

FINAL DRAFT

Lao PDR Country Study Report for the
Independent Evaluation of the Scale-up Phase
(2008-2013) of the
UNDP-UNEP Poverty – Environment Initiative
And
Mid-term Evaluation of the Second Phase
(2012 – 2014) of the Lao PDR PEI Country
Programme

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By

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Lao PDR Poverty Environment Initiative

A Case Study for the

Independent Evaluation of the Scale-up Phase (2008 – 2013) of the
UNDP-UNEP Poverty – Environment Initiative

and

A Mid-term Evaluation of the Second Phase (2012 – 2014) of the Lao PDR PEI
Country Programme

Executive Summary

The Poverty-Environment Initiative (PEI) is a global programme, jointly implemented by the United Nations Development Programme and the United Nations Environment Programme that supports country-led efforts to mainstream poverty-environment linkages into national and sub-national development planning, including policy-making, budgeting, and monitoring. The PEI provides financial and technical assistance to government partners to set up institutional and capacity-strengthening programmes and implement measures to address the poverty-environment nexus.

This report details a case study of PEI implementation in Lao People's Democratic Republic, one of four country cases studies informing the global independent evaluation of the PEI Scale-up Phase (2008-2013) commissioned by the UNDP and UNEP Evaluation Offices in 2014. It addresses project relevance, effectiveness, efficiency, monitoring and oversight, as well as likelihood of impact and sustainability.

The Lao PDR country programme has been implemented in two phases: Phase I from 2009 to 2012 and Phase II (on-going) from 2012 to 2015. At the request of the UNDP Country Office the scope of the review was expanded to include the implementation of activities during 2014, therefore, this report also constitutes a Mid-Term Evaluation of PEI's Phase II in Lao PDR.

The evaluation applied OECD DAC evaluation criteria and definitions, followed United Nations Evaluation Group norms and standards, and applied the Review of Outcomes towards Impact approach to assess the likelihood that results achieved by the PEI at the national level will contribute to long-term impact on environmental benefits and sustainable development.

The preparation of this case study involved local, national, regional and global stakeholders in order to ensure transparency and broad participation. The evaluator visited Vientiane in November 2 – 6, 2014 to conduct face-to-face interviews with PEI staff, the UNDP Office, central and provincial government officials, and other country-based stakeholders. Interviews with UNDP and UNEP regional managers and PEI regional staff took place in Bangkok on 7 – 8 November 2014.

The overall Lao PDR PEI country programme objective is to ***strengthen the capacity of targeted central and provincial authorities to integrate poverty-environment concerns in development planning for sustainable and inclusive growth***. This objective is to be achieved through 5 inter-related components¹:

1. Outcomes promoting equitable, sustainable and climate-resilient development are included in the implementation and monitoring of the National and Provincial Socio-economic Development Plan.

¹ UNDP - Revised Programme Framework, Final Version, July 23, 2012

² The report of the Lao PDR Round Table Implementation Meeting indicates that the expected government contribution

2. National and Provincial Investment Strategies are implemented to strengthen investment management systems for quality and sustainable growth in Lao PDR.
3. Improved effectiveness of the Environment and Social Impact Assessment system, particularly for the agriculture and forestry plantation sector, as a safeguard for sustainable and climate resilient development.
4. National Assembly decisions support quality and equitable growth that sustains the natural resource base.
5. Investment decisions are better informed by targeted economic and environmental research and policy analyses.

MAIN FINDINGS

Strategic relevance:

- PEI is highly relevant to Lao PDR. There was unanimous feedback from stakeholders confirming that PEI's support for poverty-environment (P-E) mainstreaming into development planning and into foreign direct investment (FDI) management is critical for the country's development. The timing is also right in view of the government's plans to attain Least Developed Country graduation by 2020 and the expected entry into force of the ASEAN Economic Community to which Lao PDR is becoming a member. The government is intent on maintaining at 7 to 8% the annual GDP growth and such growth will be based on the exploitation of renewable and non-renewable natural resources because other economic sectors such as manufacturing, industry and services will take time to develop. The two main areas of intervention of PEI, i.e., supporting P-E mainstreaming into national and sub-national development planning and improving the "quality/effectiveness" of foreign direct investment will help channel public and private finances towards a more inclusive and sustainable development path. The emphasis on FDI is quite relevant in a country where government revenue remains below 16% of GDP² while FDI accounts for more than 50%. The Government of Lao PDR (GoL) and its main development partners recognize that equity and environmental sustainability are major issues that need to be urgently tackled³ to achieve the country's development goals.
- The moratorium on the approval of certain types of investments⁴ as well as the growing recognition that environmental, social and economic impacts resulting from investments have to be addressed provided an enabling environment for PEI's work with the government to develop tools to help guide investment promotion, screening, approval, monitoring and compliance enforcement. The drawback of the moratorium is that tools developed with PEI's support such as the concession contract templates have not been tested in practice because new mining and plantation investments have not been approved. However, PEI has been preparing for their application by practicing using the tools on existing investments.
- PEI has a defined niche in Lao PDR, complementing the work of other bilateral and multilateral development partners such as the Government of Finland, the Swiss Agency for Development and Cooperation, the German International Development Cooperation Agency, the World Bank, and Asia Development Bank, to name but the most relevant. PEI has adjusted its focus over time to avoid duplication and add value to the work of other development partners.

² The report of the Lao PDR Round Table Implementation Meeting indicates that the expected government contribution to finance the 8th National Socio-Economic Development Plan (NSED) is about 10 per cent. The development plan's implementation will, therefore, depend on FDI, credit and donor support.

³ Lao PDR PEI's work was integrated into the 2012 - 2015 UNDAF.

⁴ The moratorium was declared in June 2012 (Order PMO No 13/PM) for a period of four years and applies to new investments in mining and land concessions for rubber and eucalyptus plantations.

- Before PEI no UN entity had provided support to the Investment Promotion Department (IPD) and PEI's contribution is greatly appreciated by its Director General. It was noted by IPD staff that in the absence of PEI it is unlikely they would have reached so far in terms of improved capacities and tools for quality investments' promotion and management. In their opinion no other entity would have been in the position to provide the integrated support PEI is offering with a strong focus on social and environmental sustainability.
- As the role of the National Assembly (NA) is strengthened in Lao PDR, the need to build the awareness and understanding of its members on P-E issues has become more urgent. In the absence of adequate capacities, the oversight role of the NA and its normative work may not be as effective⁵. PEI's support has been useful but it needs to be sustained and if possible expanded. PEI's demand-driven approach to supporting the NA is increasingly being appreciated by its members and staff.
- 2015 marks the end of the 7th National Socio-economic Development Plan (NSED) of Lao PDR. Also, the current UNDAF cycle (2012-2015) has been extended to 2016. This is therefore a crucial year to consolidate PEI's achievements, ensuring that P-E issues remain central to the 8th NSED and to the work of the UN, improving the likelihood of sustainability and creating the basis for up-scaling.
- PEI is relevant to many goals and targets of the recently approved Sustainable Development Goals and is specifically well placed to help realize target 17.5 *“Adopt and implement investment promotion regimes for least developed countries”*.⁶
- PEI's work in Lao PDR is also relevant to the Asia Pacific region and beyond. It has already informed PEI's work in other countries such as in Myanmar, Mongolia and the Philippines in which FDI is key to these governments' economic development strategies. While the Lao PDR experience has not yet been utilized in other regions of the world, the evaluator is of the opinion that the lessons on P-E mainstreaming for “quality/effective” FDI are extremely relevant to global efforts to promote more inclusive and greener economic growth.

Efficiency and effectiveness:

- The project has made significant progress in achieving PEI's objective and outcomes. It should be noted that Phase II saw an increase in the number of Provinces participating in the programme from four to six⁷.
- The programme has generally managed funds and expertise economically to deliver high quality products and services. Efficiency is satisfactory although timeliness could be improved.
- An impressive number of products (e.g., guidelines, templates, databases, policy briefs, research publications) and services (e.g., training, communications) have been delivered during both PEI Phases and all stakeholders appreciate the participatory approach to implement the activities towards these outputs. As of August 2015 PEI has delivered or is in the process of delivering 42 specific but complementary outputs across the 5 components in Phase II Resources and Results Framework. Among these, 26 outputs (62%) have been completed, 9 (21%) are at an advanced stage, in many cases being copy edited in English or awaiting final approval by the relevant government authority, and 7 (17%) are at different stages of implementation.

⁵ The evaluation was unable to interview NA members during the field visit. The views expressed in this paper are informed by the interview with NA staff.

⁶ A preliminary assessment of PEI's relevance to SDGs shows that it may substantially contribute to achieve 10 SDGs and moderately contribute to 4 additional SDGs. Attaining other SDG goals in Lao PDR such as Goal 4 on education is contingent upon increased FDI that would also increase government revenue and household income. Overall, PEI is contributing to meeting 49 SDG targets.

⁷ The following Provinces participated in PEI Phase II: Phongsaly, Oudomxay, Savannakhet, Saravan, Vientiane and Houaphan.

- A short project extension is needed to complete all outputs planned for this phase and to create a bridging year to transition into a possible third phase. This can be supported by rollover of unspent funds but would also require small injections of new funds from the PEF, as well as from partners and UN agencies. In the absence of continued support, a few tools may not be finalized and others may remain unused at a sufficient scale⁸. Stakeholders at the national and sub-national level are keen on a subsequent phase because they believe PEI's support is needed to consolidate the progress achieved so far. Importantly, they are of the view that capacities in central offices of line ministries and at the provincial level are not yet adequate for deploying the tools effectively and keep them up to date on their own in spite of the significant amount of training on a wide range of topics that has been provided to staff in Vientiane and in the provinces, districts and villages.
- It should be noted that only 6 out of 17 Provincial Governments have directly benefited from PEI although training has been imparted in a larger number of provinces. GIZ is assisting scaling up elements of PEI's work to other provinces, namely, Provincial Investment Strategies, the Investments Database, Investment profiles, and Investment Monitoring, which is a positive development, but additional partners to contribute towards this task would expedite countrywide uptake.
- The process to produce and test the tools developed with PEI support has been a learning opportunity for a large number of staff in line ministries and in the provinces. The on-the-job training approach has proved effective.
- The series of policy briefs produced by PEI in Lao PDR are a best practice example for other country programmes.
- Collectively, the analysis and new information emerging from PEI-supported research, the tools developed to improve various aspects of attracting, managing, monitoring and evaluating investments, as well as the training imparted, have no doubt developed institutional and individual capacities for P-E mainstreaming in national development planning and FDI management.
- The commitment and involvement of IPD's Director General and the increased evidence available on the impacts arising from investments have combined to produce a gradual change in the mind-set of high-ranking officers at MPI. Staff members from various IPD Divisions were able to clearly articulate to the evaluator the aim and rationale for P-E mainstreaming in investment promotion.
- Managers and staff in various Departments of the Ministry of Planning and Investment (MPI) have gradually increased their environmental awareness and understanding of P-E linkages through their exposure to and participation in PEI's related work.
- The guidelines and the training on environmental impact assessment are equipping the Department of Environment and Social Impact Assessment (DESIA) of the Ministry of Natural Resources and Environment (MoNRE) and other government staff to perform their duties to higher standards in approving investment projects and their environmental and social impact mitigation management plans, as well as in monitoring compliance. Investors are also better prepared to determine possible environmental impacts from their projects and for developing adequate mitigation and monitoring plans.

⁸ Delays have mostly been the result of situations beyond PEI's control. The unstable regulatory environment has affected the pace of completion of the tools. For example, the Environmental Impact Assessment Decree was revoked and replaced by three ministerial instructions during the lifetime of the project. The EIA/IEE writing, review and monitoring guidelines, which were at a very advanced stage of development, had to be revised for consistency with the new regulations.

- Managers at IPD are confident that the consistent application of the tools developed with PEI support once finally approved will help IPD make better and faster investment decisions and monitor and enforce compliance with national legislation and concession agreements.
- PEI has been credited with helping to improve coordination and exchange of information between IPD and DESIA. Joint monitoring of investments in the pilot provinces has taken place, strengthening the ability of provincial authorities to monitor and enforce compliance of investment agreements and standards. Before PEI, investment monitoring by provincial governments was limited to monitoring problematic investments. This was due to budgetary constraints but also to the lack of clarity concerning the monitoring process and insufficient guidance on what needed monitoring. PEI has helped clarify the process, develop guidance, and improve the capacity of central and provincial authorities to perform the task.
- Enforcement of contractual obligations and domestic laws is a recurrent problem in Lao PDR. To contribute to address this problem PEI has supported the establishment of the IPD investment database and reporting framework. These tools are slowly being institutionalised. The investment database, if fully implemented, will clearly show investors' obligations and red-flag non-compliance.
- PEI was able to influence the 7th NSEDP and other sub-national planning tools as well as the concept note for the 8th Plan. The 7th NSEDP includes a separate section on "Natural Resources and Environmental Protection", which was not the case in previous plans, and considers the environment and climate change in various parts of the document. The Participatory Planning Manual (PPM) includes the poverty and environment nexus as one aspect of village consultations. P-E indicators were identified for the M&E framework of the 7th NSEDP and training was delivered to the central DoP staff on the P-E specific indicators. Addressing P-E concerns became one of the 12 proposed outcomes to be achieved as part of LDC graduation process in the 8th NSEDP, an impressive result.
- PEI is also contributing towards improved transparency and good governance centrally and in the provinces. This may be one of the most significant outcomes of PEI once all data management and information systems are in place and in use, and if the general public gains access to adequate information on all investments being considered and approved in the country. Concerning public involvement in Environmental and Social Impact Assessment (ESIA), training to members and technical staff of the National Assembly generated useful suggestions on how it can be strengthened. A major result of PEI's NA capacity development support has been the call of NA members to implement "third party verification" of the investment monitoring work carried out by the government as part of the NA monitoring of problematic investments activity.
- Despite a late start of the NA component⁹ progress has been made in building the knowledge of NA members and technical staff on demand driven topics such as the process of investment approvals, national planning and environmental impact assessment. NA members have expressed strong interest in continuing with the process with a gradual shifting focus for the NA Training Centre to take charge.
- Lao PDR has learnt much about the social, economic and environmental issues associated with the current major types of investments through the research facilitated by PEI. The studies have helped fill a major knowledge gap on matters such as job creation, wealth creation, health issues, land management and environment, and has provided fact-based analysis on the consequences of inadequate monitoring and compliance enforcement.
- The National Economic Research Institute (NERI) within the Ministry of Planning and Investment has increased its capacity for policy-oriented economic and environment research to

⁹ The component started in the second year of Phase II.

inform investment decisions. NERI's ability to communicate research findings to key policy makers at the central level and in the provinces has also increased. Furthermore, there is evidence of policy-makers' uptake of NERI's findings and policy recommendations. On the other hand, NERI requires continued support to achieve the highest possible research standards.

- The study reports produced by NERI have been used to raise awareness, develop training and communications materials for P-E mainstreaming. Quality policy briefs on the research topics have been produced and shared with line ministries, the NA and provincial authorities. A recent research topic assessing the P-E elements in contract farming (three different crops were analysed) is of high relevance to the rural poor. The analysis on the quality of rubber plantation concessions is the baseline against which the government may assess changes in rubber plantation contract compliance. In addition, this research resulted in the formulation of criteria and indicators for monitoring and evaluating agricultural concession projects beyond rubber.
- In spite of the very many achievements PEI has faced challenges and there are some implementation shortcomings. A key recommendation from the Phase I evaluation was that PEI Phase II focuses on *"consolidating the capacity building and development of necessary processes and tools outputs of Phase I and moves towards implementation keeping in mind the objective of achieving tangible outcomes in terms of improved livelihoods and sustainable environmental management."* It is the view of the evaluator that while the programme team indeed worked towards implementing the above recommendation, the 39 months duration of Phase II was insufficient to finalize all tools and deliver the multiple outputs planned for this period.
- As stated above, some critical tools such as the investments compliance database had not been finalized at the time the evaluator visited the country in November 2014¹⁰. Some other key products such as the National Investment Strategy and several Provincial Investment Strategies are still in draft form. So far, investment information is not available to the public and the DESIA and IPD databases are yet to be linked. The financial sustainability of investments monitoring at IPD, a critical issue for PEI outcome sustainability, has not been secured.
- Training delivered so far, notwithstanding that it has been substantial, falls short of needs and expectations. This is particularly true for the Provinces. During the interviews provincial representatives expressed the need for deepening their understanding and knowledge of the various subjects (e.g., application of the various EIA/IEE guidelines, monitoring environmental and social impacts of investments), through additional training and practice while recognizing and appreciating PEI's contribution so far. Provincial authorities interviewed also expressed that they are finding it hard to complete their Provincial Investment Strategies without strong external support.
- Other recommendations from the first evaluation such as the need to improve coordination, communications and cross learning between relevant line ministries and Provincial authorities also need to be fully addressed. Again, while the design of Phase II considered these recommendations and PEI has made progress in their implementation, interviews with some stakeholders revealed that outreach and communications with other relevant organizations (e.g., financing institutions) and sectors (e.g., mining, agriculture, finance, tourism) could be enhanced.
- The generation of green-growth initiatives has created expectations in the Provinces and the Department of Planning that may not be met. Failure to meet expectations could have a

¹⁰ Delays have mostly been the result of situations beyond PEI's control. Among others, the unstable regulatory environment has affected the pace of completion of the tools. For example, the Environmental Impact Assessment Decree was revoked and replaced by three ministerial instructions during the lifetime of the project. The EIA/IEE writing, review and monitoring guidelines, which were at a very advanced stage of development, had to be revised for consistency with the new regulations.

negative effect for future P-E mainstreaming if no tangible results are perceived by local stakeholders. PEI has changed its approach and is actively pursuing the identification of unfunded projects with green growth potential that had been prepared by the provinces for submission to the Public Investment Programme or to the One District One Product Initiative to be transformed into investment profiles for consideration by donors and the private sector.

- There are still a few individuals in government departments who view the project as external, in spite of PEI's efforts to engage them from the beginning in all activities. This is something that requires attention as it affects the likelihood of sustainability.

Likelihood of impact and sustainability:

- The evaluator is of the view that the likelihood of impact is high and the impact itself would be substantial on the condition that PEI continues its support until there is evidence that all strategies, processes and tools developed under the project's auspices are completed and in application, and there is a critical mass of staff in all institutions involved, particularly in the provinces, with the required capacities to follow the processes and apply the tools to acceptable standards. There is still work to be done before the "effectiveness indicators" would show positive results. While to some extent sustainability is guaranteed in the event PEI were to stop its support by the end of 2015, the project's potential impact could be delayed or significantly reduced if this was the case.

Factors affecting performance:

- Project design is adequate except for its overambitious work programmes. The five project components complement and reinforce each other. PEI is embedded in the relevant Departments and Divisions of the two main participating Ministries and builds on other UNDP programmes in the country, which is a best practice. Four out of 5 components involve the Provincial authorities of 6 provinces.
- PEI's experience in linking up with programmes and projects managed by the UNDP CO Governance and Poverty Reduction Units is generally positive. A challenge, however, is that it makes PEI dependent on other units' performance but this is a risk worth taking. In fact, there may be untapped opportunities for collaboration, especially with the Governance Unit on topics such as public participation, information disclosure, access to justice, including a system for redress for cases in which communities have suffered serious negative impacts from investments.
- PEI in Lao PDR is a best practice on how to integrate P-E mainstreaming in the wider UN country programming. The country programme is well articulated in the UNDAF and has an important role in achieving UNDAF outcomes.
- Language is a barrier when it comes to training, particularly in the provinces. It is also a factor of delay in the production of outputs because PEI's consultative approach requires the translation of multiple versions of the same document into English and Lao languages.
- An important reason behind delays in completing certain tasks to the level required¹¹ is the very large number of planned outputs and related activities that require the involvement of PEI technical advisors and staff from the ministries and provincial authorities.
- The governance and management structure of PEI are generally working well but the frequency and agenda of the Board could be better managed.
- Work on communications and advocacy seems to have slowed down during phase II. The work to upgrade the MPI website needs to be completed. The new website is up but still has

¹¹ The work plan for 2014 alone included some 34 outputs to be delivered within a 12-month period and often outputs involve more than one activity. Examples of products or services in the work plan involving more than one element are: two sub-national and sectoral trainings, 12 news articles published.

incomplete information on the investment process which may have a negative repercussion on potential investors' interest. English text editing is needed.

Monitoring, Evaluation and Oversight:

- The Results and Resources Framework (RRF) for Phase II is clear and provides a baseline and indicators that enable monitoring of project progress and evaluation of results. M&E requirements stipulated in the Prodoc are comprehensive and have been implemented. This includes audit requirements. Risks and assumptions¹² were identified in the Prodoc but are not consistently monitored and discussed in the progress reports.
- There was a timely and quality final evaluation for Phase I; however, the management response could have been more detailed to help assess the extent to which specific recommendations were addressed.
- Oversight by the Regional Team in Bangkok and by the CO Environment Unit in Vientiane has been adequate. The programme's organization structure is well thought out, however, some stakeholders are of the view that the agenda of the annual meetings of the Programme Board is very packed and does not allow sufficient time for in-depth discussions thus limiting the Board's ability to truly steer the programme and give strategic direction. For the same reason the meeting is not conducive to utilizing the full power of its members to clear bottlenecks and overcome challenges.

