions) for which the working group identified suitable indicators, two of which are relevant for public service.

As stated in the GIDP project document, the GSWG could be used to “provide opportunity for national policy advocacy and discussions on progress of GIDP”.

The GIDP supports the Secretariat of the GSWG and of its sub-sector working groups on administrative, logistical and technical issues.

While information on the discussions of the working groups can be found from different sources, including for example the Internet from where progress reports can be downloaded, the GIDP quarterly progress reports do not provide information on the content and/or outcome of the meetings, but only information on the approval of work plans, number of meetings, sex-disaggregated data on the number of participants and indicators on the perception of dialogue partners on the utility of the process.

It would be of interest to all stakeholders of the project to have more information on actual achievements of the process, as it would contribute to the “interlinkage” of the 3 project components, the more that the GSWG was also meant to provide a platform to discuss progress of the project.

***The support of the GIDP to the secretariat of the GSWG is probably one of the most relevant activities of the project (in terms of effectiveness) – yet the activities are largely outside the project’s main objectives and at best to be considered either as a ‘side activity’ or a supervisory support activity.***

#### **Overall project implementation:**

In summary of the above observations, the tangible outputs of the project at this time are the following:

- 12 DDF projects for a total amount of US\$ 338,000 dispersed over 8 provinces
- 2 One Door Services in process of becoming “model ODSCs” (but not before 2020)
- 4 SUFS completed, for which results are not available (yet)
- 16 PSIF projects awarded dispersed over 11 provinces
- Regular support to governance working groups and sub-working groups

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<sup>4</sup> <https://rtm.org.la/about/the-vientiane-declaration/>

This, at mid-term of implementation, is a rather small performance, which raises the question of value for money invested in the project so far.

### ***Project governance and oversight:***

The GIDP's oversight mechanism consists of a Programme Board (PB) which has been taken over from the National GPAR Programme Board of the previous phase. The PB is responsible for discussing and endorsing the quarterly work plans, quarterly progress reports, annual work plans and annual progress reports while supervising the overall programme implementation and management.

The PB was meant to meet 4 times per year to discuss programme progress and endorse programme orientations, but until now only convened 3 times (August 2017, February 2018 and February 2019) instead of the 8 times it should have been meeting. Minutes of the PB meetings do not reveal how intense discussions among participants may have been, hence do not allow to assess how project orientations were decided.

The "annual" meeting schedule does not respect the planned quarterly frequency of PB meetings, which could have provided closer oversight of the project.

### ***Performance indicators:***

As already stated above, the GIDP project document has not defined any performance indicator, but has only enumerated quantitative output indicators (number of, percentage of, etc.) for which target values have been defined in the Results Framework.

Although it was suggested in the project document that "qualitative indicators will be developed during the inception phase", the MTE Team has not been able to find any evidence of such qualitative indicators, which are undeniably necessary to be able to evaluate the project's achievements in terms of its overall objective.

## **Efficiency**

### ***Financial efficiency:***

Despite being asked during the start-up meeting, UNDP did not share detailed financial expenditure data, and only aggregate data by output were available for 2017 and 2018 (no data for 2019). More complete financial data was provided to the evaluators after submission of the draft evaluation report.

Table 1a provides a summary showing total expenditure by output (not 'by activity' as the overviews themselves erroneously state) for each year or half year. Table 1b shows the same as percentages of total expenditure for a given period.

Table 1a : GIDP Reported expenditures, by outcome and by year, in USD					
	Outcome -1	Outcome-2	Outcome-3	Overhead/mngmt	Total
2017	136,829.82	114,891.52	141,093.68	138,443.54	531,258.56
2018	699,772.68	151,618.15	336,205.10	215,245.54	1,402,841.47
First six months 2019	92,426.70	195,538.65	262,487.74	62,579.10	613,032.19
Total (2017 – 30 June 2019)	929,029.20	462,048.32	739,786.52	416,268.18	2,547,132.22

Source: UNDP, CDR reports, 2017, 2018 and Q1 and Q2 of 2019 (small amounts for 'Fund 3000' included in overhead/management)

Table 1b : GIDP Reported expenditures, by outcome and by year, as % of total expenditure per period					
	Outcome -1	Outcome-2	Outcome-3	Overhead/mngmt	Total
2017	25.8%	21.6%	26.6%	26.1%	100.0%
2018	49.9%	10.8%	24.0%	15.3%	100.0%

First six months 2019	15.1%	31.9%	42.8%	10.2%	100.0%
Total (2017 – 30 June 2019)	36.5%	18.1%	29.0%	16.3%	100.0%

Source: calculated from Table 1a

Based on the tables, derived from the provided CDR reports, the following observations are made:

- At the time of the MTE (half-way in the project) only 1/3 of the committed budget is spent; and slightly over 25% of the total budget (including the unfunded part);
- Outcome 1 (that includes DDF) takes the largest share of the expenses (36% up to now) and output-2 (ODS) the smallest (18%). The expenditure patterns, however, fluctuate heavily from one year to another;
- The share for overhead fluctuates as well, but it follows a downward trend. Overall, for 2.5 year, 16% for overhead. Under operational expenditures there is still a lot of overhead and other “facilitation” costs to make the “core expenditure” (DDF, PSIF, ODS investments) possible.
- It seems that out of the total expenditure of USD 2.5 million so far under GDP, only a maximum of around USD 540,000 has gone for DDF and PSIF grants. In that sense the overhead (which also includes ad hoc training events) is quite high.

Whilst preparing Table 1 above, we noted that different documents provide different figures. For example, total expenditure for the year 2018 is reported as:

- USD 1,402,841/47 in the signed CDR
- USD 1,659,801/02 in the annual progress report and as
- USD 1,721,301/02 in the spreadsheet “SDC Financial report 2018 -updated” as produced by UNDP

For 2017, the situation is similar as the following data are reported for total GDP expenditure for the year:

- USD 531,258/58 in the signed CDR
- USD 690,879 in the annual progress report and as
- USD 641,537 in the spreadsheet “SDC Financial report 2017” as produced by UNDP

Other observations with regards to the financial data are that:

- The expenditure data by each of the three outputs (template as in Table 1 above), even if they were available as consistent data, provide very little insight in how the resources were actually used;
- But even the more detailed data, as in the ATLAS overviews, do not allow to relate expenditure to specific activities;
- Moreover, because senior staff costs are apportioned across the components, it is next to impossible for the data to provide input to better understand for what the financial resources have been used;
- In general, where the budgets in the ProDoc are fairly detailed, there is no (financial) reporting against these budgets i.e. by activity.

Additional financial data, provided to the MTE-team on Friday evening 22 November, hence after the deadline for comments on the draft report, largely confirm and further substantiate the above picture. As far as expenditures are concerned, these data, however, only cover 2017 and 2018 (the column expenditures 2019 in the provided spreadsheet was empty). Total expenditure is summarized as follows:

Table 2 : Summary of Total Expenditure for GDP, for 2017 and 2018, by costs category, in USD		
Costs category	In USD	As % of total
DDF and PSIF grants	440,664	17.8%
Activities	746,771	30.1%



Project support unit	183,690	7.4%
Management & operations (incl DPC?)	256,241	10.3%
Total TA	722,812	29.2%
GMS	127,299	5.1%
Total (for 2017 and 2018)	2,477,477	100%

Source: Data as provided by UNDP, 22 November 2019 (direct communication with the team leader)

The data in the table show that:

- The two grants (DDF and PSIF) account for USD 440,000 or less than 18% of the total expenditure.
- If we add 'activities' a total of maximum 47.9% of the total expenditure potentially may have directly benefitted beneficiaries – The rest stays within UNDP/UNCDF and the project office. But the team noted that 'activities' include quite a lot of on-off / ad hoc activities, as well as DSA for people participating in trainings and meetings (e.g. during the MTE, sitting allowances were paid to village people that came to meet the MTE team). Hence the actual share of the expenditure being used for development activities directly targeting the beneficiaries is likely much lower than the 47.9%.
- It is noted that the amount for 'activities' is 1.7 times the amount spent on the DDF and PSIF grants combined. We were not provided with data that would give a good insight in the nature of the activities
- With almost 30% of the expenditure going to Technical assistance (TA) and another 17.7% (7.4+10.3) for 'overhead' – the project operational costs (to deliver the grants and the activities) account for almost 50% of the total expenditure. This is extremely, if not unacceptably, high.

The data provided (on 22/11/2019) confirm that the DDF (outcome-1) is the backbone of the project, accounting for over 50% of the project expenditure (see Table 3), and it was this backbone that got affected by the re-design of the DDF that had implications for the synergy with the other components. If Output-1 is managed mainly by UNCDF, it would illustrate the marginal role of UNDP in the project. However, as seen above, other sources (see Table 1b) show a much smaller share for Outcome-1 (see also below).

Table 3 : Expenditures by output area – based on overview presented 22/11/2019 , in USD		
Outcome / output	In USD	As % of total
Outcome 1	1,258,183	50.8%
Outcome 2	336,642	13.6%
Outcome 3	522,799	21.1%
Management & operations	359,854	14.5%
<b>Total</b>	<b>2,477,477</b>	<b>100%</b>

The data provided (on 22/11/2019) also allowed to analyze how much each of the partners has contributed to project expenditure. So far as data go, SDC funded 71.1% of total expenditures. Over the same period, UNDP only contributed 8.7% and UNCDF 16.8%. The allocation and division of expenditures is out of tune with the agreement (contribution mandate) signed with SDC that the latter would contribute a maximum of 50% of total costs.

Table 4: Total Expenditure for GDP, for 2017 and 2018, by GDP project partner, in USD		
Costs category	In USD	As % of total
SDC	1,762,310	71.1%
UNDP	215,086	8.7%
UNCDF	416,580	16.8%
Government of Lao (in kind)	83,500	3.4%

Total (for 2017 and 2018)	2,477,477	100%
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Finally, the analysis of financial data (see Table 5) revealed a substantial difference between the different data sets made available by UNDP. It is for example, not clear if the data made available on 22/11/19 represent indeed represent expenditures up to 31/12/2018 (in which case there is an un-explained gap of USD ....) or whether data for 2019 are included in the 2017 and 2018 data (in which case the provided data by year become useless).

Table 5 : Expenditures by output area – CDR report data compared with data provided 22/11/19, in USD			
Outcome / output	CDR expenditure data		Expenditure data as provided 22/11/19
	Up to 31/12/18	Up to 30/06/29	
Outcome 1	836,603	929,029	1,258,183
Outcome 2	266,510	462,048	336,642
Outcome 3	477,299	739,787	522,799
Management & operations	353,689	416,268	359,854
<b>Total</b>	<b>1,934,100</b>	<b>2,547,132</b>	<b>2,477,477</b>

If the data provided on 22/11/19 are taken for what they are (expenditure data for 2017 and 2018) there is quite a large non-explained difference between this latest overview and the earlier shared CDR data to the tune of USD 545,000. In part this may be explained by the GMS (127K) and the government contribution (83.5K) – but even after that the unexplained difference is still USD 335-thousand.

Apart from this, huge discrepancies in figures by output are noted between the two sets of data – whereby in the latest set, the output-1 expenditures show much higher as compared to the CDR-data. We must assume that the latest presented expenditure overview (of 22/11/19) was -for reasons unknown to us- manually modified, and no longer consistent with the CDR data. Overall the financial data provided, and the way these were provided, do not auger a great deal of trustworthiness.

#### ***Time efficiency:***

The project team has implemented activities according to work plan and quantitative targets of the RRF have been met. This however does not lead to the conclusion that project objectives are being met in terms of achieving anything at all.

As stated in above section on Effectiveness, the limited number of perceptible outputs is surprisingly small considering that the project has been under implementation for more than 2 years.

#### ***Operational efficiency:***

From the interviews with different stakeholders, the MTE Team concludes that neither UNDP nor the Government see the GIDP as a project limited in time during which period it has to achieve certain well-defined broader objectives. The GIDP project office is an office as many others embedded in the structure of MoHA, in which the project team implements activities according to a sequence defined in the work plans without any real effort to capitalize on success from previous phases and wrap up within the allocated time frame.

More disconcerting is the fact that the project staff does not seem to understand what they are doing, and why they are certain activities. For example, neither the output managers, nor MPI, nor MoF were able to explain the rationale and mechanism for the 15% co-funding of DDF projects. The MTE Team encountered as many different explanations as people interviewed, which demonstrates that the underlying strategy is not clear to all parties involved.

A further operational deficiency lies in the lack of synergies between the 3 project components which operate in isolation without ensuring the expected “virtual loop” emphasized in the project document.

Very little interest is shown by the key players of the project in encouraging synergies as can be deduced from the dispersal of the different activities all over the country. Component managers have a weak understanding of the underlying project objectives.

## **Potential Impact**

### ***Quantitative impact:***

Considering the limited number of achievements dispersed all over the country there is no critical mass which would be necessary to achieve a meaningful impact. The lack of interlinkages between the different activities directly, and negatively, affects the expectations to make an impact.

Output indicators in terms of people and/or households benefiting from the project intervention are of little value and based on assumptions. Most of them have been defined in considering population data in a given district and the assumption that the entire community would benefit from a project output (e.g. in the case of the Hiboun market, funded by DDF, though it is assumed that the market will benefit all people in several villages in the district, no decision has yet been made on what to sell, who would sell, who would buy, etc.- just counting the households and claiming that the project benefits them all is pure guesswork).

The project was designed to contribute to decentralization and better governance for local service delivery. The ultimate goal of decentralization and better governance is that the entire population of the country benefits from it. It is clear that the GIDP cannot be expected to change the entire world in Lao PDR, but targeting, for example, 36,750 people to give feedback on services received by means of the SUFS remains very marginal.

### ***Likely impact:***

The project activities so far are open ended, dispersed all over the country, without synergy and often lacking strategic objectives. How and when an activity would have an impact is not reported by the project and impact indicators have not been defined.

As is, the planned impact study which is due to be undertaken towards the end of the project (months 46-47 according to the project document) will hardly be able to identify a meaningful impact of the GIDP if implementation does not improve.

The final overall result of the project is likely to be very disappointing unless drastic changes are made to change the course of action for the remaining time of implementation.

## **Sustainability**

### ***Financial sustainability:***

Public Administration Reform in Lao PDR has been financially supported by several donors since it was launched more than 25 years ago. The current phase of GPAR/GIDP is the 4<sup>th</sup> phase financially mainly supported by SDC (the largest donor). UNDP and UNCDF each provide a relatively small contribution and other donors, which were to be identified to cover the “unfunded” budget of the project, did not emerge.

Due to the lack of financial means, it is unlikely that the government will be able to sustain a continuation of the project without external support, which is yet to be identified. Until now, the project has not prepared any exit strategy which would provide the direction on how to capitalize on the achievements of the current phase.

***Institutional sustainability:***

**DDF:** apart from issues of efficiency and continuity that would contribute to a chance of sustainability, the main failure of DDF 2.0 is that it has inadequate links with (future) fiscal decentralization. Instead of continuing pioneering discretionary transfers, which are to be -undoubtedly- part of any furthering of the de-concentration process, the DDF 2.0 stimulates and supports the principle of traditional wish-lists and central level decision making.

**ODSC:** by the end of the project, the 2 “model” centers will hopefully be operational and provide the reference for MoHA to upgrade the remaining 47 centers in the country, which MoHA is due to perform in the framework of its regular mandate covering ODSCs. Due to limited financial means and the need to provide training towards upgraded status, MoHA (as per information given by MoHA staff) will be able to upgrade 1 to 3 ODSCs per year, which means that with the best scenario 15 years will be needed to upgrade all the existing centers, not even taking into consideration that the plan is to have an ODSC in each of the 148 districts of the country. Guidelines, SOP and training however are only the basics to potentially improve the ODS system, more importantly will be the willingness of each district authority as well as of the involved sector departments to integrate services into a single ODS; this is not a certain fact and bringing all parties involved on board is not going to happen overnight. Moreover, the real efficiency gains (and hence sustainability) is not mainly dependent on the willingness of difference ministries to bring staff together in one place, but in their willingness and overall capacity to simplify and rationalize, hence re-engineer, the back-office processes underlying the services that are being provided, as one holistic system of government data handling.

**SUFS:** with 4 SUFS undertaken so far and 2 more planned, the intended use of the surveys remains unclear; among the different views expressed by informants, providing an input in the preparation of the next national development plan seems to be the ultimate goal of the SUFS, which however is not what they were originally designed for. In short, there is no clearly identifiable strategy behind this activity. The activity surely is innovative, but how it will contribute to accountability remains to be explained.

**PSIF:** the initial objective to promote partnership with NPAs so far has not been met. Procedures may be cumbersome for some NPAs to make it worth applying for a small grant, but the reluctance of NPAs to work with authorities certainly is a justification for their non-participation in the first round. Projects are disbursed all over the country and do not have any interlinkage with other activities of the GIDP. The MTE team did not identify any commitment of the government to maintain this activity when the funding ends.

**GSWG:** the GSWG is likely to continue beyond the project life time as it is part of the working groups led by the government. Among the different components of the project, this one certainly is the most sustainable as it has clear objectives and full ownership to the government.

## Conclusions

The GIDP is being implemented on basis of a weak project document and a deficient results framework lacking adequate indicators which would allow to guide its activities and measure its impact. The project office is embedded in government structures and the team implements activities according to a work plan without any precise strategic orientation.

It can be assumed that the project will meet the indicators of the RRF in terms of numbers of activities implemented, but without actually having achieved anything noticeable at the overarching level of citizens’ participation, governance and decentralization. To the contrary, the revised DDF model reinforces the central decision-making process whilst in fact supporting the processes in which citizens and local (district and provincial) administrations are submitting wish-lists, and hence depend on higher

level well-wishers. The approval of DDF projects at central level sends the wrong signal. DDF 2.0 is highly inefficient and wrecked the entire project in abandoning the geographical focus which could have led to better results. The idea of multi sectoral work plans has been completely left out. Very few people understand the implications of having changed DDF 1.0 to DDF 2.0 which does not provide any budget envelope for lower level of governance, which usually is the starting point for a meaningful transfer of decision-making responsibilities.

The ODS approach is very unpredictable as it remains unclear what improvements are sought. SUFS and PSIF are disconnected activities lacking a strategic direction.