OVERALL PROGRAMME PERFORMANCE RATING: Highly Satisfactory

RECOMMENDATIONS

This is a critical time for the consolidation of gains achieved during Phases I and II. An extension of Phase II should be considered to enable completion of all proposed outputs. A Phase III (2016-2020) is warranted if the programme is to realize its intended impact. Key recommendations are for the PEI Team to:

- Immediately put in place a succession strategy if the current PEI STA is leaving at the end of 2015 to avoid project implementation disruption at this critical stage and to secure a smooth transition to a possible next phase.
- Prioritize the finalization and formal approval of all strategic documents and tools, in particular the national and provincial investment Strategies and the investment compliance database. MPI managers should take the lead in ensuring that the required high-level consultations and endorsement of the National Investment Strategy takes place as soon as possible. MONRE managers should take the lead in ensuring the completion and formal adoption of all EIA/IEE technical tools.
- Design a financial sustainability strategy for investment compliance monitoring under the leadership of IPD and with the involvement of the Ministry of Finance. In the absence of a predictable and adequate budget for regular investment monitoring centrally and in the provinces the likelihood of investors' compliance with national legislation and contractual requirements is low.
- Provide support for the finalization of a data sharing agreement between MoNRE (environment and social safeguards database) and IPD (investment compliance database). Clarify what information may be accessed by provincial authorities, other line ministries and by the general

¹² Assumptions are referred to as "Enabling Conditions" in the Prodoc for Phase II.

public. Provide support to ensure that the databases are populated with the information collected through the monitoring processes and continue supporting joint monitoring efforts on the ground to ensure experience is gained and quality reports are produced, triggering actions or responses to ensure compliance. The proposed annual investment compliance report to the National Assembly would be very useful but in the absence of a database reporting system to reduce the burden of preparing such report it may not be feasible or sustainable.

- Continue building the baseline information to assess changes/improvements on quality of investments and compliance. This involves continued support to build the capacities of NERI to conduct and disseminate high-quality policy-relevant economic research and analysis that considers social and environmental issues. The investment compliance database is a useful tool to access and manage data and information on investments but periodic in-depth analysis of cumulative impacts of investments in regions and sectors should be performed by NERI.
- Given the exponential growth of contract farming and its impact on local communities and the local environment PEI may continue helping the government to monitor its effects particularly on women and disadvantaged groups.
- The 8th NSEDP is to be outcome oriented. Research supported by PEI under component 5 has provided evidence that FDI performance significantly affects the development outcomes of the NSEDP. Ideally, there should be one or more indicators relevant to P-E to specifically track FDI performance in the NSEDP M&E framework. The data to track the indicator(s) would be part of the DESIA/DPI environmental and social safeguards and investment compliance databases; therefore, no additional data would need to be collected.
- Strategically use the development of the new UNDAF cycle to enlist other UN agencies to help achieve some of the P-E outcomes in the 8th NSEDP.
- Intensify the delivery of training including by scaling up TOT in the pilot provinces and beyond. Co-financing and technical support from other development partners should be sought. A training strategy and detailed work plan should be developed and implemented if a PEI Phase III materializes. A more robust method to assess the results of capacity building and training needs to be developed and implemented.
- Strengthen ownership of tools and processes among a critical mass of staff at IPD and DESIA. The ability to update and adapt the tools on the basis of experience or for consistency with new legislation is an important component of PEI's sustainability.
- Adjust as appropriate the component related to green growth investment profiles in the provinces. Explore the possibility of securing UNEP's technical and financial support for this activity to meet national stakeholders' demand for increased knowledge on green growth investment opportunities in various sectors, technologies, patents and legal issues, access to credit, fiscal incentives, among others. As a short-term measure, if the GEF Small Grants Programme (SGP) reinitiates operations in Lao PDR, assess the opportunity to align the SGP national strategy to pilot community green growth and sustainable livelihood initiatives and negotiate their possible co-financing with PIP or other resources available to the Provinces.
- Expand the support to the NA for P-E mainstreaming in particular assist the NA to implement third party verification of investment monitoring and compliance. This is a very promising avenue to improve the quality of investments and achieve high standards of investment management in Lao PDR.
- Enhance communications, in particular dissemination of research results. The PEI Lao website requires an update to ensure all recent publications and communications materials are posted.
- The work to upgrade the MPI website needs to be completed. The new website is up but still has incomplete information on the investment process which may have a negative repercussion on potential investors' interest. English text editing is needed.

- Make a strategic use of the Programme Board, with more frequent and focused meetings to clear bottlenecks and address implementation challenges.
- Describe in one document the entire set of processes and tools related to FDI management with a summary of their status and further action to ensure all processes are operational. It was difficult for the evaluator to have a full appreciation of progress and the effectiveness of the system being put in place in the absence of such document. The document would also be useful to share the Lao PDR experience with other countries. PEI's website, with the authorization of the Lao PDR Government, may include a section showcasing a selection of tools that may have broader applicability and enabling visitors to download the tools for use or modification.
- Explore how to take advantage of new opportunities emerging from the National Assembly Strategic Support Project under the Governance Unit of UNDP to mainstream P-E in other aspects of the governance agenda, for example, issues related to public participation, decentralization, information disclosure, access to justice, including an effective system for presenting grievances and for redress in cases where there have been serious negative impacts on communities from private investments.
- Continue the work on corporate social responsibility. This is an important topic that would reinforce the work done on improving the quality of FDI. The main investors in the country are from neighbouring nations where few companies have probably been exposed to CSR approaches. UNDP and UNEP HQ and regional offices may be called upon to provide support.
- Develop an exit/sustainability strategy in parallel with the development of a subsequent Phase (2016-2020). Such a strategy should clearly identify the key drivers that would lead to the desired impacts of the programme in Lao PDR. The development process of the new ProDoc needs to reassess whether the risks and assumptions identified in the Phase II Prodoc still hold. The RRF for the next Phase should commit IPD and DESIA to specific targets in terms of quality investments and enforcement of investment agreements.
- The PEI *modus operandi* in Lao PDR offers a foundation to implement the new directives for UNDP programming at country level, breaking the silos and strengthening inter-disciplinary work to support the government address priority development challenges. This could inform the processes in other UNDP COs. At the same time PEI's implementation in Lao PDR offers a good example of how UNEP can deliver its services at country level in a more effective manner.
- Improving FDI management performance in the entire region is important to avoid investors moving into countries where standards for investments and compliance are low. The PEI regional team should explore whether it can further expand its support in this field to other countries or to develop strategic partnerships with organizations in the region to address this trans-boundary aspect.
- Future evaluations of PEI in Lao PDR to interview national and foreign investors to consider the private sector perspective.

Abbreviations and Acronyms

ADB	Asia Development Bank
AEC	ASEAN Economic Community
APG	Annual Planning Guideline
ARM	Annual Review Meeting
ASEAN	Association of Southeast Asian Nations
CA	Concession Agreement
CO	Country Office
CSR	Corporate Social Responsibility
DESIA	Department of Environment and Social Impact Assessment
DoP	Department of Planning
ECC	Environmental Compliance Certificate
EIA	Environmental Impact Assessment
EMSP	Environmental Management Support Programme
ESIA	Environmental and Social Impact Assessment
FDI	Foreign Direct Investment
GEF	Global Environment Facility
GDP	Gross Domestic Product
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH</i> - German International Development Cooperation Agency
GoL	Government of Lao PDR
HDI	Human Development Index
IEE	Initial Environmental Examination
IISD	International Institute for Sustainable Development
IPD	Investment Promotion Department
LDC	Least Developed Country
MAF	Ministry of Agriculture and Forestry
MDGs	Millennium Development Goals
MoNRE	Ministry of Natural Resources and Environment
MoU	Memorandum of Understanding
MPI	Ministry of Planning and Investment
MTE	Mid-term Evaluation
NA	National Assembly
NASSP	National Assembly Strategic Support Project
NERI	National Economic Research Institute
NIM	National Implementation Modality
NIS	National Investment Strategy
NSEDP	National Socio-economic Development Plan
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	OECD's Development Assistance Committee
OSS	One Stop Service
P-E	Poverty-Environment
PEI	UNDP-UNEP Poverty Environment Initiative
PEF	Poverty Environment Facility
PIP	Public Investment Programme
PIS	Provincial Investment Strategies
PoNRE	Provincial Office of Natural Resources and Environment
PPP	Purchasing Power Parity
PRODOC	Project Document
PPD	Public-Private Dialogues

PPG	Participatory Planning Guideline
RRF	Results and Resources Framework
ROAP	Regional Office for Asia and the Pacific - UNEP
ROI	Review of Outcomes towards Impact
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goals
SELNA	UN Joint Programme of Support to an Effective Lao National Assembly
SESO	Standard Environmental and Social Obligations
SGP	GEF Small Grants Programme
SME	Small and Medium-sized Enterprises
STA	Senior Technical Advisor
TGN	Technical Guidance Note
ToC	Theory of Change
TOR	Terms of Reference
ToT	Training of Trainers
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEG	United Nations Evaluation Group
UNEP	United Nations Environment Programme
UNV	United Nations Volunteer
UXO	Unexploded Ordnance
WREA	Water Resources and Environment Administration
WB	The World Bank
WTO	World Trade Organization

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1. Introduction

1.1 Background and purpose of the evaluation

1. The Poverty-Environment Initiative (PEI) is a global programme, jointly implemented by the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) that supports country-led efforts to mainstream poverty-environment (P-E) linkages into national and sub-national development planning, including policy-making, budgeting, and monitoring. The PEI provides financial and technical assistance to government partners to set up institutional and capacity-strengthening programmes and implement measures to address the poverty-environment nexus.

2. This report details a case study of PEI implementation in Lao People's Democratic Republic, one of four country cases studies (Burkina Faso, Kyrgyzstan, Lao PDR, and Malawi) informing the global independent evaluation of the PEI Scale-up Phase (2008-2013) commissioned by the UNDP and UNEP Evaluation Offices in 2014. The global evaluation is being undertaken for accountability purposes but it is also a forward looking exercise aiming at providing insights concerning the sustainability of PEI beyond 2017. The Terms of Reference (TOR) for the global evaluation are presented in Appendix 1.

3. PEI in Lao PDR has had two implementation phases both within the Scale-up Phase period of the global programme: Phase I (2009-2012) and Phase II (2012-2015) that is on going. At the request of the UNDP Country Office (CO) the scope of the case study review was expanded to include the implementation of PEI activities in the country during 2014, therefore, this report also constitutes a Mid-Term Evaluation (MTE) of Phase II of Lao PDR's PEI programme. The terms of reference of the MTE are included in Appendix 2. The time frame of the present review is, therefore, the period 2009 – 2014 with emphasis on activities and outputs delivered during the period 2012 – 2014. Cumulative results for the lifetime of the country programme are examined.

4. Lao PDR Phase I was evaluated twice in 2011. An independent consultant conducted the first evaluation¹³ at the request of the UNDP CO Environment Unit Chief and the PEI Regional Advisors; a consulting firm carried out the second evaluation as a case study for the Mid-term Evaluation of the global PEI Scale-up Phase.¹⁴ The preparation of this report considered the conclusions and recommendations of these evaluations.

5. This country case study addresses project relevance, effectiveness, efficiency, monitoring and oversight, as well as likelihood of impact, sustainability, and up scaling. The report identifies lessons learnt and offers recommendations for the second part of Phase II and beyond. Project performance is rated against the criteria stipulated in the TOR.

1.2 Methodology of the evaluation

6. The methodology for this case study involved the use of tools usually applied for evaluation exercises: document review, interviews, information triangulation, analysis and synthesis. As per the TOR for this assignment, the evaluation applied OECD DAC evaluation criteria and definitions when assessing the overall performance of the Lao PDR PEI project. The evaluation followed United Nations Evaluation Group (UNEG) Norms and Standards and applied the Review of

¹³ Bann, Camille - The Poverty-Environment Initiative Lao PDR Evaluation of Phase I (2009-2011) & Recommendations for a Possible Next Phase (2012-2015), Sept. 2011

¹⁴ Prasada Rao, Chris B. for PEMconsult. "Lao PDR Country Report. Mid Term Review of the UNDP-UNEP Poverty-Environment Initiative (PEI) Scale-Up". 27 October 2011.

Outcomes towards Impact (ROtI)¹⁵ approach to assess the likelihood that results achieved by the PEI at the national level will contribute to long-term impact on environmental benefits and sustainable development.

7. The author reconstructed the Theory of Change (TOC) underlying the project design on the basis of documentation received from the PEI team, in particular the PRODOC and its logical framework, and the annual work plans. The TOC was shared with the project team to validate the evaluator's understanding of the intervention logic (see diagram 1 for the TOC in section 5.1).

8. The preparation of this case study involved internal and external stakeholders at the national, regional and global levels in order to ensure transparency and broad participation. Individual and small group interviews with open-ended questions were conducted to enable stakeholders to express their views and raise issues they considered most important. A questionnaire was designed to guide the semi-structured interviews and used to ensure all key questions were investigated consistently across the four country case studies. The questionnaire and the possible sources of data and information are found in the PEI Scale-up Phase Evaluation Inception Report.¹⁶

9. The evaluator visited Vientiane in November 2-6, 2014 to conduct face-to-face interviews with PEI staff, UNDP CO, government officials, and other country-based stakeholders. The evaluator met several Provincial Governments representatives in the capital where they were attending another event. A small restitution meeting involving the Director of the Investment Promotion Department (IPD) and UNDP CO managers took place at the end of the mission to inform key stakeholders about the interim evaluation findings. Interviews with UNDP and UNEP regional managers and PEI regional staff took place in Bangkok on 7 – 8 November 2014. Two members of the Poverty Environment Facility (PEF) based in Nairobi were consulted, in particular with respect to programming, budgetary issues, monitoring and reporting. The list of people interviewed and their affiliation is found in Annex A.

10. At the onset of this case study, the evaluation team asked staff from the PEF to provide, via a shared “Dropbox”, all documentation relevant to the history, decision making processes, technical advice, analyses, and outputs which would provide a comprehensive understanding of project implementation and results. An additional request for information was submitted to the national project team after the terms of reference for the evaluation were expanded. Additional documents and information were received in three tranches, on 12 June, 16 July and 7 September 2015 respectively. Information on activities and outputs during the first half of 2015 were also considered when information was available.

11. The two previous 2011 country project evaluations (see footnotes 12 and 13) were used as a baseline to assess programme direction and progress.

12. Information obtained through the interview process was triangulated against available documented sources, and then synthesized using analytical judgement in consultation with the evaluation team and PEI staff.

13. The usefulness of a survey as a means of collecting additional evidence was assessed but found of little additional value to direct interviews and review of documentation.

14. Limitations of the evaluation are mainly related to a relatively low budget that resulted in a very short visit to the country, which did not allow for more in-depth discussions with national and provincial stakeholders. Language somehow limited the discussion with Provincial Governments representatives because it was necessary to use the services of an interpreter during the meeting in

¹⁵ *Towards Enhancing the Impacts of Environmental Projects: The ROtI Handbook*, 2009, GEF Evaluation Office and the Conservation Development Centre.

¹⁶ Tavera, C. et al - Evaluation of the Scale-up Phase of the UNDP-UNEP Poverty and Environment Initiative, Inception Report, Dec. 16, 2014.

Vientiane. The evaluator was not able to meet with members of civil society organizations. In order to partly compensate for this limitation the evaluator reviewed information publicly available such as that in the Land Issues Working Group website.

15. It is recommended that future evaluations of PEI in Lao PDR include national and foreign investors to consider the private sector perspective. It was felt that interviewing private sector representatives was not a priority for this review given the time limitations for the country visit and the fact that many of the tools developed by the programme are yet to be systematically applied in the promotion, screening, approval, management and monitoring of FDI in Lao PDR.

2. Programme and Context

2.1 Programme context

16. The Lao People's Democratic Republic is a 236,800 square kilometres Southeast Asian nation bordering Myanmar, Cambodia, China, Thailand, and Vietnam. This mountainous country traversed by the Mekong River north to south, has a multi-ethnic population of 6.8 million with more than half aged less than 20 years old (World Bank 2012). Some 63 per cent of the population still lives in rural areas but urbanization is occurring at a 4.9% annual rate (UNDP 2014).

17. Following the introduction of market-oriented reforms beginning in 1986 the country's economy has experienced significant and sustained growth averaging some 6.5 per cent since 1990, and outperforming global and ASEAN averages between 2000 and 2012¹⁷ in spite of the global economic recession. In 2011 the World Bank (WB) upgraded the status of the country from a low-income economy to a lower middle-income economy. The next farsighted goal set by the Government of Lao PDR (GoL) is to graduate from Least Developed Country (LDC) by 2020¹⁸. Lao PDR joined WTO in February 2013 and became a member of the ASEAN Economic Community (AEC)¹⁹, integrating the country into the global and regional economies.

Box 1: Select Lao PDR Statistics 2014

- *GDP growth:* 7.5
- *Human Development Index:* 0.569
- *HDI Ranking 2013:* 139 out of 187 countries
- *Gross National Income per Capita:* \$4,351
- *Annual Population Growth (2011):* 1.4%
- *Population below income poverty line (PPP \$1.25 a day):* 33.88%
- *National Poverty Line:* 27.6%
- *Adult literacy rate:* 73%
- *Life expectancy at birth:* 68.3
- *Net ODA (2011) % of GNI:* 5.2

18. Lao PDR has achieved significant progress in reducing poverty in the last two decades. In 1993 it was estimated that 46% of the population could not meet basic needs. Currently only 27.6% of the population has an income below the national poverty line, which means that the country is on course to meet the MDG goal of halving poverty by 2015. There are, however, significant

¹⁷ Source: International Monetary Fund, World Economic Outlook Database, April 2013 (Lao PDR statistics estimated for 2012).

¹⁸ Lao PDR was included in the LCD category in 1971. In 2000 the GoL determine to take the necessary measures to graduate for this status by 2020. The following was an assessment of progress with respect to the 3 criteria for graduation as of 2012: 1) Low income criterion: Lao PDR was estimated to have reached 77% of the US \$1,190 level set as the graduation threshold; 2) Human asset weakness criterion, based on indicators of nutrition, health (child mortality), secondary school enrolment, and adult literacy: in 2012, Lao PDR had reached 93% of the graduation threshold; 3) An economic vulnerability criterion, based on indicators of natural shocks, trade-related shocks, percentage of population in low-lying areas, economic concentration (production and exports), remoteness, and smallness. In 2012, Lao PDR had reached 86% of the threshold for graduation. Source: The Lao Development Journey Toward Graduation from LDC Status. Government of Lao PDR and UNDP 2012.

¹⁹ AEC will enter into force in 2015.

disparities between provinces²⁰ and between rural and urban areas, as well as gender and ethnic differences, with the northern and upland parts of the country poorer than the other regions. The current Gross National Income per capita is estimated at US\$4,351, which is still below the average of East Asia and the Pacific (\$10,499) and of South Asia (\$5,195)²¹. It should be noted that in addition to common development barriers the country is still facing the consequences of the Vietnam War with unexploded ordinance (UXO) in half its territory²². Land management is another important challenge in Lao PDR for inclusive sustainable development. Several initiatives to improve the coverage and accuracy of land surveys and to build a modern cadastre have taken place as well as reforms of existing legislation pertaining to land ownership and land rights, but more needs to be done with regards to implementation and enforcement to ensure effective, equitable and sustainable land management as land turns into capital. Among others, establishing and registering rights to communal lands, incorporating customary land governance, and create adequate procedures for large-scale land investments are needed. A national land policy has been under discussion in the National Assembly since 2012 and expectations are that it will be presented to the Government for approval by the end of 2015.

19. Lao PDR has also made progress in achieving other MDGs such as gender equality and the promotion of women²³, combating HIV and other diseases, environmental sustainability, and creating a global partnership for development. On the other hand, according to the GoL analysis²⁴, by mid 2014 the following MDGs were off target: achieving universal primary education, reducing child mortality, and reducing maternal mortality. The targets of reducing malnutrition and stunting were also off track.

20. The country's economy is diversifying, with a decline in the contribution of the subsistence agriculture sector (from 43% in year 2000 to 30% by 2010) and an increase in the share of the natural resources (in particular mining and hydropower), manufacturing and service sectors. The natural resource-based industries sector has grown significantly with a projected share of GDP of 38% by 2015 (WB 2012). Commercial crops through plantation concessions and contract farming modalities are on the rise.