The small number of achievements to date moreover raises the question of value for money and of overhead costs, though the MTE Team has, despite several requests since the first day of the mission, not been provided by expenditure data (or more precisely budget – expenditure overviews).

After more than 2 decades of GPAR, the project office has outlived itself and something drastic needs to happen to change course, in particular in refocusing activities and preparing an exit strategy to avoid the GIDP ending up as a failed project.

The MTE Team therefore proposes a number of orientations to be considered by all parties involved, in particular by SDC as the main funder of the project.

## 6. Recommendations and lessons learned

### Lessons learned

1. The first lesson to be learned is that a weak project design brings the danger of an erratic project implementation when the project staff is not able to “translate” the design into a workable strategy with relevant activities. The “virtuous loop” of the 3 components suggested in the project design document was not given an adequate explanation on how this would work, and therefore required the project team as well as the implementing partners to be pro-active in operationalizing it to make it happen. As mentioned above, responsibilities of ensuring interlinkages between components were never taken up by anybody.
2. Projects implemented by 2 UN agencies often (wrongly) result in two CTAs being recruited as it happened in this project. When one of them left, the opportunity was missed to allocate the full responsibility of the entire project to the CTA still in place. This largely contributed to the lack of interlinkages between the components of the project.
3. Important changes in project implementation modalities should be carefully considered by all parties involved and no single party should rush into new modalities, justified by whatever reason, without considering the consequences for the entire project. For example, DDF 2.0 was not necessary and a revision of the DDF mechanism could have been made in adapting DDF 1.0 rather than overhauling the whole process.
4. GPAR/GIDP suffers from lethargy symptoms due to a history of more than 2 decades; the project office has become a department of the Ministry rather than a pro-active team aiming at achieving specific results.

### Recommendations

The MTE Team concludes that drastic changes need to be made in the way the project is articulating and operationalizing its vision on what it wants to achieve and how it is being implemented.

Given the limited resources available, as well as the need to be more efficient, some geographical targeting is necessary, as opposed to dispersing a limited number of activities all over the country. The link between the different project outputs also needs to be restored. A project narrative needs to be rebuilt, even for the second half of the last phase if it wants to achieve anything meaningful.

The MTE Team therefore makes the following recommendations:

1. Either go back to DDF 1.0 or develop a DDF 2.1 that
  - a. Takes the discretionary fiscal grant principle of DDF 1.0 as starting point
  - b. Takes provinces (and no longer districts) as the primary units of sub-national governance (and decentralization)
  - c. Allows targeting of particular provinces (1 or 2 maximum under GIDP) – other provinces could be targeted by the UNDP/China SDG localization project if it materializes
2. Define and explain the strategy and aim of SUFS to avoid multiple interpretations. As they are meant to contribute to the preparation of the national development plan, they could be a tool for consultations in the planning process
3. Define a strategy for the PSIF (e.g. aiming at generating policy discussion at local level through involvement of civil society)

4. Ensure that PSIFs are better linked to DDF activities (concentrate projects in the same provinces as DDF projects)
5. Reduce overheads and re-allocate savings for canceled activities to the DDF grant
6. Redefine the workplan based on the (to be) revisited project objectives
7. Update the RRF is defining clear qualitative indicators which will allow measuring the project contribution to better governance
8. Align project staff behind the (to be) revisited overall project objectives
9. Convene the PB more frequently than once a year and possibly revert to the quarterly frequency as originally planned.

In addition, for future projects, the MTE Team makes the following recommendations with regard to project design:

1. Develop future project documents with a clear “vision statement” of what the donor(s) is/are willing to fund.
2. Avoid superficial definitions of indicative activities (e.g. the way in which the word “inclusive” appears in the GIDP project document leads to confusion).
3. Besides quantitative indicators, identify qualitative indicators in the Results Framework which will allow measuring the impact of a project.
4. Have the Results Framework reviewed by an external party, i.e. undertake an Evaluability Assessment.



## 7. Annexes

## Annex 1 – List of supporting documents reviewed

### General UN reference documents

- Handbook on Planning, Monitoring and Evaluating for Development Results (UNDP, 2009)
- Update guidance on Evaluation in the Handbook on Planning, Monitoring and Evaluating for Development Results (UNDP, 2011)
- NIM Standard Operating Procedures

### General Lao PDR reference documents

- 8th five-year national socio-economic development plan (2016-2020)
- Sam Sang Policy
- Prime Minister Order 16
- Central Politburo Instruction Order 3
- Politburo Resolution 25 on Sam Sang
- Sam Sang Implementation Summary report 2018
- Lao PDR Public Expenditure Assessment (World Bank, June 2018)

### Project reference documents

- Final Project Report “Governance and Public Administration Report – GPAR” (February 2012-December 2016)
- GIDP Joint Programme Document (2017)
- Repositioning the District Development Fund – Key Design Framework Document (March 2018)
- Repositioning the District Development Fund – PP Presentation to IMC (March 2018)
- Technical Review of the District Development Fund DDF (2.0) in Lao PDR (June 2019)
- DDF 2.0 Technical Note – Evolving the Decentralization Process in Lao PDR (UNCDF)
- DDF Operations Manual (August 2018)
- DDF 2.0 SOP Implementation Guidelines (August 2019)
- GIDP Gender and Social Exclusion Analysis (May 2018)
- Annual Project Review Report 2017
- Annual Project Review Report 2018
- Quarterly Project Review Report Q1 2019 (January-March 2019)
- Quarterly Project Review Report Q2 2019 (April-June 2019)
- Quarterly Project Review Report Q3 2019 (July-September) - draft
- Report of field visits to DDF project sites (July-August 2019)
- PSIF Guideline 2018
- PSIF List of projects selected 2018
- PSIF List of projects selected 2019
- PSIF Summary report of field visits (July-September 2019)
- One-Door-Service Center Guidelines (November 2018)
- One-Door-Service Center Process Flow template
- One-Door-Service Centre Standard Operating Procedure Bachieng District
- Governance Sector Working Groups progress reports
- Programme Board Meetings (Minutes of meetings)
- Minutes of Annual Review meetings

## Annex 2 – Work plan of the MTE

Schedule	Programme	Venue	Note
<b>24 October 2019 (Thu)</b>			
10:00 – 12:00	MTE Kick off meeting	NGPAR	
13:30 – 14:30	Meeting with UNDP/UNCDF	UN	UNDP: Ms. Jinha Kim, PO UNCDF: - Mr. Paul Martin, Regional Technical Specialist (located in BKK) - Mr. Thilaphong Oudomsine, Programme Specialist
15:00 – 16:00	Meeting with UNDP Senior Management	UN	RR, Ms. Ricarda Rieger DRR, Mr. Balasubramaniam Murali
<b>25 October 2019 (Fri)</b>			
08:30 – 09:30	Meeting with Output coordinator 1	NGPAR	
10:00 – 11:00	Meeting with MPI - Department of Planning	MPI	
14:00 – 15:30	Meeting with MoF	MoF	
15:30 – 17:00	Meeting with Output coordinator 2 & 3 / Assistant PM	NGPAR	Ms. Souphavanh (output 2) Ms. Souksan (output 3)
<b>27 October 2019 (Sun)</b>			
Travel to Khammouane Province			
<b>28 October 2019 (Mon)</b>			
Meeting with Representatives from provincial lines departments of Khammouane province			
Meeting with ODS team in Thakhek district			
<b>29 October 2019 (Tue)</b>			
Meeting with District DDF team and SUFS team of Hinboun district			
Meeting with Head of village and Villagers in Hinboun village and Visiting the DDF project (Community Market)			
<b>30 October 2019 (Wed)</b>			
Travel to Vientiane			
<b>31 October 2019 (Thu)</b>			
09:00 – 11:00	Meeting with GIDP/UNDP Senior Advisor	NGPAR	
11:00 – 12:00	Meeting with MOHA	MoHA	Department of Local Administration
13:30 – 15:00	Visit to ODS in Xaysettha District	ODS	
15:00 – 16:00	DSDMS and SUFS technical committee	NGPAR	MoHA
<b>1 November 2019 (Fri)</b>			
	Draft report		
<b>4 November 2019 (Mon)</b>			
	Draft report		
<b>5 November 2019 (Tue)</b>			
09:00 – 10:00	Meeting MPI - DIC	MPI	
17:00	Submission of draft report		
<b>6 November 2019 (Wed) / 7 November 2019 (Thu)</b>			
11:00 – 12:00	Debriefing UNDP Senior Management	UNDP	
09:00 – 11:00	Debriefing meeting (7 November)	NGPAR	MoHA/GIDP, UNDP, UNCDF, SDC
<b>8 – 22 November 2019: Comments to the draft report</b> (consolidated comments to be provided by UNDP)			
<b>23 – 30 November 2019: Finalization and submission of the MTE report</b>			

### Annex 3 – List of individuals/organizations consulted

Organization	Name	Position
<b>UNDP</b>		
	Ms. Ricarda Rieger	Resident Representative
	Mr. Balusubramaniam Murali	Deputy Resident Representative
	Mr. Jerome Dubois Mercent	Head of Governance, Livelihoods and Poverty Reduction UNits
<b>GIDP</b>		
	Ms. Jinha Kim	UNDP Technical Specialist / GIDP Programme Officer
	Mr. Gerry O'Driscoll	Chief Technical Advisor
	Mr. Boulieng Bounyakheth	Coordinator Component 1
	Ms. Souphavanh Phoonsavanh	Coordinator Component 2
	Ms. Souksan Thavikham	Coordinator Component 3
<b>UNCDF</b>		
	Mr. Paul Martin	Regional Technical Specialist (Bangkok)
	Mr. Thilaphong Oudomsine	Programme Specialist
<b>SDC</b>		
	Ms. Michal Harari	Head of Governance Programme
	Mr. Gerhard van't Land	SDC Consultant
<b>MoHA</b>		
	Mr. Nisith Keopanya	DG Planning & Cooperation Department
	Ms. Vilaythone Sounthone Xaymongkhounh	Deputy Head of NGPAR programme
	Mr. Phongphon Xayyachack	Dept. of local administration – SUFS Task Force & ODS
<b>MPI</b>		
	Mr. Nakhonexay Phimpachanh	Director Social Development Planning Division
	Ms. Vongdeuane SIPHASEUTH	Deputy Head of Social Development Division
	Ms. Amphay Inthalangsy	Deputy Head of Rural Development Division
	Mr. Khamla Sinvixay	Deputy Head of Ethnic Affairs Division
MPI - DIC	Mr. Morakot Vongxay	Director of International Organization Division
<b>MoF</b>		
	Ms. Visada Sipaseuth	Department of External Finance and Debt Management
	Mr. Sinsay Phitsavong	Department of fiscal policy and Regulation
	Mr. Thongsa Homsombat	Budget Department
	Mr. Viengson Phetsinoun	National Treasury
<b>Khammouane Province</b>		

<b>Provincial Department of Home Affairs</b>	Ms. Bounthanom Phachnpheng	Vice president of Provincial Lao Women's Union
	Mr. Somsaat Ounsida	Deputy Director of Provincial Finance Department
	Mr. Keodavong Xayaseng	Director of Provincial Department of Home Affairs
	Mr. Viengthavone	Technical staff
	Mr. Khamsa Chandala	Head of Bureau, Provincial Department of Home Affairs
	Mr. Saikham Sonemungkhala	Deputy Director of Provincial treasury
	Mr. Southixay Soulivong	Head of Local Administration Division
	Mr. Sithong Yapanya	Deputy Head of Division
	Mr. Chanthakhone Onemanisone	Deputy Director of Provincial Department of Planning and Investment
	Mr. Phonexay Vongdala	DDG of Department of Planning and Cooperation, MoHA
<b>Thakhek District Home Affairs (ODS Team)</b>		
	Mr. Khamphouvong Souvannadeth	Head of District Home Affairs
	Mr. Phaivanh Bulom	Deputy Head of District Office, District Governor Office
	Ms. Latdavanh Thepphasa	Technical staff
	Ms. Phonephet Singdavongsak	Technical staff
	Ms. Chindalat Inthabouavone	Technical staff
	Mr. lamphone Yorbanthom	Technical staff
	Mr. Khamsa Chandala	Head of Bureau, Provincial Department of Home Affairs
	Mr. Southixay Soulivong	Head of Local Administration Division (Province)
	Mr. Phonexay Vongdala	DDG of Department of Planning and Cooperation, MoHA
<b>Hinboun District Authorities and village authorities</b>		
	Mr. Theva Sisopho	District Vice Governor

## Annex 4 – Evaluators’ response on comments received on draft report

UNDP comments on draft report	Evaluators’ response
<p><b>Comments on Relevance:</b></p> <ul style="list-style-type: none"> <li>Noted that the overall GIDP objective remains valid and still appropriate strategy to achieve GIDP purpose.</li> <li>GIDP is part of support to the government’s National Governance and Public Administration Reform programme (NGPAR). Governance does not have a final destination and is a continuing process of incremental reforms. Similarly, the government’s NGPAR is not time bound.</li> <li>NGPAR-GIDP is a <u>government</u> owned, directed, managed and implemented project (NIM<sup>5</sup>), supported by UNDP, UNCDF and SDC, and open to other development partners. It was not designed solely with the preferences and funding availability of any one party.</li> <li>The NGPAR-GIDP design document (ProDoc) foresees a phased transfer of ownership and implementation by the government. See below under Sustainability.</li> <li>More specifically, there appears to have been a significant misunderstanding of the overlying reform agenda of the government and the MTE team’s perception of the status and speed of the reform. In addition, there is no consideration, as could have been highlighted in the narrative, of the current national PFM strategy and the fiscal consolidation that are linked with the GIDP and the activity and work of GIDP related to the formula and performances based IGFT related to the Operational Expenditure Block Grant, which is not mentioned in the MTR.</li> <li>The report does not provide a detailed analysis of the policy, regulatory and fiscal environments in which the GIDP operates and the reforms it supports. Ideally the purpose of project, i.e. that of enhancing local governance and the central-local fiscal relationships, should have been brought out. On the contrary, the MTE appears to present a perception that the GIDP is about community-based development and did not recognize the focus of governance systems change. (see also Effectiveness)</li> </ul>	<p>Noted</p> <p>Disagree. After more than 25 years of NGPAR, Governance should not be an indefinite process.</p> <p>Government owned is noted. Other development partners did not provide any financial contribution at the time of the MTE</p> <p>Noted.</p> <p>The MTE has been conducted in accordance with OECD evaluation criteria which were mentioned in the ToR. There is no misunderstanding over the reform agenda of the government.</p> <p>The scope of the MTE was to evaluate what has been done, not to provide a detailed analysis of the policy, regulatory and fiscal environment of the country. This would furthermore not have been possible considering the limited time allocated for the MTE</p>

<sup>5</sup> GIDP is a Nationally Implemented Modality project.

<ul style="list-style-type: none"> <li>Two critical elements have not been recognized in the analysis under relevance; these being (i) the post 2015 development agenda, no comments are provided related to the SDGs, the governments voluntary national review (VNR) and (ii) SDG localization processes to which the GIDP compliments and contributes towards.</li> <li>The MTE report does not provide an ideally referenced operational backdrop that is being dynamically influenced by critical policy issues contained for example within the Sam Sang or new Sub National Administration mandates and state Budget law for which the project components are contributing towards. The MTE appears to have failed to appreciate an updated legislation base that introduces a new sub national architecture has been passed into law encompassing; (i) administration establishment that now includes the formation of provincial people's assemblies, (ii) local government mandates, and (iii) sub national budgets. This is quite exceptional and follows similar trajectories of decentralization in the region i.e. Cambodia where a similar legislative base change was witnessed in 2008 with the issue of the organic law, building on to 2 decades of DDF type systems being tested and demonstrated.</li> <li>Whereas the MTE references a weak project design, in principle this is also reflective of the design process at the time being based on aspirational funding levels that provided space for additional partners to join later as was often the experience in previous GPAR projects. The UN systems has since readjusted their programming methods so that approved projects are fully funded. If the MTE team were to approach the examination of project design applying this notion, which was commonly seen in other projects, suggestions to positively reconfigure and narrow the scope of the project could have been presented.</li> <li>With a deeper analysis the MTE may have been able to illustrate the continued relevance of GIDP and ideally seek adjustments that can accelerate the reform processes and suggest new pathways to support the intended reform.</li> </ul>	<p>No evidence has been provided by informants on such contribution</p> <p>This was not part of the MTE's mandate. The evaluators disagree with your statement "appears to have failed" which is a purely subjective statement</p> <p>Glad to read that UNDP has readjusted their programming methods, but this does not change anything to the fact that the design was inadequate when it was conceived</p> <p>A deeper analysis would only have been possible with sufficient time allocated for the MTE The mandate of the MTE was basically to assess achievements against the ProDoc - not to re-design the project or formulate a new phase.</p>
<p><b>Comments on Effectiveness</b></p> <ul style="list-style-type: none"> <li>GIDP is primarily a governance and public administration project. Its designed contribution and strategic objective is governance and public</li> </ul>	<p>Correct statement, but inappropriate "exit" strategy. Little evidence of institutionalization was observed</p>



<p>administration <u>systems-building</u>, which the government can take forward on their own. Thus, the measure of its ultimate success in 2021 will be the extent to which the government has used and will continue to use the governance and public administration systems developed and introduced by GIDP. This institutionalization of key systems is also the exit route for GIDP.</p> <ul style="list-style-type: none"> <li>• The Annual work plans are designed to deliver these systems and, as noted by the MTE, have been delivered as planned and the quantitative targets of the RRF have been met.</li> <li>• The MTE provides a bullet list of 5 “<i>outputs</i>” and generalizes that this is the sole delivery of the project. This type and style of reporting does not capture additional outputs that support the achievements towards the outcome level.</li> <li>• Whilst accepting that the indicators for the project could be improved, UNDP did field a quite lengthy IC mission to look and develop the internal project M&amp;E system and better define project indicators, this area of work is not referenced by the MTE team.</li> </ul>	<p>Quantitative targets have been met, however without reference to any results</p> <p>No additional outputs have been observed and/or reported to the evaluators</p> <p>No evidence of the developments/improvements resulting from such mission have been observed</p>
<p><b>Specific comments on DDF</b></p> <ul style="list-style-type: none"> <li>• The phrase re DDF changes (sic). “<i>however not for the better</i>” is not supported nor substantiated with factual evidence nor is it considered against the change of environment that the project is operating. Given that the original DDF was never adopted by the government as a true institutionalized IGFT system and remained an off budget parallel system, fully funded by the development partners (DPs) for its entirety this seems a questionable assumption to present.</li> </ul>	<p>The phrase “<i>however not for the better</i>” has been deleted and replaced by “Several informants suggested to the evaluators that this revision was not the correct approach”.</p>