21. The growth and transformation of the Lao PDR economy is the result of both domestic and foreign private investments but Foreign Direct Investment (FDI) has been the major contributor. As shown in Box 2 FDI increased almost two-fold between 2008 and 2013. According to IPD statistics 2,872 domestic and foreign investment projects were approved between 2006 and 2011 for a total investment capital of approximately 1.6 billion USD. The largest number of approved projects in the same period corresponds to the agricultural sector (750 projects), followed by industry and manufacturing (575), and the service sector (420). However, in terms of actual capital invested the largest is the mining sector with USD 4,917,000 invested followed by electricity generation (USD 3,018,000) and commercial agriculture (USD 2,270,000).

Box 2: Foreign Direct Investment In Lao PDR
Millions USD

2008	2009	2010	2011	2012	2013
227.77	318.60	278.81	300.74	294.38	426.67

Source: World Bank Datasets

²⁰ For example, national statistics for 2014 show that while the GDP per capita in Phongsaly Province in 2013 was 782.38 USD-equivalent that of Champasak Province was 1,507.

²¹ Source: Human Development Report 2014.

²² According to UNDP, since 1996 the national clearance operator UXO Lao supported by UNDP has destroyed more than 1 million items of UXO.

²³ For example, the GoL estimates that gender education parity has improved throughout the country with a gender parity index increasing from 0.79 in 1990 to 0.91 in 2012, the target being 1.00 by 2015.

²⁴ Source: Final Report on the Round Table Implementation Meeting 2014. Government of Lao PDR.

22. The Lao PDR economy as well as the livelihoods of the large majority of the population will continue to be reliant on the country's natural capital for years to come. The ambitious economic development targets of the GoL have been dependent on FDI and will continue to depend on foreign private investments according to the draft 8th National Socio-economic Development Plan (NSED) in which it is stated that the Government's budgetary contribution for the implementation of the Plan may be no more than 10% with the balance dependent on credit and FDI.

23. Lao PDR is governed by a single party system. The National Assembly, with members elected directly by the people from a list of Party candidates as well as some independent candidates, is increasingly playing a stronger oversight role. Provincial governments have a high degree of autonomy over resources, expenditures and services. The contribution of civil society to policy making seems to be growing as a result of legislation passed in 2009 enlarging the space for both international and national non-profit associations to operate in the country. The Government is adopting participatory approaches, which are necessary for inclusive sustainable development.

24. The Government is increasingly concerned with corruption and has taken a number of measures to fight the problem such as ratifying the UN Convention against Corruption, undertaking anti-corruption campaigns and approving a national anti-corruption strategy 2012-2020 in December 2012.

25. The formulation of the PEI programme for Lao PDR in 2009 coincided with two important events: the formulation of the 7th National Socio Economic Development Plan and the revision of the Investment Law.

2.2 Brief programme description

26. Launched in November 2009, the Lao PDR Poverty Environment Initiative is one of 21 country programmes implemented under PEI's Scale-up Phase. A first phase in Lao PDR took place between November 2009 and September 2012. A second phase was approved in October 2012 and is still under implementation. At the time of writing this report the end date of the second phase is December 2015 but there are expectations that a no-cost extension will be granted in order to allow sufficient time to deliver all programme outputs²⁵.

27. The total budget allocation since programme inception (2009 – 2015) is USD 6,885,029 - a relatively large budget for a PEI country programme. This includes USD 4,886,471 in co-financing from various sources (see box 3) representing 71% of the total budget. This level of co-financing is a best

Box 3: Lao PDR PEI at a glance

Phase I:

Planned programme period: May 2009 – December 2011

Actual: November 2009 – September 2012

Estimated budget needs at inception: \$3,300,363

Expected contributions:

- UNDP TRAC \$900,000
- PEF \$900,000
- ISP \$30,000
- UNEP DEPI \$150,000

Deficit at inception: \$1,257,363

Actual programme budget:

- UNDP TRAC \$900,000
- PEF \$1,200,000
- ISP \$0
- UNEP \$238,029
- SDC \$341,442

Total actual: \$2,679,471

Phase II:

Planned programme period: October 2012 – December 2015

Actual: No changes as of August 2015 but a probable 6-months extension.

Programme budget (cash):

- \$38,558 carried over from Phase I
- UNDP TRAC \$487,000
- PEF \$760,000
- SDC \$2,920,000

Total budget allocation (cash): \$4,205,558

Actual expenditures as of Dec. 2014: \$2,693,989

Implementing partners:

- Ministry of Planning and Investment through its Investment Promotion Department (Component 2), and its National Economic Research Institute (Component 5)
- Ministry of Natural Resources and Environment through its Department of Environmental and Social Impact Assessment (Component 3)
- UNDP's Poverty Reduction Unit implements Component 1 through a support programme to the Planning Department of MPI
- UNDP's Governance Unit implements Component 4 through the Support to an Effective Lao National Assembly programme

²⁵ Programme Board Meeting Minutes, June 2015.

practice among PEI participating countries. UNDP allocated USD 1,387,000 of TRAC resources, a considerable contribution. UNEP also made a direct contribution albeit smaller²⁶. The Swiss Agency for Development and Cooperation (SDC) agency is the largest donor to the programme in Lao PDR with USD 3.2 million.

28. The Project Document (ProDoc) for the global PEI Scale-up Phase formulated its intended outcome as follows:²⁷

“Improved capacity of programme country governments and other stakeholders to integrate environment concerns of poor and vulnerable groups into policy, planning and implementation processes for poverty reduction, pro-poor growth and achievement of the MDGs.”

29. This same formulation was adopted in the ProDoc of Lao PDR to describe its main objective in the country. Four mutually reinforcing components were identified to meet the project objective:

- Strengthen integration of poverty reduction and environmental sustainability (P-E) linkages in the 7th National Socio Economic Development Plan (NSED) 2011-2015 and facilitate policy maker’s access to policy relevant research products on poverty-environment linkages for informed decision-making;
- Enhance the capacities of national and provincial authorities to plan and manage investments for poverty reduction and sound environmental management;
- Support the strengthening of Environmental and Social Impact Assessment (ESIA) of the Water Resources and Environment Administration (WREA)²⁸ at the national and provincial levels to ensure proper review and approval processes of environmental and social assessments and management plans based on the law and good science, and in effective coordination with the concerned line ministries and state enterprises;
- Increase National Assembly members’ understanding of poverty reduction and environmental management issues as well as their capacity in reviewing new legislation and policies related to environmental conservation, rural livelihoods and natural resource management.

30. The research element contained in the first component was later made a component on its own right. Its purpose was to enhance the capacities of the National Economic Research Institute (NERI) of the Ministry of Planning and Investment (MPI) to contribute to the understanding of P-E linkages in the context of development planning. The overall program objective and components have essentially remained the same since inception, with some adjustments made in the second phase building on the progress and lessons of Phase I.

31. The programme components²⁹ and expected results for the second phase³⁰ were formulated as follows:

- Component 1: Outcomes promoting equitable, sustainable and climate-resilient development are included in the implementation and monitoring of the NSED (implemented through the Support to MPI Programme by UNDP’s Poverty Reduction Unit)
- Component 2: National and Provincial Investment Strategies are implemented to strengthen investment management systems for quality and sustainable growth in Lao PDR

²⁶ The agencies contribute to the global PEI, therefore, the contributions referred to in this paragraph are additional.

²⁷ PRODOC, Scaling up the UNDP-UNEP Poverty-Environment Initiative (PEI) for the period July 2007 to June 2012.

²⁸ WREA is now the Ministry of Environment and Natural Resources MoNRE. MoNRE was created in 2011 by merging the Water Resource and Environment Administration with departments of the National Land Management Authority (NLMA) and portfolios of other ministries including the Geology Department, and the Forest Conservation Division within the Ministry of Agriculture and Forestry (MAF).

²⁹ These components are referred to as “outputs” in the ProDoc, however for consistency with OECD-DAC definitions in this report they will be referred to as “components”.

³⁰ Revised Programme Framework, Poverty-Environment Initiative Lao PDR Phase II, July 23, 2012.

- Component 3: Improved effectiveness of ESIA system, particularly for the agriculture and forestry plantation sector, as a safeguard for sustainable and climate resilient development
- Component 4: National Assembly decisions support quality and equitable growth that sustains the natural resource base (implemented through the Support to an Effective Lao National Assembly Programme by UNDP's Governance Unit)
- Component 5: Investment decisions are better informed by targeted economic and environmental research and policy analyses.

32. Various Departments of the Ministry of Planning and Investment (MPI) and the Ministry of Natural Resources and Environment (MoNRE) implement PEI in Lao PDR. The Investment Promotion Department at MPI is responsible for component 2, The Department of Environment and Social Impact Assessment in MoNRE is responsible for component 3 and the National Economic Research Institute under MPI is responsible for component 5. The programme was designed to create synergies with and add value to other relevant UN programmes and as such, components 1 and 4 are embedded in UNDP's Programme of Support to the Department of Planning of MPI for the NSEDP and in the UN Joint Programme of Support to an Effective Lao National Assembly (SELNA) respectively.

Box 4: PEI links to UNDAF in Lao PDR

PEI Phase I

UNDAF Outcomes/Indicators:

Outcome 1: By 2011, the livelihoods of poor, vulnerable and food insecure populations are enhanced through sustainable development

Expected Outcomes/Indicators:

Outcome 1.1: Improved and equitable access to land, markets and social and economic services, environmentally utilization of natural resources, with balance population growth.

Expected Outputs/Indicators:

Output 1.1: Improved and diversified incomes of rural households, with a focus on increased market accessibility, through implementation of human development and infrastructure initiatives.

Outcome 1.1.3: Enhanced knowledge and management capacity of ecosystems, biodiversity, natural resources and environment, and population dynamics

PEI Phase II – UNDAF Action Plan 2012 - 2015

UNDAF/CP Outcome(s):

Outcome 1: By 2015, more equitable and sustainable growth promoted for poor people in Lao PDR

Outcome 8: By 2015, the government and communities better adapt to and mitigate climate change and reduce natural disaster vulnerabilities in priority sectors

Expected Output(s):

Output 1.3: Ministry of Planning and Investment, sectors and provinces are better able to develop, implement, monitor and evaluate plans and policies based on up-to-date data and analysis;

Output 1.4: Central and local governments have capacity to better screen, plan and monitor Foreign Direct Investments to ensure sustainable economic development;

Output 8.3: Government at national and sub-national level has developed and piloted programmes for climate change adaptation and mitigation*

33. As shown in Box 4 above, PEI is well integrated into the Lao PDR UNDAF. The programme's first phase influenced the formulation of UNDAF outputs for 2012 - 2015. While the ProDoc refers to linkages with UNDAF's Outcome 8 and output 8.3 on climate change and natural disasters vulnerability, the project framework does not elaborate on these.

34. Phase I provided capacity development support to four pilot provinces: Oudomxay, Phongsaly, Saravan and Savannakhet. Phase II extended the programme to two other provinces: Vientiane and Houaphan. PEI's aim is to provide financial and technical support for activities that build the capacities of provincial and local government institutions to, among others, improve planning processes, develop provincial investment strategies, formulate investment profiles, and conduct investment monitoring, including improved capacities for data entry into the investment database, and on technical aspects of environmental impact assessment.

3. Strategic relevance

35. PEI is highly relevant to Lao PDR. The unanimous feedback received from stakeholders interviewed is that P-E mainstreaming into national planning and into FDI management is critical for the country's development, particularly to GoL efforts to meet MDGs 1 and 7. The timing is also right in view of the Government's plans to attain LDC graduation by 2020³¹ as well as the entry into the ASEAN Economic Community (AEC) and to the World Trade Organization (WTO), which are likely to increase investment flows into the country. The government is intent on maintaining annual GDP growth at 7 to 8% and such growth will continue to rely on national and foreign direct investment linked to economic activities based on the exploitation of renewable and non-renewable natural resources because other sectors such as manufacturing, industry and services will take time to develop.

36. The two main areas of intervention of PEI, i.e., supporting P-E mainstreaming into national and sub-national development planning and improving the "quality/ effectiveness" of FDI (see Box 6) will help channel both public and private finances towards a more inclusive and sustainable development path (see Theory of Change, section 5.1, Diagram 1). The emphasis on FDI is quite relevant in a country where foreign investment accounts for almost 50% of financial resources available for the country's development while government revenue remains below 16% of GDP³². The GoL and its development partners recognize that economic growth is not enough: inclusiveness, equity and environmental sustainability are major issues that need to be addressed for sustainable development and these are considered across all PEI components. There is also a growing recognition that lack of adequate management of FDI has negative environmental, economic and social impacts. The moratorium declared in 2012 on the approval of certain types of investments³³ is providing a hiatus for PEI's work with the Government to develop the tools to help guide investment promotion, screening, approval, monitoring and compliance enforcement. The draw back of the moratorium is that a few tools developed with PEI support such as the concession

Box 5: Excerpt from the UNDAF Action Plan 2012 - 15

The following paragraph taken from the introduction to the UNDAF reflects the relevance of PEI to the country's priorities:

"After a period of dynamic change, the Lao People's Democratic Republic (Lao PDR) is at a cross-road. Robust economic growth, averaging over 7% since 2006, has resulted in a halving of poverty since 1992 and impressive gains across a range of other social and economic indicators. Much of this progress can be attributed to large increases in foreign direct investment, and the transformation of the Lao PDR into a provider of natural resources in the region, mainly energy, minerals, timber, and cash crops. But un-regulated foreign direct investment and accelerated economic growth can be double-edged. They are creating some negative impacts on the environment and society of the Lao PDR, and aggravating disparities in livelihoods and access to basic services".

Box 6: Quality Investments

There is no final adopted definition for quality investments but the following criteria are offered in the draft Lao PDR National Investment Strategy supported by PEI: those investments "that reduce poverty, enhance development of human capital, have the least impact on the environment, support a diversified economy and are fully sustainable over the long term".

A PEI Brief* proposes the following characteristics for quality investments: generate local jobs and skill development; allow for transfer of technologies; create linkages with domestic industries; employ clean technologies and internationally recognized corporate social responsibility codes of practice.

* PEI Issues Brief 01/2010

³¹ A possible implication of graduation from LDC status is the reduction of ODA, which could make the country even more dependent on FDI.

³² The report of the Lao PDR Round Table Implementation Meeting indicates that the expected government contribution to finance the 8th National Socio-Economic Development Plan (NSED) is about 10 per cent. The development plan's implementation will, therefore, depend on FDI, credit and donor support.

³³ The moratorium was declared in June 2012 (Order PMO No 13/PM) for a period of four years and applies to new investments in mining and land concessions for rubber and eucalyptus plantations.

contract templates have not been tested in practice because new investments have not been approved. However, PEI has been preparing for their application by practicing using the tools on existing investments.

37. PEI's support to enhance the capacities of the National Assembly to perform its invigorated oversight and normative role with respect to environmental sustainability and FDI is also relevant and urgent.

38. PEI has identified a clear niche for P-E mainstreaming in the country, cooperating with or complementing initiatives supported by other development partners such as the Government of Finland, the Swiss Agency for Development and Cooperation, the German International Development Cooperation Agency, the World Bank, and the Asia Development Bank, to name but the most important. PEI has adjusted its focus over time to avoid duplication and add value to the work of bilateral and multilateral partners. There is an opportunity as well to cooperate with these organizations to achieve sustainability of programme outcomes.

39. Before PEI no UN entity had provided support to the Investment Promotion Department and PEI's contribution is greatly appreciated by its Director General. It was noted by staff in IPD that in the absence of PEI it is unlikely they would have reached so far in developing and upgrading the systems, procedures and tools for quality investment management. In their view the ADB could have provided some support but not the integrated support PEI is providing with a strong focus on pro-poor social and environmental sustainability.

40. PEI's work in Lao PDR is also relevant to the Asia Pacific region and beyond. It has already informed PEI's work in other countries such as in Myanmar, Mongolia and the Philippines in which FDI is also central to the government's economic development strategies. While the Lao PDR experience has not yet been utilized in other regions of the world, the evaluator is of the opinion that the lessons on P-E mainstreaming for "quality/effective" FDI are relevant to global efforts to promote more inclusive and greener economic growth. The Latin America and Caribbean region, with increasing FDI flows, in particular from China and Brazil, could benefit from Lao PDR's experience. The PEF and the Regional Team could explore the extent to which there may be interest in LAC countries to improve the quality of FDI. A study on the impact of FDI from a P-E perspective in the region could be commissioned as a starting point. Members of the PEP could be invited to contribute.

41. Looking towards the future, PEI is relevant to many goals and targets of the recently approved Sustainable Development Goals (SDGs) and is specifically well placed to help realize target 17.5 "Adopt and implement investment promotion regimes for least developed countries". A preliminary assessment of PEI's relevance to SDGs in Lao PDR (see Annex D) shows that it is substantially contributing to achieve 10 SDGs and moderately contributing to four additional SDGs. Attaining other SDG goals in Lao PDR such as Goal 4 on education is contingent upon increased FDI, which is the main source of government revenue and household income. Overall, PEI is directly and indirectly contributing to meet 49 SDG targets in Lao PDR.

4. Results and contribution to stated objectives

4.1 Delivery of outputs

43. This section examines the status of PEI's intended Outputs. The work plans for both phases were ambitious with a very large number of activities³⁴ and deliverables proposed in the ProDocs. While some outputs are yet to be completed, as of mid 2015, PEI has delivered an impressive set of quality products comprising policy briefs, research publications, guidelines, check lists, legal agreement templates, databases and training materials. Many services to stakeholders in various national institutions and in the pilot provinces have also been provided including technical assistance, extensive training, and communications. Box 7 provides a summary of key outputs produced in Phase I as a baseline to assess progress achieved in Phase II.

Box 7: Key Outputs Delivered by PEI in Phase I

Mainstreaming P-E in the planning process: USD 60,000

- Poverty-Environment linkages well integrated in the 7th National Socio-Economic Development Plan and the plan highlights quality growth and equity;
- Poverty-environment indicators for the national monitoring and evaluation framework of the 7th NSEDP identified. The indicators show distinct P-E linkages that have highly contextual- and policy- relevance to Lao PDR, such as land use management, food security, forest, environmental pollution control/waste management and natural disasters;
- Technical assistance for the review of the Participatory Planning Manual at local level to integrate environment and natural resource management;
- South-South exchange with Indonesia about their experience in implementing a national green growth strategy. As a result the Planning Department initiated a pilot local green growth planning approach in two pilot districts;

Strengthening investment management at central level and in the Provinces: USD 885,311

- A first draft National Investment Strategy for Private Investment Promotion and Management; key actions identified in the draft strategy were incorporated in the 2012 work plan of IPD to strengthen screening, approval and monitoring of investments;
- A study carried out by IISD on behalf of PEI to examine how investment incentives can attract quality investments to support sustainable development goals, with recommendations for Lao PDR;
- Support to IPD to develop practical criteria for quality investments that are consistent with national development and sustainability goals. The criteria support the investment screening process and the development of provincial Investment Calling Lists to attract desired quality investments;
- Support to IPD to develop an Investment Database. Database software and a user manual were distributed to all Provincial Departments for Planning and Investment. PEI provided training on the use of software at central and provincial levels. The database also includes data from field monitoring activities in the PEI pilot provinces;
- Support to IPD to develop an investment promotion brochure promoting Lao PDR as a destination for quality investments; It emphasizes that economic sustainability, social equity and sustainable land and resource use are core concerns;
- Facilitated coordination between IPD and DESIA. Regular roundtable meetings have enabled discussions between the departments and identification of areas for increased collaboration, including potential joint monitoring and the sharing of investment information;
- Capacity building sessions in pilot Provinces to initiate preparation of Provincial Investment Strategies;
- In each pilot province, inter-departmental working group with representatives from the provincial offices of Planning and Investment, Agriculture and Forestry, Land Management, Industry and Commerce, Energy and Mines, Labour and Welfare and Lao Women's Union established;

³⁴ Some 60 activities were planned for the two and ½ years of Phase I and some 70 activities for the approximate three years of Phase II.

Box 7: Key Outputs Delivered by PEI in Phase I (continued)

- Integrated framework for investment monitoring with economic, social and environmental indicators implemented by interdepartmental teams with members from key line ministries in the pilot provinces. An accompanying database system and relevant guidelines and manuals. This effort by the provincial governments allows monitoring and collection of comprehensive baseline information on impacts of investments and compliance. The database hosts monitoring information, allows analysis of impacts for improved investment management. Extensive capacity building on monitoring techniques and database use delivered at both central and provincial levels.
- Case study assessments of environmental and social costs and benefits of investments in Savannakhet and Saravan in collaboration with provincial authorities across line departments, and led by IUCN and NERI. Case studies designed as a learn-by-doing exercise for the provincial teams. In some cases this led to actions by local authorities to address environmental health and compliance issues with the investors with satisfactory solutions;

Tools and capacities strengthened for effective review and monitoring of Environmental and Social Impact Assessments: USD 340,000

- General technical guidelines for the review of Environmental and Social Impact Assessment (ESIA) and Initial Environmental Examination (IEE) reports and for monitoring procedures of Environmental and Social Management Plans.
- Collaboration with EMSP to refine an earlier developed draft of EIA report writing guidelines. Guideline is targeted at consultancy companies and investors and has the objective to improve the quality of reports; training sessions on EIA report writing for both, DESIA staff and consultancy companies;
- Development of a draft “Financial Management Regulations Manual”, as a guideline to the operation of a sustainable ESIA financing system. With this, DESIA has a tool to manage various funding sources including payments from developers/investors to monitor the implementation of the Environmental Management and Monitoring Plans;
- Capacity building modules on all guidelines with a focus on “learning by doing”, such as on the job training and training of trainers, for DESIA. Training for provincial offices in reviewing IEE reports, monitoring of implementation of environmental mitigation measures, and implementation of the ESIA Decree conducted in all country provinces.