<ul style="list-style-type: none"> <li>• This comment also is in polar disagreement with the findings of an independent consultancy that was commissioned by the project as a project board (PB) decision in 2019. The month-long consultancy examined the design and operation of the new DDF and decision-making process simultaneously comparing both old and new systems. There is no reference to this mission, (nor to the previous one in 2018) or to its report and detailed recommendations. The commissioned mission illustrates the pro-active Program Board management decisions, the continual adjustments being made to GIDP and the use of lessons and information to improve the project and government policy, to assure relevance of the project in terms of its ToC is maintained. The detailed recommendations have provided an on-going work plan agreed with all stakeholders that has been introduced in the 2<sup>nd</sup> half of 2019.</li> <li>• There is no analysis of the DDF 2 process and decision-making chart nor the Leave No One Behind (LNOB) methodology for final selection that was developed through extensive consultations inviting all stakeholders. The rationale behind the new design is simply ignored. The MTE neglects other positive key issues that aligns to the findings of the DDF technical assessment. Under the new system, the government has now taken ownership of DDF in terms of; (i) developing and issuing Lao language SOPs, (ii) official issue by MoHA of a third level legislation to regulate the DDF under government expenditures and (iii) a committed budget allocation of 15% to co-finance DDF projects, (iv) full adoption within the national planning and national finance systems. Additionally, in alignment to the SDG accelerators and SDG VNR the process of issuing a call for proposals based on lagging SDGs and reaching the last mile has become an inbuilt function of the current system. These issues have been well articulated across numerous documents and reports.</li> </ul>	<p>As per above response</p> <p>The MTE was not mandated to provide an analysis of the DDF 2.0 process. Please refer to the first evaluation question of the ToR: “to what extent were the objectives achieved?” Obviously DDF 2.0 did not achieve what the project was designed for (Targeted local administrations are able to develop and finance the implementation of multi-sector work plans based on community priorities)</p> <p>Local screening at local level has not resulted in a decentralized decision on the award of grants</p>
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<ul style="list-style-type: none"> <li>• The accepted principle of targeting the SDG LNOB agenda is supported effectively by DDF2. Furthermore, applying two formulas for the DDF, (i) minimum conditions, screened at provincial level and a LNOB formula that uses official government data sets being undertaken to finalize awards through a cross-ministry committee has potentially increased the transparency of the system. This is not considered or referenced by the MTR.</li> <li>• The MTE suggests that the previous system was superior, being based on a discretionary grant that in itself provided a solid basis. However, the MTE did not expand upon this analysis in terms of actual impact of the DDF 1.0 over a continuous timeframe that it was operational nor its lack of take-up by the government as an on-budget, budget finance IGFT. Over a 15 year cycle the government were unwilling or unable to mainstream the system into government procedures and processes. It remained an off-budget parallel project activity. Indeed, the development and promulgation of new laws basically made the original procedures and guidelines covering local planning, public procurement, treasury flows and even the distribution formula outdated. This has been well reported with documents being issued to development partners and articulated in various sector meetings but are not referenced by the MTE.</li> <li>• The statement that DDF does not have any links with (future) fiscal decentralization is incorrect. In terms of sustainability and links to future fiscal decentralization as a component of the AWP UNCDF are engaging an IC mission to work with MoF Budget Department to finalize the formula and weighting of criteria for the OEBG, that was a part of the original DDF. This work is fully incorporated in to the AWP and more importantly the PFM country strategy.</li> </ul>	<p>The evaluators did not come across and were not shown any evidence or examples of meaningful SDG localization or specific LNOB targeting. These are just labels attached to business as usual</p> <p>An analysis was not required. Several informants, including government officials, clearly stated that DDF 1.0 worked, despite limited budgetary allocations</p> <p>This statement is made in the section on Sustainability. The wording “does not have any links” has been changed.</p>
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<ul style="list-style-type: none"> <li>• The MTE has failed to report on verifiable project outputs that have been generated directly due to project activities such as the issue of government regulations, government operational manual and associated standard operating procedures for the capital investment inter-governmental fiscal transfer (IGFT) that is transforming new screening and decision-making functions based on minimum conditions of access. It is noted that this function transfer is now being fully introduced in the 2019 DDF cycle.</li> <li>• Based on the experiences of the decentralization reforms in Cambodia (introduction of sub-national challenge funds for capital development and the development and maintenance of discretionary operational grants, the DDF 2 has been re-developed to support co-financing from provincial government budgets whilst in addition the OEBG is undergoing a process to allocate an expenditure code to this IGFT hence providing a predictable budget. Additionally, the OEBG will carry a new distribution formula and performance indicators by GDP interventions to finalize the ADB supported sub-national formula development for recurrent operations budgets for sub-national administrations. An analysis and informed comment by the MTR on important developments and directions in neighboring states would provide useful basis to contribute to positive recommendations re future options.</li> </ul>	<p>The MTE would have benefited from a stronger input from the National Director and the CTA to provide evidence.</p> <p>The MTE was not mandated to provide comparisons with other countries. The comparison with Cambodia is furthermore misplaced. The Sun National Investment Fund (SNIF) that is referred to is for huge infrastructural projects that are in size way beyond the annual transfers to local governments. SNIF is an addition to the systems of annual formula-based transfer to ALL local governments, that cater for the basics. This is the system that DDF 1 was trying to introduce. Skipping this step of regular annual transfers for all LG entities as an entitlement does not make sense.</p>
<p><b>Specific comments on ODSC</b></p> <ul style="list-style-type: none"> <li>• It is precisely because of government's difficulties in making ODSC work that GDP was requested by the GoL to help resolve the challenges. Based on an analysis done by GPAR in 2015 the core of the problem was identified as unclear operational processes, compounded by the ubiquitous cross-sector collaboration challenges. Thus, GDP was charged with process engineering a 'model ODSC' and demonstrating in 2 districts. This challenging activity is on course / design work completed, key actors on board, official approval to proceed gained, initial training provided to the 2 districts. The ODSC model will begin public operations end 2019 and be closely supported during 2020. The</li> </ul>	<p>Comments confirm that only preparatory work has been done and that results will only materialize in 2020. The "well-engineered new model" may be as good as it can be, it still has to prove itself. A positive outlook is good, but expecting a "catalytic" impact is unreal!</p>

<p>strategic objective is to develop the system that the government want and will take up. Given the leadership interest, the well-engineered new model and the fact the work is on plan (time &amp; budget) as originally anticipated in the ProDoc, there is every reason to be positive about the success of this undertaking, - and the catalytic impact it will have on local service delivery into the future.</p> <ul style="list-style-type: none"> <li>• The MTE report would benefit from providing <b>comparable examples</b> to define “<i>long-history</i>” and “<i>inefficient ODSC in country.</i>”</li> <li>• Changes in the Governance sector requires a <b>long-time horizon and is a process</b><sup>6</sup> <ul style="list-style-type: none"> <li>➔ A case study (Onxayvieng, 2015) also recognized that “<i>We found that the ODSCs have <b>certainly led to some improvements in service access and do indicate that public administrative reforms for service delivery are possible.</b> But the <b>journey has just begun</b> and it is prudent to make some adjustments to improve overall efficiency and effectiveness and eventually achieve the ambitious goals of GPAR</i>” and made suggestions to improve.</li> <li>➔ In <b>Vietnam’s case</b>, which has politically and socially similar contexts, it also took <b>29-30 years to establish the current legal basis</b> - 2015 PM Decision of ODSC on the full implementation and guidance on legal requirements pertaining the implementation (incl. organisation, procedures, coverage, staffing, training, and financing) since the start of first PAR reform (Doi Moi reforms 1986) and to expand the model to the whole nation (2016) – 63 provinces (incl. 5 municipalities). (WB Citizen Service Centers 3, p3)</li> </ul> </li> </ul>	<p>The MTE was not mandated to provide examples of inefficient ODSC history. This was clearly highlighted in a report which is mentioned in the draft report.</p> <p>Vietnam’s case does not change anything to the fact that ODSC history in Lao PDR shows inefficient structures as highlighted in the above-mentioned report.</p> <p>Same comment as above</p>
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“According to the modernized „New Public Management “theories, governance is about society and values, and therefore any improvements in this area require **long-term vision and strategy and the need to ensure an ongoing and adapting capacity to balance and rebalance the dynamics of a rapidly changing society.**” Onxayvieng et al. 2015, p151