Capacity and awareness-raising on P-E linkages for the National Assembly: No budget allocated

- Inputs on how to ensure that investments are benefiting the poor and maintain natural capital to the 2011 National Assembly Inter-session workshops;
- All members of the newly elected parliament in 2011 received a PEI issues brief as part of their introductory training programme;
- Contribution to an Economic Law Review Conference organized by the Economy, Planning and Finance Committee of the NA. The conference aimed at identifying gaps and possible improvements in the existing legal framework related to finance and economy as well as natural resource management;

Ecosystem valuation and policy-making with a focus on poverty reduction and ecosystem degradation: USD 223,000

- National expert group established to design and carry out a study on economic valuation for different land use options.
- Study assessing financial and environmental costs and benefits of four land use systems: rubber and maize plantations, upland rice farming and non-timber forest product collection. The research resulted in clear policy recommendations for provincial and national development planning.
- Conducted workshops with decision makers as well as technical expert groups to show research progress, results and recommendations and to distribute final reports and a policy brief.
- The study methodology and processes consolidated and documented for use as a manual for trainings at the MPI Training Centre as well as a basis for other valuation studies.

44. During the first two and a half years of Phase II there has been progress in delivering the range of outputs identified in the programme results framework. Box 10 at the end of this section shows the status of implementation of each output. As of August 2015 PEI had delivered or is in the process of delivering **42** specific but complementary outputs across the 5 components. Among these, 26 outputs (62%) have been completed, 9 (21%) are at an advanced stage, in many cases being copy edited in English or awaiting final approval by the relevant government authority, and 7 (17%) are at different stages of implementation. Changing regulations have required multiple iterations of guidelines, templates, and checklists and this situation accounts for the lack of finalization of certain outputs, in particular writing and review guidelines related to social and environmental impact assessment. Two other frequent reasons for delay are the need to translate multiple versions of each document in Lao and English, and the processes to obtain formal government endorsement/approval of the documents. Language is also often a barrier for training.

45. The PEI Team identified the lack of readily available expertise in the country on certain specialized topics as another implementation challenge. IT expertise is essential to develop the planned databases, software and websites but it is hard to obtain.

46. The completion of delayed outputs is fundamental to achieve PEI's objectives. The National Investment Strategy (NIS) is a case in point. The Strategy, currently draft version 13th, has been under development since Phase I. Originally intended as a strategy for the department in charge of managing investments – i.e., the Investment Promotion Department, it then evolved into a strategy for the Ministry of Planning and Investment. The scope of the strategy was later made broader and more complex to ensure all elements related to the regulation of private investments centrally and in the Provinces would be included. The PEI Country Team has led much of the Strategy drafting with inputs from IPD through consultations and informal discussions. The draft has been shared and consulted with all relevant government agencies including: the Department of Domestic Trade; the Ministry of Industry and Commerce including the Industry and Handicraft Department; the Environment Department, Environment and Natural Resource Information Centre, and the Department of Environment and Social Impact Assessment at MoNRE; the Department of Transportation for the Ministry of Transport and Public Works; Planning Department, and the Department of Plantations at the Ministry of Agriculture and Forestry; the Department of Labour Management, Ministry of Labour and Social Welfare; Department of Mines, and Department of Energy Business, Ministry of Energy and Mining. Additionally, the consultation included bilateral and multilateral international organizations and the private sector.

47. The NIS includes strategic action points that address all aspects of the investment process ranging from advertising investment opportunities to analysis of investment proposals to monitor the implementation and operational stages of investments to ensure compliance with investment agreements. It provides a comprehensive framework for managing investments in Lao PDR in a coordinated, streamlined, transparent and efficient manner.

48. The completion of the NIS is now in the hands of IPD, which is making adjustments. The present version requires updating to account for recent developments and information, in particular to ensure alignment with the upcoming 8th NSEDP and with the Vision 2030. The completion process may involve additional revisions and further internal and external consultations. Sector Ministries need to be fully on board because they will have responsibility in NIS implementation. The NIS will then be presented to the Ministry Committee for endorsement and submission to the MPI Minister for approval. Generally the stakeholders consulted are quite satisfied with the direction of the Strategy.

49. The Provincial Investment Strategies (PIS) are also very important given the autonomy of provincial governments to make investment decisions³⁵ and their responsibility for monitoring and

³⁵ For example, land concessions of less than 150 hectares are made at the Provincial, Municipal levels; so is hydropower infrastructure decision-making for the generation of 15 MW and below. Concerning mining, artisanal

enforcement. The provincial DPI outfits are drafting their respective PIS in consultation with the sectors involved in investment management in the provinces. While originally the PIS were contingent upon the finalization and approval of the NIS to ensure consistency with the national strategy, the Government has now decided that the PIS could be finalized and approved before the NIS. The PEI Team is, however, endeavouring to ensure that the structure of the PIS is in line with the updated structure of the NIS. PEI is supporting the preparation of six PIS in the pilot Provinces of which two are at very advanced stages. The other 11 provinces in the country will need support to develop their PIS. GIZ is already contributing to drafting PIS in a few provinces.

50. Another important output that needs to be delivered in the short term is the linking of the DESIA database on social and environmental compliance with IPD's investment compliance database. Linked databases would reduce data entry duplication and would allow both departments to access all data with respect to investments at any point of the investment approval and management cycle. The decision about linking the databases has already been formalized by the two departments but a detailed analysis about what data will be shared and what investment information could be made available to the public is yet to be made. Operationalizing this initiative still requires substantive work.

51. PEI should be commended for achieving a good balance between central level work and sub-national capacity development. All programme components include activities in districts and provinces.

52. PEI developed a series of policy briefs within the period 2010-12 that are available in Lao and English languages in the programme's website. The series address several poverty and environment topics (see Box 8). The purpose of the briefs was to provide evidence-based information and practical policy options in a concise manner to inform decisions for the transformation of the Lao economy towards a sustainable pro - poor development path. This is in line with PEI's Handbook, which recommends collecting and analysing data for making the case at the early stages of programme implementation. The evaluator is of the view that these policy briefs are a best practice example for other PEI country programmes in terms of their quality. The impact of these, however, has not been fully ascertained.

Box 8: PEI Policy Briefs

- Issues Brief 01-2010: Poverty Reduction and Environmental Management: Joint Development Goals for Sustainable Growth
- Issues Brief 02-2010: Poverty - Environment Indicators
- Issues Brief 03-2010: Investment and Women's Economic Empowerment
- Issues Brief 04-2010: Economic, Social and Environmental Impacts of Investments in Plantations
- Issues Brief 05-2010: Investments in Biofuel
- Issues Brief 06-2010: Investments in Hydropower
- Issues Brief 07-2010: Investment and Sustainability in the Forestry Sector
- Issues Brief 08-2010: Economic, Social and Environmental Impacts of Investments in Mining
- Issues Brief 01-2011: Investment Management in South-East Asia – Lessons for Lao PDR 2011
- Issues Brief 01-2012: Ecosystem Services and Poverty Alleviation: A Case Study of Land Use in Oudomxay Province

53. The website also makes other PEI publications available to the wide public such as research reports and press releases. Research publications include assessments of social, environmental and economic costs and benefits of investments in various sectors and geographic areas. The studies

mineral extraction of alluvial gold, tin and tailings as well as extraction of stones and sand for construction are approved at Provincial level. Importantly, Ministerial Instruction No. 8029/MoNRE on IEE of Investment Projects and Activities provides a clear mandate to Provincial Offices of Natural Resources and Environment (PONRE) to approve IEE reports and to issue Environmental Compliance Certificates (ECC) of IEE before the investment project can go ahead.

address the economic, social and environmental impacts of investment projects on local communities. For example, a study done by IUCN and NERI to inform the work of PEI in the Province of Savannakhet analyses the status of investments, concessions, natural resources and socio - economic development indicators, as well as the capacity of the provincial investment management system. The research involved two case studies: the Mitr Lao Sugarcane plantation and factory, and the Savan Vegas Hotel & Casino. A similar study was conducted for the Saravan province with a case study for the Caosu Dak Lak Rubber Plantation and of several wood processing facilities.

54. Other PEI materials are available in the website, such as the draft Guidelines and Checklists to Review Environmental and Impact Assessments (2010). However, the website needs to be updated to include recent documentation. Unfortunately, the recent policy briefs on NERI research results have not yet been posted in the web.

55. It is highly likely that the current phase will need an extension beyond December 2015 for completion of all outputs. For example, PEI's national team indicated that they have a target of 80 investment profiles to attract desired investments in the provinces but so far only 16 have been completed.

56. It should be noted that in August 2013 PEI revised the proposed deliverables in the Results Framework for Component 2. The evaluator is not aware of revisions made to the other project Components.

57. The evaluator is of the view that the number of outputs foreseen in the Phase II ProDoc was not realistic for the available implementation timeframe. This was also the case during Phase I, with several activities postponed for completion in Phase II. For example, the RRF for Phase I included an activity for supporting *“the preparation and implementation of model contracts for different types of agriculture-related investments that incorporate best practices for monitoring and evaluation, environmental and social obligations, and which can be adapted to the provincial context”*. The model contracts are only now being finalized. On the other hand, not all outputs have the same importance for PEI's P-E mainstreaming objectives and could have been prioritized better. Some activities, although providing useful support to the implementing partners, take valuable time away from important tasks. For example, while the “Cost of Doing Business Handbook” is useful for the promotion of Lao PDR as an FDI destination it does not add much value as far as P-E mainstreaming objectives are concerned³⁶. The need to prioritize activities had already been recommended by the Phase I evaluation.

58. The identification of “green growth projects” at the district level, an activity not explicitly included in the RRFs, but which was piloted in some Provinces has not worked out. The ProDoc provides for *“Testing the green growth planning criteria in pilot districts in Houphane and Saravan”*. Somehow the Department of Planning of MPI and the provinces had expectations that PEI would not only help identify green growth projects but could also provide funding for their implementation. PEI supported District authorities to develop two project concept notes that were submitted for consideration to the Public Investment Programme (PIP), which is a central fund to support provincial/district investments. The two concepts did not secure funding from the PIP in view of the many competing requests and the limited funding available and thus a call was made upon PEI to fund the projects, a request PEI could not accommodate. A different approach was taken in which PEI investigates the provinces' unfunded projects in the PIP wish-list along with

³⁶ The evaluator would like to note that the PEI team argues that the more government understands free markets, the ease of doing business and the business environment, the more development that will occur, thus the value of this particular output.

projects identified in the Government One District One Product³⁷ initiative, screens these for their “green growth” relevance according to specific criteria, and transforms the most relevant and attractive into Investment Profiles to be presented to potential donors and to the private sector for investment. The evaluator suggests that eligible community-based proposals be presented to the GEF Small Grants Programme (SGP) Steering Committee for consideration. It may also be interesting to link the work of the SGP with that of PEI through, for example, having PEI represented in the SGP steering committee. The global SGP is increasingly investing in participatory planning at the landscape level and the application of this approach in Lao PDR would contribute to help test and put in practice some of the concepts promoted by PEI in the country.

59. Collectively, project Outputs from phases 1 and 2 are quite impressive even though not all activities as proposed in the RRFs were implemented. An example is activity 4 in Component 1 related to the implementation of PEI’s communications strategy. The funds originally programmed for this activity were used to print additional copies of the Participatory Planning Manual to respond to demand for field training at village level. It should be clarified, however, that many communications events have taken place during both phases and there has been a large number of communications materials produced (press releases, promotional videos, and briefs to name a few).

60. All stakeholders appreciate the participatory process to implement the activities towards these outputs. The process to produce and test the tools developed with PEI support has been a learning opportunity for a large number of staff in line ministries and in the provinces/districts. Training on a wide range of topics has been provided to a significant number of staff in both ministries and in the provinces, districts, and at village level. Specific training materials were designed and training delivered for NA members and staff. Box 9 provides examples of training events.

Box 9: Examples of training delivered by PEI during 2014

- Development of Investment Profiles: Training on identification of potential investments, collection of data, and preparation of profiles for 227 government officers (38 females) from IPD and the six pilot provinces.
- Training on the contents of the One-Stop-Service Guide and on the use of the investment database and investment reporting templates for 97 government officers (25 female) from 17 provinces.
- Financial model: Training on the terms and variables in the financial model and on its practical application in the mining sector. The first training for 19 IPD staff (2 females) and the second for 8 IPD staff (2 females).
- Investment Contract drafting and negotiation: Training provided to 38 government staff (13 female) from IPD, Ministry of Energy and Mine, and Ministry of Agriculture and Forestry.
- IEE/EIA Technical Guidance Note for the Agriculture and Forestry Plantation sector: Two training events organized involving over 20 trainees each.
- Pesticide management in the agriculture and forestry sector: With 38 participants (7 females) from relevant Centres and Departments of MoNRE and Ministry of Agriculture and Forestry. It involved training of trainers for DESIA staff to conduct technical training at provincial level.
- Environmental Impact management in the agriculture and forestry sector: Training was delivered in the southern, central, and northern regions involving a total of 160 persons (33 female)
- DESIA-IPD joint training on investment and environmental management for the National Assembly. Seventy participants (30 female).
- Three technical trainings for some 130 (55 female) NA technical staff on: i) public involvement in EIA/IEE process; ii) investment approval and impacts of investments; iii) results of the rubber concession study.
- Training on economic valuation of ecosystem services for 23 junior NERI researchers (39% female).
- Training on preparing literature reviews to conduct quality research for 27 (11 female) NERI staff.

³⁷ The One District One Product (ODOP) initiative promotes local small businesses to improve the livelihood of local residents. The initiative helps potentially marketable products realize their market values addressing quality problems and limited market access.

Box 10: PEI Phase II - Status of Outputs by Component as of August 2015

COMPONENT/OUTPUT	STATUS	DESCRIPTION/COMMENTS
Component 1. Department of Planning – USD 360,000		
1. Guidelines on the Implementation of the Socio-Economic Development Plan for FY 2014-2015. Ministry of Planning and Investment No. 2276/MPI.DOP1. 30 September 2014	Completed	Document providing guidance to sectors and local governments. The overall directions and targets of the Socio-Economic Development Plan for FY 2014-2015 have been defined in Article 2 to Article 9 of the Prime Minister's Decree No. 328/Gol., dated 17 September 2014 regarding the Implementation of the Socio-Economic Development Plan and State Budget Plan for FY2014-2015
2. Participatory Planning Manual at Village Level - Inter-ministerial Task Force on Harmonising the Participatory Planning Manual Government of Lao PDR. Vientiane, December 2012	Completed	Manual provides information to planners, especially for sectors at district level to advise the village development committee and villagers on how to formulate a plan as well as on its implementation in order to agree on development needs and investment
3. Training package for DOP to deliver training to provincial authority on PE-related indicators	Completed	Five specific P-E indicators for the 7 th NSEDP being piloted by DOP. The M&E framework for the NSEDP although prepared by DOP was not officially approved.
4. P-E recommended indicators provided to DOP for inclusion into the 8 th NSEDP	Completed	
Component 2. Investment Promotion Department USD 1,787,000		
5. National Strategy For Private Investment Promotion And Management In Lao PDR until 2025: Managing Investments to Transform Growth into Real Economic Development. Draft v. 11, April 2014	Draft under revision by Government	The importance of formulating of a national investment strategy was identified since the first phase. Originally the idea was to develop a strategy for the department in charge of managing investments (IPD), which then evolved into a strategy for the Ministry (MPI). Later, the scope of the strategy was made wider to ensure all elements related to the regulation of private investments nationally would be included. The strategy is to be approved by the MPI Minister. As a result of delays in its approval the current version will need to be adjusted to be consistent with the 8 th NSEDP and Vision 2030. The objective of the strategy is to "increase the proportion of quality investments flowing into Lao PDR that reduce poverty, enhance development of human capital, have least impact on the environment, support a diversified economy and provide a fair distribution of benefits to the population".
6. Provincial Investment Strategies	Six strategies in draft form at various stages of development	The Investment Strategies for the six provinces targeted by PEI are at different stages of development and are of different quality. All will need to ensure consistency with the National Investment Strategy once approved. The status of four individual strategies reviewed by the evaluator is as follows: <ul style="list-style-type: none"> Domestic and Foreign Private Sector Investment Promotion - Management Strategy of Saravan Province until 2020 – 4th Revised draft. PEI has provided extensive comments to the draft which is of good quality and has been endorsed by the Provincial Governor

COMPONENT/OUTPUT	STATUS	DESCRIPTION/COMMENTS
		<ul style="list-style-type: none"> • Strategy for Private Investment and Management for Phongsaly Province till 2020 – Draft April 2014 • Private Sector Investment Promotion and Management Strategy until 2020 of Oudomxay Province – draft October 2012 • Domestic and Foreign Private Sector Investment Promotion and Management Strategy of Vientiane Province (2016-2020) – Final draft August 2015
7. Conference on Corporate Social Responsibility	Completed	The conference took place in Vientiane, Lao PDR on 24 November 2014 with an attendance of 200 participants. This is joint activity with the Australian-New Zealand Business Association. PEI and the Business Association are drafting a customized CSR reporting template for Lao PDR. A consultation workshop to share the draft reporting template with the private sector and engage champions from ANZBA (along with other chambers) is planned to start using the reporting template. IPD plans to have a CSR awards night in the future.
8. Investment promotion video	Completed	Available on https://www.youtube.com/watch?v=rL5FxxqkKMc . Although not directly addressing PEI issues it may contribute to attract quality investments.
9. Investment promotion website for IPD	Developed	Available at http://www.investilaos.gov.la/ . The website provides information on requirements, regulations, templates and processes related to investment in Lao PDR. Information has been populated in the second quarter of 2015. This output is not directly addressing P-E issues but the rationale for supporting its development is that it will encourage private sector investments in the hope that these will indeed drive positive change. Ensuring that investments are beneficial and inclusive will depend on the government regulatory environment and regulatory control, which PEI is helping to shape.
10. Materials to enable central IPD to train provincial staff on the identification and development of Investment Profiles	Completed	Nine Power Point presentations, a sample investment profile and a template to screen project ideas prepared. Excellent buy-in from IPD staff who are conducting the training for the provinces
11. Investment Profiles	16 profiles prepared	PEI expects to have 80 investment profiles developed and uploaded in the IPD website by the end of 2015. The development of the profiles offer a learning by doing opportunity to provincial staff to understand what a “quality” investment is in practice and how good they are at attracting such investments.
12. One-Stop-Service Handbook	Final draft, copy editing in English	The Investment One-Stop Service Office of IPD was established in October 2011. The Handbook provides all necessary information to private investors and technical staff in Government concerning regulations and procedures for all types of investments.
13. Public Private Dialogue in selected provinces	Completed	PEI coordinated Public-Private Dialogues aimed at assessing barriers experienced by investors when initiating or conducting business operations.
14. Cost of Doing Business Handbook	Advanced Draft	Guide to investors to assess costs involved in doing business and living in Laos. It provides domestic and foreign investors information of the typical cost of starting up and operating a business, the cost of labour registration and employment, taxation, utilities, transportation and communication. While not particularly relevant to the objectives of PEI it is important as support to IPD.
15. Concession Agreement and MOU templates:	Advanced drafts	Legally sound concession agreements for agriculture, forestry and livestock investments as well as tourism (hotels and resorts). Specific articles address environmental and social obligations and

COMPONENT/OUTPUT	STATUS	DESCRIPTION/COMMENTS
16. Investment Screening Guidelines	Concept completed	<p>environmental liability and sanctions. A specific template includes a model for contract farming. The revised investment contracts are ready for use in the next investment approval cycle. The evaluator reviewed the following two CA:</p> <ul style="list-style-type: none"> • Model Concession Agreement for Large Agricultural Projects (draft August 2013) • Model Tourism Concession Agreement (draft October 2013) <p>The Guidelines will cover the initial application and screening stage of investments. As part of ADB's project on "Governance and Capacity Development in Public Sector Management Program relating to State Land Concessions and Leases" in cooperation with PEI, technical advisors from both outfits will collaborate to prepare a "how to" guideline on the process of reviewing and critically assessing concession applications, and to deliver training to IPD staff. This is an important output for PEI's objectives.</p>
17. Investment Tracking Tool Software	Completed	<p>The software is housed on an IPD server. It is fully institutionalized and used on a daily basis by the One-Stop Service to track incoming and outgoing documents/communications on investment applications. As of August 2015 the system has tracked 7,448 incoming and 6,921 outgoing documents/communications</p>
18. Financial Model for Mining Concessions	Completed	<p>When a mining investment transitions from the exploration stage to the exploitation phase, one important document that must be supplied by the investor is the Feasibility Study. The Study should contain all key information regarding the financial feasibility of the proposed mine. To allow IPD to gain a full understanding of the financial prospects of the mine in question PEI has supported the development of this model that assesses financials throughout the life of the mine. All input attributes to the model (list of financial questions) have been provided to the Department of Mines with the request to annex these questions to the Ministry of Energy and Mines formal Feasibility Study guideline to ensure all relevant information is provided by the investor. This approach is bringing checks and balances into governance considering that both IPD and the Department of Mines are operating different mine models.</p>
19. National Concessionary Compliance Database	Completed	<p>In Phase 1 PEI helped produce a Microsoft database but it was not networked and each province had to use their own. The new database uses an open-source platform, is located in the IPD server and all provinces are connected. The database will archive all contract obligations (financial, social and environmental), therefore, monitoring will be easier. The system will have the capability to produce reports on investors' compliance. Status of use of the system could not be fully assessed by the evaluator.</p>
20. Annual Investment Report Templates for Concession projects. Templates were develop for:	Completed	<p>On 10 august 2015 the government issued a notice making the templates available through its website and warning investors (both foreign and domestic) that failure to reporting using these official report templates would be seen as a failure to meet reporting obligations and that action would be taken against non-compliance investors.</p> <ul style="list-style-type: none"> - Agriculture Projects - Hydro Projects - Mining Projects - Other Concession Projects
21. South-South learning exchange with Malaysia	Completed	<p>The exchange focused on investment promotion and management</p>

COMPONENT/OUTPUT	STATUS	DESCRIPTION/COMMENTS
and Singapore		
22. English language class at IPD	On-going	English is the official language of the Asean Economic Community. As a member country it is very important that Lao officials learn English.
Component 3. Department of Environment and Social Impact Assessment – USD 1,117,000		
23. Environmental Impact Assessment policy brief developed on EIA process in Laos	Completed	The brief in Lao and English is ready for distribution to communities, project developers, government agencies, and civil society. It is intended to raise awareness amongst these audiences regarding the legal requirements of project developers with regard to social and environmental matters.
24. Training materials/package developed and delivered to build the capacity of provincial authorities on technical aspects of Agricultural EIAs	Completed	Training was delivered three times, for the southern, central and northern provinces in Lao PDR. A second training for DESIA staff specifically on the environmental impacts of pesticides and their management was also delivered by PEI staff
25. Technical Guidance Note on how to review and monitor EIAs for Agriculture, Forestry and Livestock projects	Completed, awaiting final approval	The target audience are project developers in the Agriculture and Forestry sector and staff of DESIA's Agriculture and Forestry Centre to provide clear guidance on the assessment of AF projects' environmental and social impacts, and the review of assessment reports. The TGN will serve as a reference document for all AF EIA reviews. It has been submitted for approval of the Director General of DESIA.
26. Environmental Impact Assessment Writing Guidelines	Final draft stage	Developed primarily under the Finland-funded ESMP project, with PEI providing technical inputs. The Writing Guideline is in a near-final draft stage in both English and Lao. It is set for completion within this September 2015
27. Environmental Impact Assessment Review Guidelines	Advanced draft	This is a joint product of PEI and ESMP. PEI has been responsible for the main section on the technical review of EIA reports and the review of the Environmental and Social Management and Monitoring Plan (ESMMP) including the development of technical review checklist. Expected completion: September 2015
28. Initial Environmental Examination Writing Guidelines	Advanced draft	Under the responsibility of PEI. Both languages versions to be completed by September 2015
29. Initial Environmental Examination Review Guidelines	Advanced draft	Developed in tandem with the Environmental Impact Assessment Review Guideline under the responsibility of PEI
30. Monitoring Guidelines	Completed	Primarily under the responsibility of ESMP, with technical inputs provided by PEI. The Monitoring Guidelines have been completed and endorsed by the Minister of MoNRE
31. Financial management software	Advanced stage	The software will allow DESIA to internally manage investor's financial contributions to cover the project monitoring costs. The software complements Financial Management Regulations Manual prepared with PEI support during phase I. This is very important for compliance.
32. Standard Environmental and Social Obligations (SESO) for Agriculture, Forestry and Livestock projects	Advanced Draft	This document will be annexed to the Concession Agreement referred to above. The SESO draft was submitted to the International Institute for Sustainable Development's legal team who provided comprehensive feedback upon which PEI revised the draft in consultation with DESIA. Subsequent to this, liaison was carried out with MP's legal counsel and further revisions were made. The Lao language

COMPONENT/OUTPUT	STATUS	DESCRIPTION/COMMENTS
33. Baseline Study on Public Involvement in EIA process	Draft stage	version was produced but will be further revised following consultation with other government agencies, the private sector and civil society. Final version expected by the end of 2015.
34. Support to the government to transform the EIA Decree into three ministerial instructions	Completed	Training provided to DESIA personnel, who have carried out field research with support from PEI to assess public involvement in three projects in central and southern Laos. Data is currently being analysed by the research teams at DESIA and the report is expected within the next month. This research will serve as the basis upon which the Public Involvement Guidelines will be revised by the DG of DESIA with support from PEI.
35. South-South Cooperation. Exchange visit between DESIA Lao PDR and the Philippines (3-7 May 2015)	Completed	PEI supported the development and completion of the Ministerial Instructions on IEE (8029) and on EIA (8030), through supporting consultation processes, drafting and finalization. The objective of the mission was to enhance DESIA's capacity for EIA review, approval, monitoring and benefit-sharing mechanisms, with specific reference to the agriculture and forestry sector. Identify similarities and differences between the systems of the two countries and identify potential aspects that Lao PDR could adopt. Discuss possibilities of future cooperation between the two countries.
Component 4. National Assembly – USD 120,000		
36. Training materials and training for the National Assembly – Support to the recently established NA Training Centre.	Completed	Demand-driven training materials and training for NA members and staff on the following topics: 1) Ecosystem Valuation; 2) EIA Process (including public involvement); 3) National Development Planning Process; 4) P-E Linkages in Contract Farming; 5) Quality of Rubber Concessions in Lao PDR; 6) Investment One-Stop Service; and 7) Public Investment – which involved a field trip to a hydropower site to learn and discuss about public investment.
37. Strengthening independent monitoring of problematic investments	Completed	The evaluator does not have details of the manner in which this outputs was implemented, except for training activities conducted.
Component 5. National Economic Research Institute – USD 783,000		
38. Research on whether contract farming contributes to poverty reduction and its impact on the environment	Completed	Contract farming related to three crops was reviewed: banana, maize and cassava. The results of the research were disseminated to provincial authorities through workshops as well as to National Assembly members and staff.
39. Rubber Concessions in Lao PDR – An Impact Assessment for Monitoring Indicators, NERI, July 2013	Completed	This report summarizes the findings on extensive research done on the quality of rubber concessions in the country.
40. Quality of Rubber Concessions – Policy Brief, March 2014	Completed	Policy brief on research results. It has been disseminated but not yet available in PEI's website
41. Training materials on Cost Benefit Analysis for Land Valuations	Unknown	Training on this topic is to be delivered to government authorities
42. Research Advisory Panel	Established and operational	A research advisory panel with international experts was established to support NERI to develop and deliver quality research. The panel is operational and is currently supporting NERI's new research topic on mining and SME.

4.2 Effectiveness

61. This section examines the extent to which PEI is contributing to achieve relevant Lao PDR UNDAF outcomes, as well as the progress made in achieving the programme's own objective and specific outcomes as identified in the RRFs³⁸.

UNDAF 2012 - 2015

62. There is ample evidence that the project has significantly contributed to achieve UNDAF Outcome 1: “By 2015, more equitable and sustainable growth **promoted** [emphasis added] for poor people in Lao PDR”. PEI activities have collectively helped Lao PDR make progress in mainstreaming equality, pro-poor and environmental concerns in government policies, planning, and investment processes. PEI has also raised awareness among policy makers, members of the National Assembly and civil servants in many government departments about the importance of the environment for sustainable development and in particular for poverty alleviation. PEI is helping to create an enabling environment to encourage and steer private domestic and foreign investments towards inclusive and sustainable economic growth. PEI has begun activities to promote Corporate Social Responsibility among the chambers of commerce and individual companies. Public-Private Dialogues in the provinces are another PEI strategy to increase private sector awareness of the importance to include P-E issues in their planning and operations. Improved concession contracts and investor's compliance with national legislation not only contribute towards achieving this UNDAF outcome but will help increase government revenue that may be spend for the benefit of the poor.

63. PEI activities in Component 1 in support of the development of the 7th and 8th NSEDPs have contributed to achieving UNDAF Outcome 8: “By 2015, the government and communities better adapt to and mitigate climate change and reduce natural disaster vulnerabilities in priority sectors”. PEI has worked with the Department of Planning and other stakeholders to integrate climate change and other environmental concerns into the 7th and 8th national development plans.

64. The 7th NSEDP identified specific targets for natural resources and the environment (see Box 11). The third and fourth targets are specific to climate change and risk prevention. The NSEDP includes a call for the integration of risk reduction strategies and adaptation to climate change into sector development plans as a measure to achieve the MDGs. The section on urban development urges the consideration of disaster risk reduction

Box 11: 7th NSEDP overall targets in natural resources and environment

- Ensure the environmental impacts of development processes during the plan are minimal; develop and protect forestry to cover 65% of the total land area; and build Lao PDR as one of the greener countries in the world;
- Complete land allocation; identify development zones and land use areas, especially areas with forest cover, i.e. conservation areas, production forests, protected forests, and watersheds;
- Participate in the campaign against global warming, climate change and pollution. Participate in preserving mineral resources (preserve mine areas of more than 65% of the total area of mines), preserve land, water and air;
- Ensure high alert in preventing natural disaster, particularly, forest fires, droughts, floods, and riverbank and mountain erosion;
- Restore the environment affected by disasters in the past years;
- Ensure water resource management at the Mekong River basin and other important Mekong River branch basins;
- Ensure environmental protection in cities, communities (villages), national highways, public places based on the principle of green, clean and beautiful’.

³⁸ It should be noted that the terminology used by the programme is not fully consistent with OECD DAC definitions and there are difference in its use between the Phase I and Phase II ProDocs. In the Phase I ProDoc the term Output in the headings of each component may be construed as the project intended short-term Outcomes.

and CC adaptation in the planning of cities. There is also a clear link made between CC and food security.

65. With respect to UNDAF Outputs, the following are key PEI contributions to those that are relevant to the programme:

66. *Output 1.3 Ministry of Planning and Investment, sectors and provinces are better able to develop, implement, monitor and evaluate plans and policies based on up-to-date data and analysis.* PEI's Component 1 has made a major contribution to the national and sub-national planning processes through the support provided during the formulation of the last two NSEDPs and through the development of annual and participatory planning guidelines and their application at Kumban/village level, training for government officials at all levels, and identification of indicators for NSEDP monitoring. The programme is also expected to support testing of outcome based monitoring in select Districts for the NSEDP. PEI Component 5 has helped with data collection and research, which is informing the planning and policy work of MPI as well as the legislation and oversight role of NA. Some sectors such as agriculture, forestry, mining, and tourism are benefiting from the analytical work done by NERI with PEI support.

67. *Output 1.4: Central and local governments have capacity to better screen, plan and monitor Foreign Direct Investments to ensure sustainable economic development.* This is a core issue for PEI components 2, 3 and 4. PEI's budget and capacity development activities in these three components have been deployed towards this UNDAF Output with significant results. A more detailed analysis is provided in the section where progress in achieving PEI-specific outcomes is addressed.

68. *Output 8.3: Government at national and sub-national level has developed and piloted programmes for climate change adaptation and mitigation.* While the Phase II ProDoc determined that PEI was relevant to achieve this particular UNDAF Output, the evaluation did not find evidence that indeed PEI is implementing specific activities towards it. It is recommended that any future programme revisions should either eliminate reference to this particular UNDAF Outcome or specifically link the outcome with activities in the work plan.

Project Objective

69. The project has undeniably made significant progress towards achieving PEI's Phase II objective "*to strengthen the capacity of targeted central and provincial authorities to integrate poverty-environment concerns in development planning for sustainable and inclusive growth*", a continuation of Phase I.

70. The five indicators identified by PEI (see Box 12) to measure progress towards the stated objective are relevant but cannot be applied meaningfully to measure effectiveness at this stage. Only indicator 1 had a specific target to be met by end of 2014 (30%), therefore, the evaluator assumes that the plan was for the other indicators to be applicable by the end of 2015. The situation with respect to the chosen indicators as of mid 2015 is as follows: As noted in the previous section the NIS is yet to be approved (indicator 1), therefore, the 2014 target was not specifically met although IPD is taking action on issues mentioned in the draft NIS; new land concessions have not taken place given the government's concession approval freeze (indicator 2); in the absence of fully functional databases in DESIA and

Box 12: PEI effectiveness indicators

1. Percentage of IPD-specific activities in the National Investment Strategy (NIS) implemented.
2. Number of agriculture concessions approved using new model contract template.
3. Amount of government (national and provincial) budget allocated to investment monitoring (by 2015, increase).
4. Number of/Percentage of total agricultural, hydropower, mining and infrastructure investment in compliance with ESIA guidelines.
5. Level of application of GoL endorsed guidelines to minimize social and environmental impact of investments

IPD it is difficult to measure changes in actual investment compliance with various norms and guidelines (indicators 4 and 5)³⁹. The baseline for all indicators is shown as “0” in the logframe. It is recommended that the project revises the baseline for indicator 3 concerning budget allocations for investment monitoring to reflect the monitoring at central and provincial level that has been taking place.

Project Outcomes⁴⁰

Outcome 1. Increased promotion of sustainable, equitable, and climate resilient development into NSED planning/ formulation and monitoring and evaluation at national and provincial levels

71. The Department of Planning at MPI has a very positive opinion of PEI’s collaboration in the formulation, monitoring and reporting for the National Socio Economic Development Plan. During the interviews they stated that PEI not only helped them mainstream P-E linkages into the planning process but also to integrate the concept of “green growth” which is being disseminated nationally and in the provinces. The interviewees provided several examples about why these two elements were important to the country’s LDC graduation process and to reduce the gap between rich and poor, and between the rural and urban poor.

72. Box 13 illustrates the significant influence PEI has had with respect to the 7th NSED. As mentioned elsewhere in this report the NSED includes a separate section on “Natural Resources and Environmental Protection” and considers environment issues and climate change in several sections of the Development Plan. P-E indicators were identified for the M&E framework of the 7th NSED (see Box 14) and training was delivered to the central DoP staff on these indicators. Stakeholders in the Department of Planning stressed that the experience with the 7th NSED and PEI’s support in preparing the M&E framework and in assessing progress in the implementation of the plan at mid-course influenced the concept note for the development of the 8th NSED, the formulation of which is currently taking place.

Box 13: PEI’s influence over national development planning: 7th NSED

Excerpt from the 7th NSED:

“It has been a priority to attain sustainable and quality development in economic growth, social justice, prosperity and environmental conservation” and these principles “should be incorporated at the macro policy level and actual implementation process to ensure the effectiveness of the development plan at various levels, recognizing that areas where these processes are not followed will face slow development, difficulties and possibly disputes, and are also likely to face shortage of natural resources due to the degradation of the natural resource base. Thus, both quantity and quality of growth are important”.

Box 14: P-E Indicators in the M&E Framework of the 7th NSED

- i) Number of districts with land use plans developed;
- ii) Percentage of households using fuel wood and charcoal as main energy source;
- iii) Percentage of population who are food insecure;
- iv) Percentage of poor population who are exposed to, or living in areas of, high environmental risk;
- v) Percentage of industries using clean technologies (i.e. renewable energies such as solar and biogas, and waste management such as recycling)

73. According to PEI’s 2014 Progress Report, addressing P-E concerns became one of the 12 proposed outcomes to be achieved as part of LDC graduation process in the 8th NSED. This is a major achievement.

74. The research supported by PEI under component 5 has provided evidence that FDI performance significantly affects the development outcomes of the NSED. The current five P-E linked indicators in the M&E framework of the 7th NSED, while useful, do not take account of the effects of

³⁹ The project team pointed out that the DESIA database could provide annual number of projects with EIA/IEE reports approved. This may be used as a proxy for indicators 4 & 5.

⁴⁰ Referred to as “Outputs” in the ProDoc.

such investments. Ideally, there should be one or more indicators relevant to P-E to track FDI performance in the NSEDP M&E framework (e.g., number of concession agreements in full compliance with labour, environmental and fiscal regulations; number of decent and green jobs created by FDI). The data to track the indicator(s) would be part of the DESIA/DPI investment compliance database, thus, no additional data would need to be collected. It is recommended that PEI explores the possibility of adding this type of indicators in the 8th NSEDP M&E framework.

75. PEI also helped develop other planning tools and processes at the sub-national level, among others, the Participatory Planning Manual (PPM) at village level. The manual encourages communities to review current and planned land use and identify economic growth opportunities using their natural resource assets. It is recommended that any future revisions of the manual be more specific in guiding communities gather data and analyse information on the status and health of their environment and natural resources.

Outcome 2. Improved investment management tools and capacities at Investment Promotion Department (central, provincial) for sustainable growth

76. Managers and staff in various Departments of MPI have gradually increased their environmental awareness and understanding of P-E linkages through their exposure to and participation in PEI's related work. During interviews they often expressed that their understanding of environmental issues was very poor before PEI's intervention. Members of the various IPD Divisions were able to clearly articulate the aim and rationale for P-E mainstreaming in investment promotion and management. The commitment and strong support of IPD's Director General to quality investments has been very important in helping achieve a gradual change in the mind-set of high-ranking officers and technical staff at MPI. Joint investment monitoring with DESIA and provincial authorities has contributed to improved understanding and awareness of the effects of current investments on communities and the environment.

Box 15. Quote from a senior manager at IPD:

"Before PEI started the country had been promoting investment indiscriminately and they would welcome anyone who would help create employment and wealth and whoever was willing to bring in technology. Now they realize that this is not effective and in some cases it is counterproductive. Because the country's natural resource assets investors would come but they realize that Lao should not just concentrate in the natural resources sector because in the long run it is not sustainable."

77. The multiple tools developed with PEI support are seen by those interviewed at IPD as a considerable improvement from the baseline situation. The new and revised tools are tackling all steps of the investment promotion and management cycle (see Box 10 in the previous section for a complete list of tools). Managers are confident that the consistent application of the tools once finally approved will help IPD and DESIA make better and faster investment decisions and monitor and enforce compliance with national legislation and concession agreements. Technical personnel in the various divisions have contributed to the development of the tools. While the degree of ownership and confidence in the use of the tools is not even among all staff, interviews⁴¹ showed that there is a critical mass of staff committed to their implementation and the capability for tool deployment is increasing. On-the-job training has been effective for capacity building and tool ownership.

78. A good example of PEI's contribution to improved IPD tools and capacities is the set of model Concession Agreements for large agriculture, forestry and livestock investments, for

⁴¹ The evaluator interviews staff from the following IPD Divisions: Legal Division; Project Screening Division; Investment Promotion Division; One-Stop Service Division; and Monitoring Division.

Tourism Concessions (hotels and resorts), and for Contract Farming⁴². PEI worked with a UNV, with IISD, with a domestic legal firm, and with a US legal firm that contributed pro-bono expertise, to develop the model CAs and to build the negotiation skills of IPD. The new model agreements are sound legal instruments that meet international standards, and that, in the words of one IPD interviewee, are more pro-poor and greener. Specific articles and an annex address environmental and social obligations and environmental liability and sanctions, among other clauses that integrate P-E considerations and facilitate government monitoring and compliance enforcement while also protecting the rights of investors (also see results of Outcome 3 on Social and Environmental Obligations below). Legal training on developing good contracts and on arbitration for IPD officers has taken place in partnership with IISD.

79. PEI is assisting the government to revise the investment application forms for each of the sectors to ensure that the right questions are asked from the beginning to help the Investment Committee perform its duty. In cooperation with ADB PEI developed screening criteria and a checklist for the government's appraisal of investment proposals to ensure that screening is conducted properly at the application stage. Pilot provinces have been involved in assessing the contents of the forms. Among others, four districts in the Vientiane Province assessed the PEI investment evaluation form and used it to monitor investments to identify any issues and gaps and evaluate the performance of such investments. The information collected was used to set an investment database in the Province.