<p>➔ Similar ODS have also been developed in Cambodia (UNDP 2012), Mongolia (SDC 2006) and Bhutan (UNCDF 2014). (Onxayvieng et al. 2015)</p> <ul style="list-style-type: none"> <li>Improvements made re. ODSC model is specified in <b>the guideline &amp; SOP</b>. It was considered that there are a few <b>reasons why ODSC has not been functioning</b> well in Laos: (1) lack of leadership from the top, which is caused by the lack of understanding of ODSC and motivation in doing so; (2) lack of coordination between the front office at the ODSC and the back office (the personnel processing the documents at their respective offices); (3) lack of clear SOP, which leads to a lack of accountability and ownership; (4) lack of incentives in terms of rewards and position promotion.</li> </ul> <p>➔ <b>The new ODSC model was developed addressing all the above-highlighted issues.</b> E.g. the relevant committees both at the central and local governments were established as well as at the front and back offices. Process mapping was conducted and fed into the new model aiming at the improvement of the coordination, clearer roles and responsibilities and process flow. ODSC SOP and framework have been devised. Incentives are addressed in the framework.</p>	<p>Comments may be correct and justify a new approach to improve the work of ODSCs. Yet it is also noted that in all mentioned countries (maybe Mongolia the least), as well as Myanmar, where UNDP also supports the same, ODSCs struggle to become meaningful institutions even with the best of intentions</p> <p>Correct approach to address issues earlier identified, but the model still has to prove itself</p>
<p><b>Specific comments on SUFS</b></p> <ul style="list-style-type: none"> <li>It was known from the outset that the introduction of a citizens reporting system on administrative performance would be sensitive and time consuming. SUFS is following the broad timetable anticipated in the ProDoc and operationalized in the agreed AWP of GIDP. SUFS is a system – an Accountability framework - to institutional the inclusion of people’s voice within local governance and using the new People’s Provincial Assemblies. While it can also generate useful information for local planners this is not its primary purpose.</li> </ul>	<p>The project would benefit from bringing clarity to all parties involved with regard to the ultimate aim of SUFS. This is unclear as contradictory views on SUFS from all informants have revealed.</p>

<ul style="list-style-type: none"> <li>It needs to be noted that synergies are being created by implementing SUFS in DDF districts. The services provided by the districts which are benefitted by DDF will be assessed and that can inform the authority and PPA for improvement of services.</li> <li>The upgraded RRF introduces a strategic process of linking the SUFS's findings to the local action and district planning (from planning to monitoring usage), and eventually with Digital Service Mapping exercise with DDF. <ul style="list-style-type: none"> <li>➔ GIDP's approach has a measure to link it to the action compared to other models (in Laos and Vietnam) by providing capacity development training on usage of SUFS findings for evidence-based planning (incl PPA) and the process of monitoring usage of SUFS findings by PPA.</li> </ul> </li> <li>The MTE claims that the sample size of the SUFS is not sufficient – i.e. very marginal to provide feedback on services. Applying standard statistical principles, the actual sample size of 36,570 against a population size of 7,000,000 is very generous and more than adequate to return results that provide 95% confidence with a 5% margin of error and indeed will suffice with lower margins of error. The MTE mistakenly assumes the SUFS to be a planning tool, when in fact it represents the introduction of a citizens' accountability framework.</li> </ul>	<p>As per above comment The evaluators were only shown an example where the SUFS followed the DDF planning process rather than proceeding it – hence it did not provide input in the latter</p> <p>Noted, but never explained to the evaluators.</p> <p>The Evaluators <b><i>did not mistakenly assume SUFS to be a planning tool.</i></b> The evaluators only reflected views expressed by the informants.</p>
<p><b>Specific comments on PSIF</b></p> <ul style="list-style-type: none"> <li><b>Factual error 1:</b> 32 PSIF projects were awarded incl. 2018 (16 projects) and 2019 (16 projects) with the progress monitoring sheets attached (Q3 Progress Report)</li> <li><b>Factual error 2:</b> MTR visited one PSIF project beneficiary – Improve One Door Service Centre of Thakhek District, Khammoune Province – <b>linked with ODS component</b> (explained at the kick off meeting. The list of projects is included in Q3 progress report)</li> <li>GIDP is aware of the low response rate (about 10% of applicants) from NPAs to calls for small grants facility projects. Priority is given to projects that are jointly proposed by administration, communities &amp; NPAs and private sector.</li> </ul>	<p>Factual error corrected. 2019 information added, despite the fact the Q3 Progress Report was not shared with the evaluators</p> <p>Correction made in the report During the field visit, the evaluators however were not shown an innovative pilot in improving service delivery</p> <p>Noted.</p>

<p>Government agencies have accounted for some 90% of applicants, despite extensive and widespread calls for Expressions of Interest. GIDP is currently researching the underlying causes and based on evidence will adjust the PSIF accordingly.</p> <ul style="list-style-type: none"> <li>PSIF is designed for <b>innovative pilot projects</b> that test or prove new knowledge, technologies, processes or practices to deliver public value and that can be <b>scaled or replicated across government</b> while <b>promoting collaborative, networked and innovative ways of working</b> between government, citizens and communities to improve outcomes for rural communities, <b>especially women, youth and ethnic communities</b> (Prodoc, p107).</li> <li>Among 32 projects, <b>14 projects are at rural community (village) level, 6 projects directly address gender. 4 projects are relevant to partnership between authorities and civil societies</b> (2 NPAs and 2 INGOs)</li> <li>Upon completion of the implementation of cycle 1, it is planned to identify successful models and present at the GSWG – PSI SSWG for sharing experiences.</li> </ul> <p><b>Note 1:</b> The challenge in engaging NPAs is acknowledged – also recorded in the report. Reasons for limited number of applications may vary. Measures to improve the selection criteria are in the process of development, and a consultation with NPAs is already planned to identify challenges for NPAs (Q3 progress report)</p>	<p>There is no evidence of “innovation” in the grants awarded</p> <p>Noted, but nothing innovative in this information</p> <p>Noted</p> <p>Noted</p>
<p><b>Specific comment on GSWG</b></p> <p>Agreed. The GSWG related activities consumes some 60% of the STA time and 80% of the Output 3 Coordinators time. A Capacity Needs Assessment Report 2019 has recently been issued, with clear suggestions and actions.</p>	<p>Noted</p>
<p><b>Comments on Efficiency</b></p> <ul style="list-style-type: none"> <li>Noted that agreed work plans have been delivered as planned and the quantitative targets of the RRF have been met.</li> <li>Acknowledged that the link between the RRF and the more strategic objectives of the project is not overtly clear. GIDP strategic objective is <u>governance and public administration systems-building</u>, which the government can take forward on their own, referred to in the ProDoc: <i>“The GIDP will act as a platform for providing tools and scalable learning that encourage more inclusive service delivery and local development”</i>. Reference should be made to the independent</li> </ul>	<p>Achieving quantitative targets does not contribute to the objectives of the project</p> <p>Noted</p>



<p>mission in May 2018 and subsequent updates to RRF, which amended some RRF indicators and introduce linkages to SDC Rubrics Scale that attempts to track qualitative governance and public administration changes over time.</p> <ul style="list-style-type: none"> <li>• Critically, this section of the analysis needs to present a snap shot of resource availability and utilization that can finance, and to what extent, to enable outcomes to be reached.</li> <li>• With reference to the DDF upgrade, no data is provided that links resources to size and scope of the entire process. Hence, an opportunity is missed that could highlight the severe resource constraints (both public finance and ODA) which suggests, in a rational manner, that the proposed return to a high transactional cost DDF system with no capacity for effective Last Mile targeting IGFT can never be achieved in the current fiscal environment. We suggest that this recommendation be revisited.</li> </ul> <p>No reference is made to the associated IC reports and findings, nor recommendations. This feature of neglecting other independent DDF assessments weakens the resultant findings and recommendations.</p>	<p>Financial expenditure analysis is provided in the final report</p> <p>Recommendations <b>will not be revisited</b>. Suggesting to evaluators to change their recommendations is a total violation of their independence.</p>
<p><b>Comments on potential impact</b></p> <ul style="list-style-type: none"> <li>• This strategic objective of GIDP is clearly stated in the opening lines of the ProDoc; <i>“The GIDP will act as a platform for providing tools and scalable learning that encourage more inclusive service delivery and local development”</i></li> <li>• GIDP was <u>not</u> designed to be primarily a rural livelihoods / poverty project. It is a governance and public administration project, - which has secondary spin offs such as better service delivery. The rationale for the project is to support better government, as identified in this very section by the MTR - but this also requires the judicious introduction of new systems and regulation to make a sustainable system change.</li> <li>• At the operational / reform level, sustainable governance and administrative reforms are largely focused on <b>systems-building</b>. That is building, proving and institutionalizing administrative systems that the government want, and can take forward on their own. The MTR does not capture adequately the positive shifts in regulations, budgeting and inter-government coordination efforts related to sub-national planning as a result of the GIDP, including advances in citizens’ accountability framework.</li> </ul>	<p>An opening statement of a prodoc cannot be considered as THE strategy. Please revisit objectives of the project</p> <p>Noted. In this case, the project is to be seen as a failure, which the evaluators have deliberately omitted to point out clearly in the draft report.</p> <p>Comment already addressed earlier</p>