80. According to several stakeholders before PEI, monitoring of investments in the pilot provinces was limited to problematic investments, not only because of budgetary constraints, but more importantly, because there was a lack of process and guidance on what needed monitoring and the capacity to actually perform the task. Monitoring done by departments at times lacked credibility and is subject to undue pressure from investors. PEI worked with provincial authorities to monitor all concessionary and "general business" investments in the pilot provinces during Phase 1 and to monitor all concessionary

Box 16. Quote from a representative of the Savannakhet Provincial Government

"Savannakhet has received significant PEI support during the first and second phases including for investment monitoring and to develop the investment strategic plan. We received training on many topics. We do not have enough budget from the Government for monitoring so PEI has helped us know what is happening with investments. The Province is large, has 15 districts and more investment projects exist than in other regions. Without PEI support we would not have information on what is happening in the province. We now know which investments are performing well and which projects are not performing. From the field monitoring we have provided a report to the government with benefits and impacts of these investments. We now know whether to renew the projects or to discontinue. PEI has also provided lessons learned on how to conduct the monitoring. Further support is needed; this is a very good project".

Box 17. Quote from a representative from the Ministry of Agriculture and Forestry

"MAF is responsible for the investments on crops, livestock, forestry, and irrigation. We issue the licences for the contracts on irrigation. I am one of 3 members of the committee in MPI on behalf of the Ministry of Agriculture. The Committee meets every week to consider the projects for approval. Concerning PEI they are part of the group of the model contract. Although it is not finalized they use the draft and also the monitoring sheet and the procedures on how to approve land concessions. Joint investment monitoring is also happening in the provinces, strengthening the ability of provincial authorities to monitor investments and enforce compliance of investment agreements and standards."

⁴² Contract farming is an agreement between the farmer and the investor. While the government is not part of the contract, central and provincial authorities have the obligation to monitor the impact contract farming is having on communities and their local environment and resources. Adequate standard contract farming legal agreements will go a long way to protect local communities who often engage in this type of arrangements without a clear understanding of their implications and risks.

investments in Phase 2.

81. Another example of PEI's contribution is improved data management. Enforcement of contractual obligations and domestic laws is a major issue in Lao PDR. In the absence of a shared database capable of linking the central IPD Divisions and the investment offices in the Provinces it is very difficult to monitor investments. To address these challenges PEI has supported the establishment of the IPD web-based investment compliance database and reporting framework. These are slowly being institutionalised. The investment database will clearly show investors' obligations and red-flag non-compliance.

82. Several interviewees stressed that sharing of data and access to the reports generated by the DESIA and IPD databases will enable the Government and the National Assembly to have a true understanding of investments in Lao PDR. Joint monitoring is also crucial because even if data is available, without consistent monitoring there will be no change in the behaviour of investors. NERI would also be able to use the data in future research work.

83. The investment strategies will be a road map for the central government and the provinces to determine what type of investments they want to attract and maintain consistent with the country's development goals and priorities. It is hoped that under the leadership of the government these will be completed and approved without delay. A key challenge for investment management has been the lack of clarity regarding roles and responsibilities between and within ministries. The problem is acknowledged and discussed in detail in several documents including the draft NIS, but the evaluator did not come across information that indicates this issue is being actively tackled at the moment. Once the NIS is approved, PEI could assist the government to further identify and address conflicting mandates or gaps and prepare specific suggestions to revise the mandates of the entities involved up to the departmental level.

84. This component was also successful in obtaining information regarding the operation of investments and reinvestment challenges faced by investors that will be used to support future procedural and legal revisions by the IPD. Further engagement with the private sector is taking place through promising activities promoting Corporate Social Responsibility.

85. Investment promotion tools have also been developed and deployed with PEI support (e.g., One-Stop-Service guidebook, updated IPD website, investment promotion profile training) but it is too early to assess their effect on investors and investments.

Outcome 3. Improved effectiveness of the environment and social impact assessment system, particularly for the agriculture and forestry plantation sector, as a safeguard for sustainable and climate-resilient development

86. It is too early to assess the improved effectiveness of the environmental and social impact assessment (ESIA) system in Lao PDR⁴³, however, the evaluation was able to determine that PEI has indeed made an important contribution to the improvement of the system, in particular for the agriculture and forestry sector, which are the focus of the programme. A notable early achievement was the adoption of the Ministerial Instructions on IEE (8029) and

Box 18: Select quotes from DESIA staff

"Environmental and social impact assessment under the former Water Resources and Environment Administration was performed but it was weak because WREA did not have a guideline to do impact assessment. They would use the guidelines of the investment partner (for example, the WB guidelines)".

"Coordination between entities was very weak. It has been facilitated by PEI, which helped form a Round Table between IPD and DESIA. Before they did not even know their names."

⁴³ The 2014 PEI progress report mentions the design of a method to assess the utilization of the guidelines nationally and in the provinces by DESIA, PONRE and DONRE staff. This includes a questionnaire to collect data to be used as baseline information.

on ESIA (8030) for which PEI provided consultation, drafting and finalization support⁴⁴. These instructions clarify the processes, duties and responsibilities of the various parties and make the Environmental Compliance Certificate compulsory prior to implementing the proposed investment project. Interestingly, the Ministerial Instructions make reference to the need for FDI and domestic investments to contribute to sustainable socio-economic development, mitigate climate change and enhance climate change adaptation.

87. PEI joined the Environmental Management Support Programme funded by Finland to help MoNRE develop EIA writing, review and monitoring guidelines. Lao PDR lacked such guidelines until recently. Without the guidelines it would not be possible to implement the Ministerial Instructions effectively. PEI has also helped prepare and deliver training for a significant number of DESIA staff, sector ministries, provincial authorities and investors on how to write, review and monitor IEE and ESIA reports. It has complemented the above with a Technical Guidance Note on how to review and monitor EIAs for agriculture, forestry and livestock investment projects. DESIA staff have also received training on environmental impacts of pesticides. The guidelines and the training are equipping DESIA and other government staff to perform their duties to higher standards in approving investment projects and their environmental and social impact mitigation management plans, as well as in monitoring compliance. Investors are also better prepared to determine possible environmental impacts from their projects and for developing adequate mitigation and monitoring plans.

88. As noted above, Concession Agreements will include an annex specifying Standard Environmental and Social Obligations for agriculture, forestry and livestock projects.

89. PEI has been credited with helping improve coordination and exchange of information between IPD and the Department of Environment and Social Impact Assessment in MoNRE. It has also successfully promoted joint DESIA/IPD monitoring of investment projects. Eighteen investment projects that have been jointly monitored since the end of 2013. Joint monitoring has been used as a basis to assess the extent to which the various tools for IEE and ESIA are adequate and for on-the-job training of DESIA and IPD staff. The development of a “joint monitoring procedures manual” was started but this activity seems to have stalled recently. The manual would be a useful addition to the growing set of tools and GoL should strive to complete it in the next programme phase.

90. PEI has also made progress in promoting public participation in the EIA process. This has involved training DESIA personnel to conduct field research to assess public involvement in three projects in Central and Southern Laos. The objective is to use this research to revise the ESIA Public Involvement Guidelines.

Outcome 4. Selected National Assembly oversight mechanisms improved for quality investments in natural resource related sectors

91. The National Assembly component started in the second year of Phase II⁴⁵. In spite of the late start progress has been made in building the awareness and knowledge of the NA members and technical staff on topics such as the process of investment approval and monitoring, national planning, and environmental impact assessment. NA staff expressed that they now have a better understanding of

Box 18. Quote from a national stakeholder

“The National Assembly has increasingly been empowered. Before a Minister would not immediately pay attention to NA members, this is not the case any more”.

⁴⁴ Ministerial Instruction on the Process of Initial Environmental Examination of the Investment Projects and Activities No. 8029/MONRE, 17 December 2013; and Ministerial Instruction on the Process of Environmental and Social Impact Assessment of the Investment Projects and Activities No. 8030/MONRE, 17 December 2013

⁴⁵ According to interviewees the NA component in Phase I was not very effective. Among other issues the National Assembly did not want to have a separate working group on environment as proposed in the Phase I ProDoc.

issues such as the importance of public involvement in the EIA process, and they understand the mandates of IPD and DESIA in managing investments. The training provided to technical staff of the NA on public involvement in Environmental and Social Impact Assessment generated suggestions on how it can be strengthened by clarifying who is responsible, the government or the companies, for disclosing information, the timeframe, the different steps for public involvement in EIA as well as guidance on how to promote participation of women in the EIA.

92. PEI is receiving an excellent response from NA members who have expressed strong interest in continuing with the capacity building process on topics related to equity, poverty and the environment⁴⁶. This in itself is an important achievement. The commitment of NA members to tackle poverty and environmental issues related to investment approval and management was made public through several newspaper articles that appeared in 2014.

93. The most noteworthy outcome of PEI's NA awareness-raising and capacity development support has been the decision of NA members to implement "third party verification" of the investment approval and monitoring carried out by government entities. The above is consistent with the Law on National Assembly Oversight. This new mechanism is expected to use the same monitoring and reporting templates developed and used by IPD and will involve field trips of NA members to see conditions on the ground. It is expected that the National Assembly will have access to the investment compliance database at MPI, which will improve accountability and transparency in investment management. PEI was expected to work on designing and preparing an annual report to the National Assembly on the "state of investments". This is a useful output that needs to become part of the regular reporting activities of IPD.

94. In the absence of adequate capacities among its members and staff, the oversight role of the NA and its normative work may not be as effective. PEI's support to the NA has been useful but it needs to be sustained and if possible expanded. The topics of such support should continue to be demand-driven and relevant to the legislative agenda of the NA. The planned integration of P-E topics (e.g., climate change adaptation) in the briefing materials and training packages of the new NA Training Centre is the correct approach given that many NA members change every 5 years.

95. The National Assembly has a heavy policy and legislative agenda because many policies were out-dated and needed revision and as a result there is a lack of coherence between the new policies and existing laws. PEI is helping to ensure there are no contradictions between policies and laws particularly on environmental matters. They are working on creating an e-tool to help the NA find the contradictions. For example, the revised land law should be consistent with the forest and the water laws. There are many donors and expert groups assisting with the revision of the laws but the comments being made to the drafts are not been fully reflected in the law because the National Assembly faces challenges to incorporate the revisions. PEI's support to the NA is therefore crucial at this stage.

Outcome 5. Increased targeted economic and environmental evidence available for investment decision making processes

96. Lao PDR has learnt much about the social, economic and environmental issues associated with the current major types of investments through the research facilitated by PEI. The studies have helped fill the prevailing knowledge gap on the effects of investments on matters such as job creation, wealth creation, health issues, land management and the environment. Importantly the research has provided information and fact-based analysis on the consequences of inadequate monitoring and compliance enforcement of investment agreements (see Box 20 at the end of this section for an example of deficiencies of agriculture and forestry concession projects identified

⁴⁶ The evaluation was unable to interview NA members during the field visit. The views expressed in this paper are informed by the interview with NA staff and PEI reports.

through PEI's supported research). Understanding the problems is a first step to finding solutions to them. While there have been a few scholar studies about investments in Lao PDR Government institutions had not been involved.

97. The National Economic Research Institute responsible for this component has increased its capacity for policy-oriented economic and environment research to inform investment decisions. NERI's ability to communicate research findings to key policy makers at the central level and in the provinces has also increased. Furthermore, there is evidence of policy-makers' uptake of NERI's findings and policy recommendations.

98. The demand-driven study reports produced by NERI have been used to raise awareness, and to develop training and communications materials for P-E mainstreaming.

99. Activities in this component are building the capacities of government staff not only in NERI but also across the network of institutions participating in the studies (for example, the Department of Agriculture Promotion and Cooperative Association in the Ministry of Agriculture and Forests, the Department of Meteorology of the Ministry of Natural Resources and Environment, the National University of Laos). The research teams are usually composed of four experts deployed by NERI and 5 to 6 people from partner institutions. Advanced university students from the Faculty of Economy and Business Administration and Faculty of Environmental Science, among others, have participated in the research to help form the next generation of P-E researchers.

100. During the first phase the research focused on investments and land use change, a very important topic. Before land concessions started rural people in Lao PDR were engaged in shifting cultivation. Concessions for commercial crops are bringing about rapid social, economic and environmental changes to the country's regions. NERI did 4 case studies to improve the country's understanding of how these commercial crops and other rural activities are changing the use of land and rural livelihoods: maize, rice, and rubber crops and non-timber forest products. For example, the study showed that an important impact to food security results when farmers change rice crops for direct consumption to maize for animal feed. In the second phase NERI conducted studies on two topics: contract farming and a more detailed analysis of rubber concessions. The first topic investigated whether

Box 19. NERI's Contract Farming Study

Contract farming became legal in Lao PDR in 2002. Over the past few years the aim of the agricultural policy of the government of Lao PDR has been to attain food self sufficiency and increase production of commodities for trade by promoting contract farming in two basic models: Model "2+3" in which the farmers contribute the land and labour and the investors contribute capital, technology and access to markets; Model "1+4" in which farmers contribute either the land for growing the crops or labour while the allocation of other inputs falls on the investor. The results of the research show that the actual and potential benefits vary substantially between crops and so does the environmental impact. The study found that contract farming for cassava crops results in a net loss for the farmer when compared to alternative crops, often leading to indebtedness from which families may never recover. Forest invasion from cassava growers has been observed given their need to compensate with NTFP for their losses. On the other hand, banana production was found a very lucrative industry helping growers to earn a substantial income but there are worrisome trends for the future because of extensive demand for land and the use of large quantity of chemicals that may impact soil fertility, water quality and ecosystems and species, possibly bringing people back to poverty (e.g., people wash chemical containers in the river and use them to store water, farmers do not use protection for spraying). Health impacts have been observed from inadequate use of chemicals, which in some cases have been supplied without a label indicating their composition. Animal feed corn farming was found to be capable of reducing poverty although it is not as lucrative as banana. Agricultural production by contract is in line with the government policy and has potential for poverty alleviation but the review of the contract process from the drafting phase through its implementation revealed many weaknesses warranting special attention and assistance from the government to the farmers. The research revealed absence of the government's inspection and monitoring of contract farming operations. The farmers are taking all the risks but the benefits in technology transfer and access to markets are minimal. So far jobs creation has been confined to farm labour and transport of crops.

contract farming contributes to poverty reduction and what impacts it has on the environment. Contract farming related to sweet banana, feed-grain corn and cassava crops in three provinces was reviewed.

101. As stated earlier in this report the Government wants to achieve industrialization and modernization for economic growth and poverty reduction by 2020 and considers the production and manufacturing of agro-forestry products as one of the five priority sectors. There have been large FDI inflows into the rubber plantation industry, rising from 11,800 hectares in 2006 to about 200,000 hectares until temporary prohibited by order No.13/PM in 2012. The “quality of rubber concessions” study made many policy-relevant findings, among others, it contributed information that will help the government determine whether to continue or stop the ban on rubber concessions and under what conditions. For example, the research found that “the current investment management system can proliferate social, economic and environmental problems including food security issues” and that the “sampled rubber concessions provided very little revenues to government”. The study concluded that, among others, the quality of rubber investments need to be regularly assessed against national development goals.

102. The report constitutes the baseline against which PEI and the government may undertake future rubber plantation assessments for changes in compliance. Importantly this research resulted in the formulation of criteria and indicators for monitoring and evaluating agricultural concession projects beyond rubber.

103. The results of all the studies have been disseminated centrally and in the provinces and also to National Assembly members and staff. All reports were sent to the provinces and districts, and videos on contract farming and quality investment in rubber plantations were produced. Involvement of provinces and districts is important because the approval of concessions below 100 hectares is decentralized.

104. However, there is room for improvement in communicating internally the results of the studies. The NERI reports were presented to the Director Generals but were not presented to the technical staff in the Departments.

105. According to NERI the role of the NA in making the results of the research known to the affected communities is very important because NA members visit their constituencies and they can explain the problems to the people.

106. NERI received positive feedback on the study reports from institutions and individuals. The organization plans to assess the up-take of policy recommendations and the usefulness of the reports more systematically in the near future. Among other notable results, NERI claims that the rubber plantations study was led to the presidential decree declaring a ban on agriculture concessions. A new research topic has been identified: “Impact of mining operations on the development of Small and Medium-Sized Enterprises”. They are interesting in learning whether FDI is helping to create small and medium size businesses, for example, investors giving contracts to local enterprises for supplies.

107. On the other hand, NERI requires continued support to achieve the highest possible research standards. PEI has recently helped establish an international experts advisory panel to support NERI staff develop and deliver quality P-E research. PEI also organized a research course for NERI staff. The NERI Director expressed interest in working on green economy topics.

Box 20: Common deficiencies associated with agriculture and forestry plantation projects (Adapted from NERI 2013. Agriculture and Forestry Projects Guidance Note - Component 3)	
General deficiencies	<ul style="list-style-type: none"> • Lack of awareness of legal obligations and requirements • Lack of respect for legal obligations or requirements • Lack of land survey prior to activities commencing • Lack of ESIA or feasibility studies • Lack of worker contracts, fair or safe working conditions • Commencing work before authorization granted
Economic impacts	<ul style="list-style-type: none"> • Lack of training and technology transfer for villagers • Inadequate contribution, or failure to contribute, to the village development fund • Failure to pay taxes or charges • Encroachment on productive village land • Lack of employment or poor wages for local communities • Inadequate compensation to villagers for lost or alienated land or land resources • Loss of timber and forest products for villagers • Damage to infrastructure in villages • Late payment of wages • Failure to provide promised infrastructure • Lack of training and technology transfer for villagers
Social conflict	<ul style="list-style-type: none"> • Lack of community involvement in project approval • Health impact on workers from hazardous materials (including chemical use) • Harsh or unsafe working conditions • Influx of foreign workers without due planning • Inequitable benefit sharing • Restrictions to cultural sites • Loss of access to natural resources • Loss of food security and access to productive agricultural land
Environmental impacts	<ul style="list-style-type: none"> • Encroachment on natural forest or protected area • Lack of appropriate buffers or protection zones • Clearing outside permitted land • Erosion via planting on steep slopes • Planting near or within water courses • Use of chemicals threatening water sources • Increased sedimentation of water sources • Plantations causing lower water levels • Fragmentation of habitats • Loss of habitat and biodiversity

4.3 Likelihood of impact

108. This section examines the likelihood of project impact. It builds on the findings concerning progress made in achieving the intended outcomes as presented in the previous section, assesses the extent to which the intermediate states identified in the TOC⁴⁷ are being reached (see reconstructed TOC, page 51), and examines whether the assumptions made at the project design stage still hold true.

109. The project defined its impact as making a “*contribution to local poverty reduction, improved environmental quality and sustainable resource management*”⁴⁸. Intermediate states or enabling conditions that would lead to the achievement of the intended impact were defined at project inception and reflected in the choice of Phase II outcomes and project effectiveness indicators. The Prodoc for Phase II also identified 15 political, organizational, financial and operational “risk factors” that could affect achieving project impact.

110. The evaluator is of the view that the likelihood of impact is high and the impact itself would be substantial on the condition that the government exerts strong leadership and PEI continues its support until there is evidence that the strategies, processes and tools developed under the project’s auspices are completed, and in application, and there is a critical mass of staff in all institutions involved, particularly in the provinces, with the required capacities to follow the processes and apply the tools to acceptable standards. As mentioned earlier in this report there is still work to be done before the “effectiveness indicators” would show positive results even though there has been significant progress in achieving the intermediate states towards impact.

111. While sustainability is guaranteed to some extent in the event PEI were to stop its support by the end of 2015, the project’s potential impact could be delayed or significantly reduced if this was the case.

112. There have been no shifts in the project underlying assumptions during the course of implementation. However, the ultimate proof that the logic behind the project design is correct is the demonstration that the government of Lao PDR can indeed attract “quality investments” and that such investments bring about the desired development outcomes. In the not so distant

future it should be possible to compare FDI before and after PEI’s intervention and determine the project’s contribution to the change. Of course, this is on the assumption that the compliance database would be up and running and that new FDI and domestic investments would have been approved and monitored.

113. The risks identified at the start of Phase II are still present to various degrees. It is important for PEI to continue monitoring such risks and help keep decision-makers motivated and supportive. The window of opportunity for transformative change may close if no clear development benefits from quality investments are achieved and communicated nationally.

Box 21: Remarks on factors affecting sustainability from a UNDP manager interviewed:

“Lao PDR is one of the few LDCs remaining. If PEI global financing stops there will be a problem. Sustainability will only happen if peoples’ mind-set changes. We are seeing incremental changes but if you look at the heart of the project PE is a much longer results chain. 2017 is too close. UNDP as a whole does very little work with the private sector. PEI is helping to find answers to the very important question of how can the private sector be a partner in development. There is no global compact in Laos. The development discourse is changing to “aid-for-trade. This is another important issue to consider in PEI’s future work”

⁴⁷ Intermediate states are referred to in the TOC as “intermediate outputs”.

⁴⁸ See Annex 6 of the ProDoc for PEI Phase 2 in Lao: Results Chain Analysis of PEI Outputs and Outcomes.