<ul style="list-style-type: none"> <li>• Geographic clustering for impact is more relevant for poverty / livelihoods project and has little adverse effect on systems-building and testing.</li> <li>• Impacts that could have been identified by the MTR such as the DDF Lao Manual, the associated issue of new ministry regulation, the formation of the national Inter-Ministries Committee (IMC) have been ignored.</li> </ul>	Noted, but evaluators have different views
<p><b>Comments on Sustainability</b></p> <ul style="list-style-type: none"> <li>• See above re stated strategic objective of GIDP and systems-building. Building governance and public administration reform systems that the government want and can take forward on their own is an effective and practical way to achieve a level of sustainability. One of the strengths of the NGPAR-GIDP design is that it builds on the deep experiences and lessons of previous programmes and takes forward the proven interventions.</li> <li>• The NGPAR-GIDP design document (ProDoc) foresees a phased transfer of results (systems) and implementation to the government: <ul style="list-style-type: none"> <li>◦ at <i>strategic level</i> - a strategy of systems-building that the government want and can take forward, and</li> </ul> </li> </ul> <p>at <i>operational level</i> - GIDP uses a cost sharing modality that includes MOHA staff time, MoHA financial contribution, introduces DDF co-financing by the State Budget, and a phased reduction in external support as more skills and responsibilities are transferred to MoHA staff from GIDP.</p>	<p>See above comment</p> <p>Noted</p>
<p><b>Comments on conclusions</b></p> <ul style="list-style-type: none"> <li>• Specific comments on findings etc are made previously. In addition, the following more general comments are offered below.</li> <li>• Whereas the MTR have indicated that the project design is weak this needs to be revisited and the narrative expanded to provide clarity as to what design elements are weak and why and what suggestions can be made to improve the ToC. Perhaps this re-visit would also allow the MTR to actually examine and develop an analysis of the project's ToC, so as to allow the Project Board to tweak the focus of GIDP, related to resource availability and the perhaps over-ambitious nature of the project design given the availability of funds and suggest possible solutions to realign the budget to doable activities that are of large enough scale to support higher levels of impact. This was a key expectation of an MTR.</li> </ul>	The MTE was not mandated to reformulate the Theory of Change

<ul style="list-style-type: none"> <li>• The draft MTR does not detail any short falls or additionalities that can be added to the project ToC. Although the MTR team suggest that the design of the project and the synergies between the 3 project components cannot be defined, it offers no comments in this area. It offers no reference to the current changes being witnessed due to the on-going PFM process, fiscal consolidation of public finances and the broader PFM strategy that is critical for future decentralization and which underpins future sub national Inter Governmental Fiscal Transfers (IGTFs) and budget expenditure and revenue accounting.</li> <li>• The MTR report fails to undertake a review that encompasses UN normative works in that there is no focus on (i) gender equality and (ii) human rights based approach contained within the MTR assessment. Both issues are important in the context of all three components and especially in the concepts of the Leaving No One Behind (LNOB) agenda that underpins the SDGs and to which the new DDF awards are targeted towards.</li> <li>• Within the MTR draft report there is no budget nor expenditure analysis where, in fact, a sizable portion of the MTR analysis need be focused towards and output findings should be placed. The fact that no such information is carried and contained within this section highlights the concerns that the MTR does not validate any claim nor recommendation with data. For example, when the recommendations suggest that funds need be reallocated to the DDF from other components, there is no supporting analysis of the project budget utilization especially in the context of the resource, activity, outcome continuum. To argue that no data is available is incorrect as it is an integral part of the quarterly and annual reports. If additional financial data was required, it would have been appropriate for the delayed issue of the report so as to address the insufficiency of data.</li> <li>• Observations and conclusions made are mostly without evidence nor analysis and in particular without budget or data analysis. In this context it is somewhat surprising given that a report has been constructed without data how the MTR team reached any of the conclusions and recommendations whilst undertaking the MTR following the UN guidelines. The data in the quarterly and annual reports should be sufficient to come to conclusions.</li> </ul>	<p>As per above comment</p> <p>Such review would only have added to the poor performance of the project. The project team appeared totally disconnected from and fairly uninterested in the ongoing discussions on IGTFs.</p> <p>Budget expenditure analysis added in the final report. It was missing in the draft because requested data were not provided in due time .</p> <p>The financial data provided in the quarterly and annual reports is insufficient. The additional data provided by UNDP <u>after</u> submission of the draft report has now been taken into consideration in the final report</p>
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<ul style="list-style-type: none"> <li>The concept of multi-sectorial work-plans is very out-dated and has been subsequently replaced by a majority of the governments in Asia adopting a territorial approach. Unfortunately, in Lao PDR planning remains sector based and siloed. This being inbuilt into the planning processes and ODA. Likewise, independent analysis of small projects being developed and implemented by the PRF and the previous GPAR projects concluded that a majority of local government projects were of very similar / identical nature (ie sector based). The MTR could have explored this emerging governance trend in greater depth as a potential recommendation.</li> </ul>	<p>If the concept is outdated, why was it one of the main objectives?</p>
<p><b>Comments on recommendations</b></p> <p>Based on the detailed but not exhaustive comments above, we leave this space blank to provide the MRT team an opportunity to revisit, change or reconfirm the recommendations.</p>	<p>Recommendations will not be changed</p>
<p><b>SDC Comments</b></p> <ul style="list-style-type: none"> <li>The extremely limited nature of the financial information provided to the MTE team did not allow a meaningful assessment of the project in terms of efficiency, accountability and transparency in the MTE report. SDC expects that the necessary budget expenditure data will be shared with the consultant (as per attached questions) and that the relevant parts will be added to the final report within the deadline.</li> <li>The MTE report identified the lack of a project exit strategy; therefore development of an exit strategy should be included in the list of recommendations in the report.</li> </ul>	<p>Agreed. Additional information provided now allows a detailed expenditure analysis to be made and is provided in the report</p> <p>As per above response, recommendations will not be changed, but evaluators agree to SDC's comment and suggestion for UNDP to consider.</p>

## Management response

### UNDP management response template

#### Mid-term Evaluation for the Governance for Inclusive Development Programme (GIDP)

Date: Jan 2021

Prepared by: Sean O'Connell

Position: Head of Governance Unit

Unit/Bureau: UNDP Lao PDR

*Sean O'Connell*

Cleared by: Ricarda Rieger

Position: UNDP Resident Representative

Unit/Bureau: UNDP Lao PDR

*Ricarda Rieger*

#### Preamble

The Mid-Term Evaluation (MTE) of the Governance Inclusive Development Programme (GIDP) was carried out from 21 October 2019 until 7 November 2019 by a team of 2 independent experts recruited by UNDP who were joined by one consultant appointed by SDC. The evaluation was carried out on the basis of the standard OECD evaluation criteria.

The Mid-Term Evaluation of the GIDP was commissioned to assess the programme in such areas as relevance, efficiency, effectiveness, and potential impact at the output level and their contributions to outcome level goals, to analyse budget and resource allocations in terms of emerging issues that the project need address and to capture lessons and recommendations for the future.

UNDP, UNCDF and implementing partners who have commissioned the evaluation are of the opinion that the evaluation report has serious limitations possibly due to lack of sufficient time for the evaluators to familiarize themselves with objectives and achievements of the project which limited the scope, relevance and depth of observation in the context of a governance project with a comprehensive mix of outputs. Some of the findings and statements fall short of analysis or supportive arguments not fully taking into account the policy, regulatory and fiscal environments in which the GIDP operates and the reforms it supports. Ideally the purpose of project, i.e. that of enhancing local governance and the central-local fiscal relationships, should have been brought out. On the contrary, the MTE appears to present a perception that the GIDP is about community-based development and did not recognize the focus of governance systems change.

GIDP is contributing to the efforts of the government's National Governance and Public Administration Reform programme (NGPAR). Governance does not have a final destination and is a continuing process of incremental reforms. Similarly, the government's NGPAR is not time bound and this element behind the project design is not forthcoming. UNDP and the partners are of the considered opinion that the objectives of the GIDP remains valid and still an appropriate strategy to strengthen its public administration's ability to achieve the goals of better service delivery, promote wider governance improvements and increase citizens' systematic engagement, especially at the local levels where basic services are coordinated, planned, tracked and reported.

The Ministry of Home Affairs (MoHA) which is the lead government partner is of the opinion that the report displays limited understanding of the GIDP objectives and undermines the contribution made by National Governance and Public Administration Reforms (NGPAR) over the years in strengthening public administration and governance processes.

#### Evaluation recommendation 1.

Either go back to DDF 1.0 or develop a DDF 2.1 that

- a. Takes the discretionary fiscal grant principle of DDF 1.0 as starting point
- b. Takes provinces (and no longer districts) as the primary units of sub-national governance (and decentralization)
- c. Allows targeting of particular provinces (1 or 2 maximum under GDP) – other provinces could be targeted by the UNDP/China SDG localization project if it materializes

**Management response: Disagree**

According to the evaluation team, DDF 1.0 was in alignment with the principle of discretionary fiscal grant allocation and its concern is to keep the spirit of a funding mechanism that respects and strengthens the demand and decision power of local authorities.

It has been made clear to the evaluation team that DDF1.0 could not be integrated into to the financial system of the government and remained as an off-budget parallel project activity.