4.4 Sustainability and up-scaling

114. The conditions for sustaining PEI outcomes in Lao PDR seem to be generally in place or in the process of being created. The PEI Team is well aware of the need to have an exit strategy well ahead of project completion and is already working on it.

115. There is consensus that PEI is highly relevant to the country's development priorities and needs, which is a precondition for sustainability. Thanks to PEI's contribution P-E concerns were embedded in the current country's development blueprint and there are strong indications that the next NSEDP under preparation will provide continuity and build on the lessons learned. The P-E indicators are yet to be widely monitored and used, and could be enhanced to inform future decision-making.

116. PEI works within the mandate of Government Departments and this has helped build a strong ownership among the Divisions with primary responsibility for individual outcomes. According to interviewees care has been taken to avoid making programme activities "add-ons" to core staff responsibilities. This is another important ingredient for sustainability. Involving the staff in the development of the tools, on-the-job training, and testing and practicing their use on real life cases is preparing the staff for the deployment of the tools without external support.

Box 22: Quote from a PEI national team member

"In phase I UNDP and UNEP were the ones pushing from outside. Now the dynamics has changed with strong pull from institutional partners and strong leadership from IPD Director General".

117. While expecting further support from PEI, national stakeholders showed confidence that managers and staff in related government entities will be in a position to continue the work after the PEI project comes to a close.

118. The PEI team is of the view that they have already passed the mid-point in terms of building the capacities among staff in IPD and DESIA, although concerns remain, mostly with respect of capacities in the provinces. Notwithstanding the significant effort made by the PEI team, the training delivered so far has not fully met expectations and Provincial authorities expressed the need for further training and support during the interviews. A provincial representative said that if he were asked to teach what he has learned through the training he would only be able to "*teach kindergarten level*". With this remark the provincial representative was trying to express the need for deepening his understanding and knowledge on the various subjects through additional training while recognizing and appreciating PEI's contribution so far. It is assumed that staff in the 4 provinces that have been part of PEI since Phase 1 have deeper knowledge and understanding than those in the two provinces that joined the programme in Phase 2. However, the evaluator was not able to assess this assumption given time limitations.

119. The PEI Team indicated they would use the last few months to consolidate the work improving the likelihood that the institutions would be able to update the tools on their own as the need arises. Among other strategies the team has agreed that DESIA central level staff will support the provinces' investment monitoring work of the Environmental Management Units (EMU). Once DESIA is confident that the capacities are in place the central level staff will be withdrawn from the EMU.

120. As a measure to minimize the impact of government staff turnover centrally and in the regions, the programme identified and involved alternates to PEI focal points.

121. Joint IPD/DESIA monitoring exposes IPD personnel to environmental issues linked to investment projects, which will help ensure that P-E mainstreaming continues receiving attention within IPD. However, a factor seriously hampering the prospect of sustainability is the delay in the delivery of the output to identify and establish a financial mechanism for investment monitoring at IPD. MoNRE has achieved financial sustainability to perform its review and monitoring duties by

creating a fund with moneys paid by investors but IPD continues to rely on budgetary allocations from the government, which apparently have been insufficient and difficult to obtain. The Ministry of Finance should be closely involved in identifying such a mechanism. Stakeholders suggested that as an interim measure DESIA could consider inviting other relevant ministries such as MPI to participate in monitoring missions and cover the cost from DESIA's monitoring budget. However, while this would be useful in the short-term a more permanent solution to IPD's monitoring financial requirements should be found.

122. Sustaining awareness and capacity gains in component 4 will be challenging and requires special attention from PEI in the next few months. Although NA members can be re-elected the last turnover was 60% of total members. Working with the staff of the NA Training Centre who have lower turnover rates is very important to equip them to take responsibility for briefing and training new NA members.

123. PEI is helping build broad research capacities in NERI as well as environmental economics research skills. It is also helping build the capacities for P-E policy-relevant research of the next generation of researchers by involving university professors and students in PEI's research activities. NERI has improved its communications skills to disseminate the results of its research. The institution is reaching out to donors and international NGOs to obtain support for new research projects.

124. It should be noted that only 6 out of 17 Provincial Governments have directly benefited from PEI although training in a number of topics such as on the web-based database has taken place in all provinces and in many districts and villages. GIZ is assisting in scaling up elements of PEI's work in other provinces, namely Provincial Investment Strategies, Investments Database, Investment profiles, and Investment Monitoring. Training-of-trainers is one strategy deployed by PEI to reach additional staff particularly at the provincial level. However, more efforts need to be done by PEI to engage other development partners to contribute to this long-term effort.

4.5 Efficiency

125. The programme has generally managed funds and expertise economically to deliver high quality products and services. Timeliness of delivery has been an issue as examined in other parts of the report. Delays have multiple causes, for example the need for broad consultation, which entails several rounds of translations, or the fact that guidelines, templates and other tools demanded multiple revisions for consistency with changing legislation and procedures. However, delays have sometimes been caused by slow administrative procedures, for example, in recruiting staff or consultants. Staff recruitment issues are discussed in section 5.3.

126. The programme's total actual expenditures for both phases as of December 2014 (62 months in total) are USD 5,373,460 out of a budget of USD 6,923,587 (Box 23). The budget for Phase I was utilized almost in full by October 2012 (98.6%) the end of that phase. As of

Box 23: BUDGET AND EXPENDITURES

OVERALL BUDGET AND EXPENDITURES FOR PHASE I			
Cumulative Expenditure USD			
Overall Budget	October 2012	Balance	Delivery
2,718,029	2,679,471	38,558	98.6%%

OVERALL BUDGET AND EXPENDITURES FOR PHASE II			
Cumulative Expenditure USD			
Overall Budget	December 2014	Balance	Delivery
4,205,558	2,693,989	1,511,569	64%

December 2014 the programme is slightly behind in the terms of budget utilization but this is linked to activities that have been postponed for various reasons such as the launching of the NIS which is contingent upon final endorsement. It should be possible for PEI to fully utilize the balance during the course of 2015 if it can get back on track the various activities that have been delayed. Otherwise an extension of 4 to 6 months should be granted although this may have financial implications for the UNDP CO, which may need to subsidize project oversight. In addition to rollover funds, other resources may be mobilized to help bridge a possible third phase of PEI.

127. Cumulative financial information per component and activity was not made available to the evaluator; therefore, a detailed assessment of the extent to which the original budget was modified could not be made. However, budget revisions do not seem to have affected in any significant manner output delivery.

128. The largest proportion of the budget for both phases was allocated to component 2 followed by component 3. This is consistent with the relative importance of these two components to achieve the project objective and outcomes. Component 4 did not have a budgetary allocation in Phase I because activities and outputs were expected to build on UNDP's support programme to the NA and use the expertise and information of other PEI components. This was changed in Phase II with a small but dedicated budget allocation for this component. A much larger budget allocation to component 5 was also provided in Phase II. The decisions to allocate funds to component 4 and increase the budget for component 5 were adequate and had a positive effect on programme implementation.

4.6 Cross-cutting issues: Gender, capacity development, norms, guidelines and safeguards

129. The evaluation terms of reference request the evaluator to examine cross-cutting elements common to different types of programmes and projects. In the case of PEI capacity development and stakeholder engagement are important building blocks of project success and are covered throughout the report. Norms, guidelines and safeguards that help prevent social and environmental impacts of FDI and domestic investments or that help realize social and economic benefits are core PEI country programme outputs and as such, these are discussed elsewhere in the report. This section briefly explores PEI's performance with respect to gender, which in the opinion of the evaluator has been satisfactory.

130. The preparation of both project phases included analysis on gender issues. For example, Section 2.5 of the Prodoc on Environment and Gender discusses the different perceptions of men and women with respect to sources of socio-economic and environmental vulnerability and advocates developing methods that take account of the perspectives and priorities of both women and men. It equally calls for addressing gender needs in a highly culturally sensitive manner, especially with regard to the people who are members of non-Lao speaking groups (ethnic minorities) who make up almost half of the Lao population and probably the majority of the poor. The Prodocs make reference to the need to consider "district and village men, women and vulnerable groups" in most activities.

131. One of the first PEI policy briefs (Issues Brief 03/201) was on Investment and Women's Economic Empowerment. The brief, prepared in collaboration with IUCN and the Gender Resource Information and Development Centre under the Lao Women's Union, is quite comprehensive and makes a compelling case to ensure that women share in the benefits from investments and are not disadvantaged by them. The brief also makes sound policy recommendations.

132. Several PEI outputs specifically include gender considerations, for example the Participatory Planning Manual states that its "*main purpose is to create an opportunity for the*

beneficiaries with particular attention to women as primary beneficiaries (emphasis added) to articulate their needs and put forth their thoughts, which would strengthen the planning process of the Village Development Plan as well as providing data and information for the formulation of district development plan, and ultimately the whole country”. Another example is the “joint monitoring questionnaire” which collects gender-disaggregated data to help understand the role of gender in investments in Lao PDR. In future PEI may do an analysis of this data as a basis to identify possible actions that could be taken by the government to mitigate negative impacts of FDI on women or to help women realize the benefits of investment projects.

133. A PEI-NERI mini grant was devoted to research gender aspects in rubber contract farming to complement the overall report on rubber plantations. The research was useful to identify women’s roles in contract farming and the time spent by female workers in rubber plantations and how this may impact household income.

134. Project reports provide data disaggregated by gender, in particular the number of women involved in training or consultation activities.

5. Factors affecting performance

5.1 Programme design and structure

135. The Lao PDR country programme benefited from a preparatory phase starting in 2008 that was aptly managed by the PEI Regional Team in Bangkok. The work involved an extensive literature review of analytical reports produced by development partners and researchers as well as multi-stakeholder consultations at the national and provincial levels⁴⁹. The PEI regional team identified champions in key ministries and organized a study visit to Vietnam to learn from the country’s experience in implementing a PEI project since 2004. The main lesson of that project was that it had been housed at the Ministry of Natural Resources and Environment and therefore was unable to influence the other central ministries and other sectors.

136. The preparatory phase was instrumental in establishing the baseline for the programme and determining its strategic direction. The initial ProDoc provides a very comprehensive background and context analysis on issues such as the contribution of environment and natural resources to the national economy, key environmental issues affecting the poor, poverty-environment issues affecting the provinces, environment and gender, key development processes affecting poverty-environment issues (e.g., trade and investment in key sectors such as plantation agriculture, mining, wood and wood products, and hydropower), and infrastructure and industrial development projects in the four target provinces. This analysis enabled PEI to develop the arguments to make a strong case for why P-E mainstreaming was important for national development. As a consequence the programme had the buy-in of senior officials in the two most critical institutions, the Ministry of Planning and Investment and the WREA (now MoNRE), from an early stage. The Lao PDR preparatory phase is a best practice example for the global programme. Ideally, the country programme preparatory phase should be guided by a work plan with specific deliverables and supported by an adequate budget made available to the PEI regional team.

137. Although a theory of change (ToC) was not made explicit at the time of preparation of the ProDoc for Phase I, the intervention logic described in the programme Results and Resources

⁴⁹ Some key organizations consulted during the preparatory phase were: Ministry of Planning and Investment, Water Resources and Environment Administration, Ministry of Agriculture and Forestry, Ministry of Finance, National Committee on Rural Development and Poverty Eradication under the President’s Office, Governor offices of pilot provinces, sector authorities in pilot provinces, Ministry of Energy and Mines, National Land Management Authority, National Assembly, Women’s Union, Lao National Front, development partners (including IFAD, ADB, EC, GTZ, WB, AusAid, and FAO) and international NGOs present in Lao PDR such as IUCN and WWF.

Framework (RRF) reflects the critical thinking that took place to identify the building blocks to effect the desired changes.

138. Diagram 1 in the next page shows the reconstructed ToC prepared for this evaluation on the basis of a figure developed by the project team for the second phase ProDoc⁵⁰ and the RRF of each programme phase. In the opinion of the evaluator there is a clear pathway to enable the programme deliver its medium term outcomes and towards longer-term impact. An indicator of the quality of initial programme design is the fact that while adaptive incremental improvements have taken place in the course of implementation, no significant changes have been made to the original programme design.

139. Risks and assumptions⁵¹ were examined during project development and integrated into the Phase 2 Prodoc (see Box 24). The likelihood that the risks identified may materialize is high, thus, it is important to monitor such risks. While PEI progress reports discuss projects risks, the key risks are not monitored or reported on. This needs to be addressed.

140. The programme structure of PEI in Lao PDR is innovative, attempting at creating synergies with and build on the comparative advantages of UNDP Units and Programmes. This is another good practice that may be adopted by other PEI country programmes. While the overall project assurance responsibility at national level was vested in the UNDP Environment Unit, components 1 and 4⁵² were integrated into existing programmes implemented by the Poverty Reduction Unit and Governance Unit respectively. However, this approach also presented some challenges for coordination, monitoring and reporting, some of which have been addressed during the course of implementation but others require attention if a new programme phase is designed. Some interviewees were of the view that while cooperation with the Poverty Reduction Unit has been effective for delivering the outputs for PEI's component 1, the Governance Unit has mostly relied on the PEI national team to produce the training materials and deliver the courses and awareness-raising events for the National Assembly members and staff in component 4. The lack of a specific allocation for this component in the Phase I PEI document did not help. In the opinion of the evaluator there is room for improved collaboration between PEI and the Governance Unit. The new National Assembly Strategic Support Project may bring opportunities to mainstream P-E in other aspects of the governance agenda, for example, issues related to public participation, decentralization, information disclosure, access to justice, including an effective system for presenting grievances and for redress in cases where there have been serious negative impacts on communities from private investments.

141. PEI's ProDoc for Phase I describes all components with their respective outputs, targets and activities while the ProDoc for Phase II only describes in detail components 2, 3 and 5 because

Risks and Assumptions identified in the PEI Phase II Prodoc

Risks

- Political and economic complexities related to personal gains
- Demand for FDI in an increasingly market oriented economy overrides sustainability concerns
- Lack of real incentives and re-investments into non-natural resource sectors inhibit quality growth

Enabling conditions

- Capacity for integrating economic and environmental values for informed decision-making are established
- Mechanisms for hearing local concerns and enabling local participation are in place
- Social and environmental safeguards are part of normal business practices
- Monitoring is properly resourced

⁵⁰ See Figure 1 in the Phase II ProDoc: Structure and Linkages of the PEI Phase II Framework to Achieve the Programme Objective.

⁵¹ Assumptions are referred to as "Enabling Conditions" in the Phase II Prodoc.

⁵² Component 1 on P-E mainstreaming in the NSEDP was embedded in the UNDP programme in support of the Ministry of Planning and Investment, while Component 4 on capacity strengthening of the National Assembly was included as an element of the joint UN programme in Support to an Effective Lao National Assembly (SELNA), now National Assembly Strategic Support Project (NASSP).

components 1 and 4 and their respective work plans are integrated into the MPI and SELNA support programmes even though the budget for all five components is part of the PEI ProDoc. While this approach probably simplified the work of the project team at inception, it would have been preferable to have one document describing the entire PEI project. This would have not prevented incorporating the components implemented through the other UNDP programmes in their respective ProDocs. It should be noted, however, that an RRF for components 1 and 4 is included as an Annex in the Phase II ProDoc.

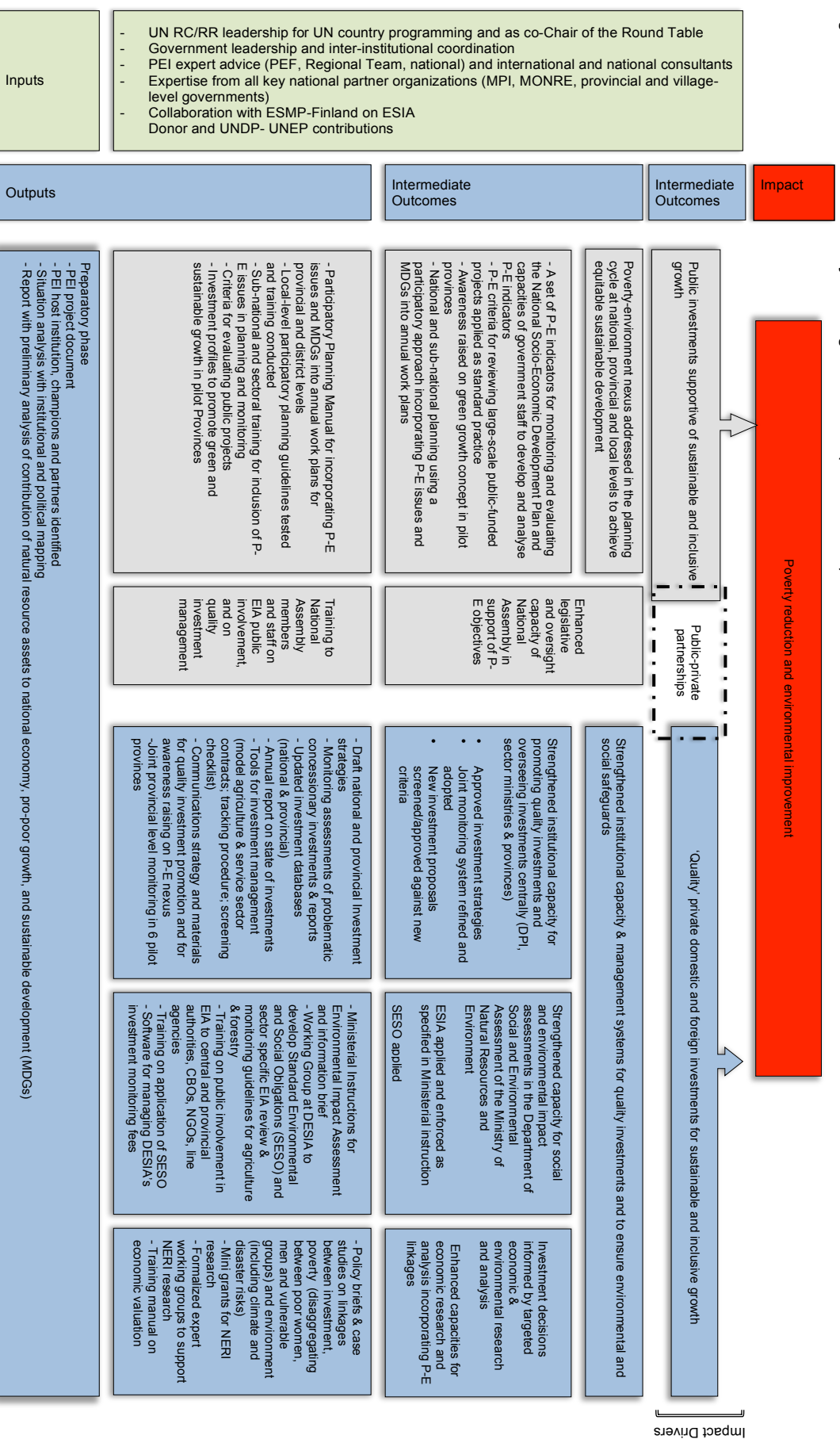
142. PEI's Phase II built on results and lessons from Phase I. The new ProDoc considered and broadly incorporated the recommendations emerging from an independent evaluation of the first phase (See management response in Annex F). It is not clear to what extent the recommendations made by the team who conducted an additional project review in 2011 were accepted and acted upon.

143. As mentioned earlier in this report the work plan for both phases was too ambitious for the expected project duration and budget. A large number of activities to deliver the outputs required the involvement of PEI technical advisors, which delayed the completion certain tasks⁵³. This is also true for the ability of government staff centrally and in the provinces to devote quality time to all activities. Although all planned activities were relevant and useful any future phase should be more realistic and focus on fewer deliverables.

144. Also, any future ProDoc(s) would benefit from a section discussing what relevant activities are planned or being carried out by other development partners to be able to better understand to what extent PEI is adding value and working with the most appropriate partners (stakeholder mapping).

⁵³ The work plan for 2014 alone included some 34 outputs to be delivered within a 12-month period and often outputs involve more than one activity. Examples of products or services in the work plan involving more than one element are: "two sub-national and sectoral trainings, 12 news articles published".