According to the three build (*Samsang*) policy of the Lao Government, districts have a key role to play within the sub-national governance. By recommending that provinces rather than districts serve as the primary units of sub-national governance, the Evaluation Team has ignored this government policy and consequently did not understand the rationale behind DDF 2. In addition, the Evaluation team did not make an analysis of the DDF 2 process and decision-making chart nor the Leave No One Behind (LNOB) methodology for final selection that was developed through extensive consultations inviting all stakeholders. We believe that the accepted principle of targeting the SDG LNOB agenda is supported effectively by DDF2.

Furthermore, applying two formulas for the DDF, (i) minimum conditions, screened at provincial level and (ii) an LNOB formula that uses official government data sets being undertaken to finalize awards through a cross-ministry committee have potentially increased the transparency of the system. This is not considered or referenced by the MTR. Under the new system, the government has now taken ownership of DDF in terms of: (i) developing and issuing Lao language SOPs, (ii) official issue by MoHA of an executive order to regulate the DDF under government expenditures and (iii) a committed budget allocation of 15% to co-finance DDF projects, and (iv) full adoption within the national planning and national finance systems.

**Evaluation recommendation 2.**

Define and explain the strategy and aim of SUFS to avoid multiple interpretations. As they are meant to contribute to the preparation of the national development plan, they could be a tool for consultations in the planning process

**Management response: Disagree**

The Evaluation Team's assumption / statement that the designed role of SUFS is to contribute to the preparation of the national development plan, is incorrect and a mistaken notion. SUFS is not a planning tool, it is a governance initiative to introduce the practice of citizen's voice/ feedback on the performance of local administration. Institutionalizing a practice of capturing citizens' voice in a meaningful way on a range of service and GPAR (Governance and Public Administration Reforms) issues. SUFS builds awareness and strengthens the relationship between duty holder (Districts Admins) and the rights of the citizen. Sharing results of SUFS with PPA to support PPAs oversight role as representative of the local people has been appreciated by PPA members from

the districts that participated in the survey. Moreover, SUFS as a system provides a platform for citizens' voice & accountability which are the basic tenets of inclusive local governance.

### Evaluation recommendation 3.

Define a strategy for the PSIF (e.g. aiming at generating policy discussion at local level through involvement of civil society)

### Management response: Partially Agree

The Government, UNCDF and UNDP acknowledge that the donor agrees with the Evaluation Recommendation. The donor's expectation of PSIF is to have a strategy with concrete actions aiming at engagement with civil society (especially NPAs) to generate policy discussion at local level and to ensure PSIFs are better linked to DDF activities (concentrate projects in the same provinces as DDF projects)

UNDP believes that the PSIF strategy is well designed for **innovative pilot projects** that test or prove new knowledge, technologies, processes or practices to deliver public value and that can be **scaled or replicated across government** while **promoting collaborative, networked and innovative ways of working** between government, citizens and communities to improve outcomes for rural communities, **especially women, youth and ethnic communities**. The lessons learned from the projects are discussed in the PSI-SSWG workshops under the GSWG to generate discussion that could feed into policy making at the national and sub-national level.

UNDP is aware of the low response rate (about 10% of applicants) from NPAs to calls for small grants facility projects. While priority is given to projects that are jointly proposed by administration, communities & NPAs and private sector, government agencies have accounted for some 90% of applicants, despite extensive and widespread calls for Expressions of Interest. GDP is currently researching the underlying causes and based on evidence will adjust the PSIF accordingly.

Key action	Time frame	Responsible units	Tracking	
			Comments	Status
Revisit the strategy based on a policy discussion at local level to ensure the next round of PSIF involves civil society organizations	March 2020	IP project team	a) Discussion with local authorities were conducted by MoHA during internal meetings b) The project organized a consultation with CSO /NPA network in March 2020 to identify barriers	a) Completed b) Completed

			that prevent CSOs from engaging actively with local authorities under the PSIF	
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**Evaluation recommendation 4.**

Ensure that PSIFs are better linked to DDF activities (concentrate projects in the same provinces as DDF projects)

**Management response: Partially Agree**

UNDP partially agrees with this recommendation as 20% of the PSIF projects are already implemented in districts that have linkages to DDF activities. Moreover, the primary purpose of PSIF is promoting innovative projects that can lead to scaling up of service delivery to the communities through collaborative efforts of NPAs and local authorities. Limiting PSIF solely to provinces where DDF activities are being undertaken will undermine the purpose of PSIF and the project, as PSIF will have even greater difficulty in working with NPA's as there are challenges in attracting a sufficient number of NPA's working with local authorities in provinces/districts even when the call for proposals is national.

Key action	Time frame	Responsible units	Tracking	
			Comments	Status
Orient MoHA on the linkages between DDF and PSIF as explained in the GIDP project document.	Dec 2020	<ul style="list-style-type: none"> <li>IP project team</li> </ul> Chief Technical Advisor-GIDP	MoHA PSIF committee members were briefed during the selection of the projects under round 3 of the PSIF in Dec 2020.	Completed

**Evaluation recommendation 5.**

Reduce overheads and re-allocate savings for cancelled activities to the DDF grant

**Management response: Disagree**

This project is a governance project with clear objectives to improve public administrative systems and governance capacities of the public officials. DDF and PSIF are not only "grant" but a package of capacity development for the local authorities'. Technical assistance (30%) and other activities costs (17.7%) mentioned in the comments are part of the package. Measuring the financial efficiency of the activities based on the amount of grants is inadequate and illogical as any governance programme or project invests heavily in capacity-building through transfer of technical knowledge and skills. GIDP has been enhancing the effectiveness of targeted government



institutions and officials which is evident through improvement in public service delivery in accordance with the vision of the Governance and Public Administration Reforms (GPAR).

#### Evaluation recommendation 6.

Redefine the workplan based on the (to be) revisited project objectives

#### Management response: Partially Agree

UNDP is of the opinion that the Work Plan/ budget have always been prepared at the activity level & summarised at outcome level. GIDP AWP & reporting will fully comply with the formal agreement between UNDP and SDC on reporting, etc.

Key action	Time frame	Responsible units	Tracking	
			Comments	Status
Align work plans for 2021 with project objectives	Feb 2021	IP project team	AWP for 2021 has been developed on the basis of this recommendation	Completed

#### Evaluation recommendation 7.

Update the RRF to define clear qualitative indicators which will allow measuring the project contribution to better governance

#### Management response: Agree

The Government, UNCDF and UNDP acknowledge that the Donor agrees with the Evaluation Recommendation. The Donor is aware that a partial revision/ adaptation of the RRF has taken place with its participation but nevertheless expects a revision as per the MTE recommendations.

UNDP believes that the RRF has been updated and qualitative indicators have been developed. The updated RRF has been shared with SDC and there has been no further comments.

Key action	Time frame	Responsible units	Tracking	
			Comments	Status
Revise RRF framework on the basis of the recommendation	Dec 2020	IP project team	RRF has been revised and qualitative indicators have been defined and incorporated in	Completed.

			the RRF. The revised RRF was shared with the donor and there has been no further comments from their side.	
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**Evaluation recommendation 8.**

Align project staff behind the (to be) revisited overall project objectives

**Management response: Agree**

The Government, UNCDF and UNDP acknowledge that the Donor agrees with the Evaluation Recommendation. The Donor is of the view that it is important that all related staff implementing project activities have a mutual understanding about project objectives, and rationales behind regarding purposes of why certain activities are implemented and what are desired outcomes each activity aim to achieve.

UNDP also acknowledges the importance of staff having a good understanding of project objectives and outcomes, and believes that there is adequate level of understanding among the project implementing staff about the different components of the project and the expected outcomes of each activity.

Key action	Time frame	Responsible units	Tracking	
			Comments	Status
The project staff have to be oriented further on the complementarity of the components of the project and that the rationale behind the project design needs to be reiterated.	March 2020	Chief Technical Advisor (CTA) to GIDP /UNDP	The CTA has been briefing and orienting the project implementing staff on a regular basis during the monthly and quarterly meetings. Quarterly meetings are attended by the donor and they are aware of the progress made in this regard.	Completed.

**Evaluation recommendation 9.**

Convene the PB more frequently than once a year and possibly revert to the quarterly frequency as originally planned.

**Management response: Agree**

The Government, UNCDF and UNDP acknowledge that the Donor agrees with the Evaluation Recommendation. The Donor requested the PB to meet twice annually.

UNDP and UNCDF are of the opinion that the Board has the discretion to meet as it deems appropriate, as mentioned in the Project Document. It was mutually agreed between the implementing partners to have quarterly meetings at the technical level so that the PB could meet twice a year and as and when necessary if situation warrants for a meeting.

Key action	Time frame	Responsible units	Tracking	
			Comments	Status
Discuss the recommendation made with the government partner (MoHA) and the donor	March 2020	IP project team	The Donor requested the PB to meet twice annually. UNDP and UNCDF are of the opinion that the Board has the discretion to meet as it deems appropriate, as mentioned in the Project Document. It was mutually agreed between the implementing partners to have quarterly meetings at the technical level so that the PB could meet twice a year and as and when necessary if situation warrants for a meeting.	No further action required as the PB has held its meeting in Dec 2020.

\* Status of implementation is tracked electronically in the ERC database.