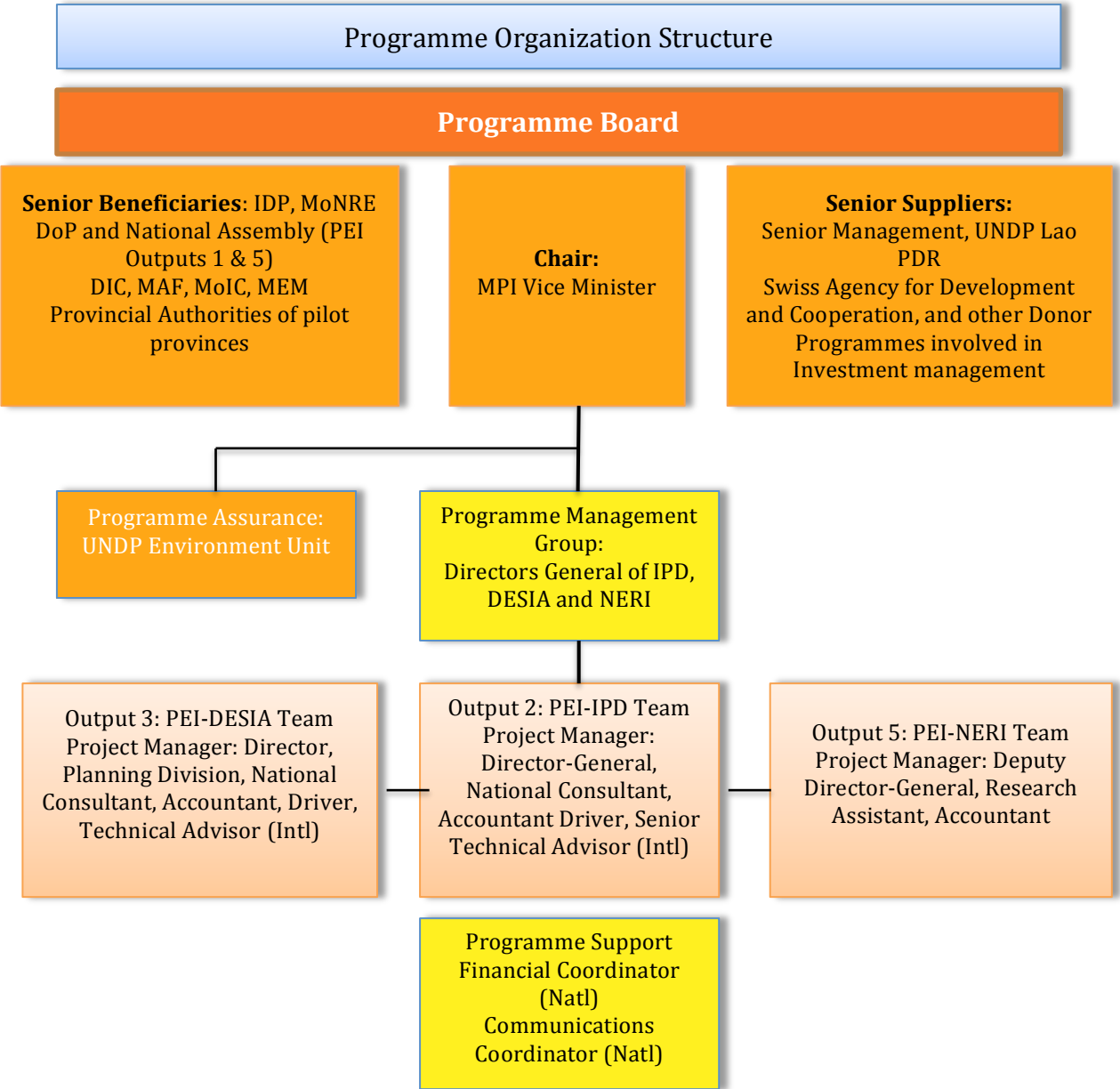
Diagram 1: Reconstructed PEI Theory of Change for Lao PDR (Phases I and II)



5.2 Programme organization and management

145. PEI implementation in Lao PDR takes place under the UNDP National Implementation Modality (NIM), formerly National Execution (NEX). Programme assurance is the responsibility of the UNDP Environment Unit. The UNDP-UNEP Regional Team in Bangkok provides oversight and technical advice to the country programme.

146. An Outcome Board chaired by the MPI Vice Minister and representing key government entities involved in programme implementation as well as UNDP and programme donors is the main governing body of PEI in Lao PDR. The Director General of the Investment Promotion Department in the Ministry of Planning and Investment is the Head of the PEI Secretariat Unit and the National Project Director for PEI Output 2. The following diagram shows the national management structure of PEI⁵⁴:



⁵⁴ PEI Phase II ProDoc.

147. The Outcome Board was established in Phase I and its Terms of Reference are stipulated in the Project Document. It is responsible for overall programme direction and for coordination between components and sectors. The Board meets once a year concurrently with the programme's Annual Review Meeting (ARM). Board meetings for Phase II took place in 2013 and early 2015 to review the achievements from each component and consider the Annual Work Plan (AWP) for the year. Some stakeholders are of the view that the agenda of the annual meetings of the Board is very packed and does not allow sufficient time for in-depth discussions thus limiting the Board's ability to truly steer the programme and give strategic direction. For the same reason the meeting is not conducive to utilizing the full power of its members to clear bottlenecks and overcome challenges. Ideally, the Board should meet more frequently with a more focused agenda.

148. PEI annual coordination meetings are organized with representation from all programme stakeholders. The last coordination meeting took place in June 2015 to assess progress, determine a course of action to deliver all outputs by the end of the year, and consider the possible continuation of the programme beyond Phase II. Attendance to Board and Coordination meetings is good with high-level representation. The last Coordination meeting was attended by, among other participants, IDP's Director General, MPI's Deputy Director General of Department of Planning, NERI's Deputy Director General, DESIA's Deputy Head of the Administrative and Planning Division, UNDP's Deputy Resident Representative, and a representative from SDC. Both UNDP and UNEP Regional Technical Advisors attend annual coordination meetings, even though, based on a division of labour, the UNDP Technical Advisor is in charge of providing oversight to the Lao PDR PEI country programme. Coordination meetings are important as a communications mechanism and as a way to enhance programme ownership.

149. The evaluator did not receive information about the frequency and contents of meetings of the Programme Management Group and therefore is unable to judge the effectiveness of that body. The PEI teams at IPD, DESIA and NERI meet frequently (monthly and quarterly) to discuss progress, challenges and the work plan. Coordination between these components increased in Phase II compared to Phase I.

150. The project document identified the Ministries of Mining and Energy, Agriculture and Forestry, and Industry and Commerce, as well as the Department of International Cooperation and the Provincial Authorities as key "beneficiaries" with the expectation that senior representatives be part of the Board. While there is evidence that members of these institutions have been consulted and have been involved in PEI activities the documentation provided to the evaluator does not show that officials from these Ministries actually participate in PEI Board meetings.

151. The interview with a high-level representative of the Department of International Cooperation demonstrated a very good understanding of the programme's objective and importance to the country. She had updated information on PEI activities, which is an indicator of adequate communication between PEI and the Department. This is very important because this Department provides the Secretariat to the Round Table Process where discussions on aid coordination and harmonization for Lao PDR take place. PEI is discussed in the Natural Resources and Environment Working Group of Round Table. At the time of the interview a PEI review was scheduled on 12 November. Such review meeting was to be chaired by the participating Ministries, inviting the various project components.

152. With respect to the Ministry of Finance interviewees indicated that its sole involvement in PEI has been during consultations on the Model Contract on issues related to taxes.

153. Concerning the PEI UN partners, interviewees were of the view that the Regional Technical Advisors worked well together, demonstrating a very professional relationship and presenting a unified face to the national stakeholders.

154. PEI funded the head of UNDP's CO Environment Unit, who is responsible for programme quality assurance, during Phase I. This changed as the Unit became larger and other projects could

share the costs. Interestingly, since PEI's budget consists of joint UNDP-UNEP funds, this enabled piloting an approach in which the Head of the Environment Unit represented both organizations in the country. Although the evaluator could not assess to what extent joint representation was effective, this approach has the potential to facilitate coordinated service delivery by UNDP and UNEP. This could be replicated in other country offices to avoid duplication and competition between the two agencies and to provide more effective services for relevant sustainable development priorities at the country level.

155. Three different staff have been at the helm of the UNDP CO Environment Unit since PEI started, including a UNV but this does not seem to have caused a major disruption for the programme. According to some interviewees UNDP Senior Management are now providing a stronger coordination role than in the past, which is very useful in view of the involvement of three separate UNDP Units in programme implementation.

5.3 Financial and human resources administration

156. PEI's approach globally is to embed the programme in national government structures for maximum ownership and sustainability; thus, senior managers at each partner organization direct the implementation of all components. Two international experts, i.e., a Senior Technical Advisor (STA) based at IPD, and a specialist in Agriculture and Forests based at DESIA provide technical support. It should be noted that during Phase I there was only one STA coordinating all components and advising the national teams. Component 2 managed by IPD has 5 National Officers in view of the Department's responsibility as the PEI Secretariat and the large number of outputs to be delivered. NERI has a Research Assistant and DESIA has one National Officer paid by PEI. An accountant at each partner organization and a driver in two of these entities support the work. A financial specialist and a communications coordinator funded by PEI are based at UNDP CO providing support to all components.

157. There has been some staff turnover since the beginning of Phase I and this somehow affected programme implementation. The first PEI STA left at the beginning of Phase II. The PEI ESIA Specialist left the programme at the end of March 2014. There has been some delay in recruiting staff and consultants. In some cases the delays are related to the scarcity of specialized professionals in the country but in other cases the cause for delay is the procurement/hiring process. It is recommended that a succession strategy be put in place as soon as possible if the current PEI STA is leaving at the end of 2015.

158. As mentioned above PEI is nationally executed which means national partners are responsible for the management of their respective components. UNDP did not carry out financial and management capacity assessments (including a HACT Micro Assessment) for the implementation of Phase II. The assumption was that the training imparted to the project teams of IPD, NERI and DESIA by the NIM project of the Department of International Cooperation and UNDP during Phase I on sound project and financial management had been sufficient to ensure adequate project execution. UNDP is of the view that financial management is currently far more systematic and organized than during Phase I. There have been some challenges with the implementation of Component 4 with the National Assembly, which did not receive the above-mentioned training. PEI was not audited in 2014 but there are previous audits as well as annual spot checks by UNDP and the Department of International Cooperation of MPI for Outputs 2, 3 and 5. The findings indicate low risk. According to UNDP project teams have been able to fully address all issues raised by the UNDP/NIM spot checks and audits in a timely manner.

5.4 Cooperation and partnerships

159. PEI has promoted cooperation between various government entities and relevant departments at the national and sub-national level. As noted above PEI has helped improve coordination and exchange of information between IPD and DESIA, among others it was instrumental in establishing a round table with both Departments that meets periodically. Such cooperation is essential to achieve the programme's outcomes and for their sustainability.

160. On the other hand some interviewees are of the opinion that PEI's outreach to and communications with other relevant public organizations and sectors could be enhanced. For example, a Ministry of Agriculture representative confirmed the active participation of the Ministry in the development of the "model concession contract" and in the expert-working group led by NERI on concessions. However, he was not familiar with the work of IPD and DESIA on joint monitoring of investments in the agricultural sector and forestry supported by PEI.

161. PEI has also been instrumental in improving investment management cooperation between various government offices in the provinces.

162. PEI has promoted cooperation and developed partnerships with various bilateral and to some extent with multilateral organizations and NGOs and a private sector group. Given the time limitations of the country visit it was not possible for the evaluator to interview all partners and make a detailed assessment of all partnerships and cooperation efforts. Below are some noteworthy partnerships:

- a. Swiss Agency for Development and Cooperation: SDC is PEI's main co-financing partner in Lao PDR. Over the two phases it has contributed an impressive USD 3,261,442. This financial contribution represents almost 50% of the programme's total budget. SDC is supporting other relevant Government efforts such as the "Lao Design" project that is helping link up all government databases for investment management.
- b. Environmental Management Support Programme financed by Finland: This programme, which has been running for about four years, is supporting DESIA to develop and finalize environmental impact assessment guidelines and improve compliance measures. PEI's contribution to DESIA complements and adds value to EMSP. The two programmes have delivered joint products, for example the EIA Review, Writing and Monitoring Guidelines, have provided technical inputs to the development of products under the responsibility of the other programme, and have jointly delivered training on various relevant topics.
- c. German International Development Cooperation Agency: The main objective of the partnership between PEI and GIZ is to scale up three elements of PEI's toolset: preparation of Provincial Investment Strategies in three additional provinces; development of Investment profiles; and support to the provincial authorities of the same three provinces to use the concessionary compliance database along with the monitoring of investments. The Provincial Investment Strategies have been prepared and each includes an "investment calling list" to promote priority investments in each province. The support on the use of the database is still pending IPD/PEI's resolution of some technical database glitches.
- d. Australian New Zealand Business Association and ASEAN CSR Network: The purpose of this partnership is to raise awareness on and promote corporate social responsibility practices among private investors in Lao PDR. The following activities have taken place or are being planned: (i) A joint CSR conference in Vientiane on 24 November 2014 with attendance of 200 participants and follow up trainings on CSR for government and the private sector. Among other high ranking government officials and private sector managers attending the conference were Chinese government officials who, according to PEI reports, found the discussions useful and appreciated the opportunity to explain their position on promoting more sustainable natural resource investment in Lao PDR and other countries.

These representatives requested further South-South exchanges to discuss local regulatory frameworks for promoting quality investments. (ii) Drafting of a customized CSR reporting template for Lao PDR that links to the 8th NSEDP indicators (on going); a consultation workshop is planned to share the draft reporting template with the private sector and engage champions from ANZBA along with other chambers to start using the reporting template. IPD plans to have a CSR awards night, which may be organized in cooperation with the two partners.

- e. The World Bank: WB has been active in improving ESIA for the hydropower and mining sectors in Lao PDR. PEI is using relevant experiences from WB to inform its own work. For example, in 2014 PEI-IPD and PEI-DESIA hosted a visit for PEI Myanmar to study FDI management and public involvement practices using the case of the WB financed Nam Ngum 2 Hydropower Project that included villages resettlement. Given the WB focus on improved governance and management for the mining and hydropower sectors - including social and environmental safeguards, PEI is addressing land concessions for different types of investments (agriculture, forestry, livestock, tourism) and has supported P-E relevant research in the mining sector to complement the WB's efforts. PEI-IPD has also cooperated with ADB/WB-IFC to develop criteria/checklist to assist IPD staff to screen investors' applications. Green Growth is an emerging area of collaboration between PEI and WB. A joint South-South cooperation trip to South Korea is planned.
- f. International Institute for Sustainable Development: PEI has cooperated with IISD to conduct legal training for officers from IPD concerning concession contracts and arbitration. IISD reviewed and provided comments on the draft concession agreement template for the agriculture and forestry sector.
- g. Village Focus International: This international NGO is cooperating with PEI on the preparation and implementation of research on the topic of public involvement in EIA.

163. PEI has made efforts to improve the coordination between project components in response to previous evaluation recommendations. For example, according to the 2014 annual report the three PEI components implemented by DoP, DESIA and IPD joined to deliver training on investment and environmental management to the National Assembly. Also, all PEI components participated in the NERI workshop on mining operations' impact on the development of SMEs. NERI also presented research results on rubber concessions to the NA. High-level coordination meetings (see Programme Organization and Management section above) take place at least once a year with coordination meetings between components take place at least every six months. Some stakeholders are of the view that although integration of PEI components into other UNDP relevant programmes is a good practice there are still missed opportunities for mainstreaming P-E elements in other UNDP activities and for using the available expertise and experience⁵⁵. Others were of the view that UNDP managers and staff are usually overburdened and this is a major obstacle to achieve a better integration.

164. An interviewee was of the opinion that *“successful partnerships should be driven by the government. If a partnership with FAO or with WB goes wrong it is a high cost to UNDP*. In response to the question of whether there could be more collaboration with multilateral banks he responded: *“The UN is a small contributor to ODA in Lao, about 8% and the big players do not like their space to be invaded”*. The interviewee insisted and the evaluator agrees, that the Government of Lao PDR should promote such partnerships.

⁵⁵ For example, UNDP's Governance Unit is working on three priority issues for the country: public service improvement, rule of law and access to justice, and promoting public participation. These three areas are relevant or closely related to PEI's work and there seems to be untapped synergies.

5.5 Monitoring, evaluation and reporting

165. This section addresses the quality of country project monitoring, reporting and evaluation, as well as oversight by UNDP's CO and the Regional Team. It also examines to what extent adaptive management has been applied including in response to evaluation findings and recommendations.

166. The project documents for both phases include a monitoring and evaluation section. The monitoring and reporting requirements as stipulated in the ProDocs are adequate: Monitoring was to take place through detailed quarterly and annual work plans and reports using a standard template. The annual reports and work plans were to be "agreed upon and certified by the designated Board structure". The Technical Advisors were responsible to help MPI coordinate with all sectors for the production of consolidated reports. UNEP and UNDP Regional Advisors were to participate as relevant in monthly and quarterly meetings to discuss progress. The Outcome Board was to meet at least once per year to ensure effective coordination between outputs and provide guidance for programme management and implementation. The meeting would also seek to achieve coordinated approach to poverty-environment related activities supported by different development partners in Lao PDR. In compliance with UNDP project management procedures, a Risk Log was introduced in 2012.

167. The evaluator was able to examine the annual progress reports for years 2012, 2013 and 2014. This and other evidence provided to the evaluator demonstrates that the above requirements have generally being complied with.

168. The annual reports are comprehensive and well prepared albeit some English language shortcomings. They present a summary of achievements during each reporting period with respect to individual outcomes, and the progress made against agreed targets for all components. The original vs latest budget revision table included in the reports shows that resources have been utilized as planned with minor changes. The report includes a response to audits and spot checks and discusses challenges and risks. The evaluator noted that although project risks are discussed in the report in a section on Risks and Assumptions, the main risks as presented in the Prodoc are not monitored and reported on. A section on Success/Human interest stories highlights the most important achievements during the reporting period. The reports also capture implementation lessons.

169. The evaluator also received copies of yearly financial reports reflecting expenditures for each component as of December 2014. Budget revisions were conducted as necessary.

170. There is evidence that PEI Regional Advisors review the reports and provide feedback to the country team and have regular meetings to discuss progress and challenges. The National Team is satisfied with the input and support from the PEI Regional Team.

171. Annual work plans were prepared and considered along with the annual report. The work plans would benefit from better prioritization of activities. It is the view of the evaluator there are too many activities planned for each period and there have been significant slippages every year. The PEI Regional Advisors could be stricter about ensuring the work plan is more realistic. On the other hand, monthly and quarterly coordination meetings between components review the work plan and prioritize their activities. This is a good adaptive management practice. Other examples of adaptive management practices and measures are:

- The results of training events are always evaluated to assess their relevance and the usefulness of contents. Suggestions for new topics and improvement are also sought. PEI uses this information for the design of future training.
- PEI has conducted at least two rounds of investment monitoring. This provides feedback on the tools being developed and helps improve the process. For example, the reporting template developed in Phase I was not comprehensive enough and was not adequate to capture compliance. The

planning process of field missions was wanting, among others, adequate coordination with the investor was not carried out. These shortcomings are being addressed.

- The capacity of NERI to complete high quality economic research was found to be limited. PEI-NERI changed its strategy and implemented a course on methodologies for research as refresh training for NERI staff. It also created a research panel with international researchers to provide support to NERI's work.
- PEI has been flexible to modify its work plan in response to changing circumstances. For example, in 2014, PEI eliminated a training activity on investment aftercare support because the Korea Trade-Investment Promotion Agency (KOTRA) provided a two-weeks training for IPD staff in South Korea.

172. The ProDoc for Phase I made provision for one evaluation. It took place mid 2011 in preparation for Phase II. Additionally, Lao PDR was selected as a case study for the Mid-term Evaluation of the PEI Scale-up Phase and this second review took place in October 2011. A management response to these evaluations was prepared and shared with the evaluator. According to the management response most recommendations were accepted and taken into consideration in the preparation of the Phase II ProDoc. However, the management response does not consider each specific recommendation and does not provide a clear indication of how is it being addressed (see Annex F for the management response). Future evaluation management responses could be more specific.

6. Conclusions and recommendations

173. PEI is a timely, well-conceived and managed programme highly relevant to the poverty reduction and sustainable development agenda of the country. There is unanimous appreciation among national stakeholders for PEI's support in particular provincial government representatives. Stakeholders interviewed provided numerous examples of the benefits derived from PEI activities: from an increased ability to translate national strategic planning objectives to the local level, assessing the cost and benefits of development options, better understanding of the pros and cons of various types of investments, getting to know the degree of investor compliance with national laws and regulations, improved accountability and reduced risk of corruption, introduction of the "green growth" concept, among many others.

174. The potential impact of the programme is very high. The likelihood of impact depends on the implementation of the system for quality investments put in place with PEI's support. While great progress has been made some critical outputs have yet to be completed. Government expectations are that PEI will continue its support as they deploy the tools and that it will help them assess effectiveness and impact on the ground.

175. This is a critical time⁵⁶ for the consolidation of gains achieved during Phases I and II and for achieving sustainability. It is therefore recommended to approve a no-cost extension of Phase II to enable completion of all outputs and as a "bridge" for the preparation of the project for a possible final phase III starting in 2017.

176. Key recommendations are for the PEI managers and team to:

- Immediately put in place a succession strategy if the current PEI STA is leaving at the end of 2015 to avoid project implementation disruption at this critical stage and to secure a smooth transition to a possible next phase.

⁵⁶ Among others, this is the final year of the 2012-2015 UNDAF as well as that of the 7th National Socio Economic Development Plan (NSED) of Lao PDR. The 8th NSED is in preparation and PEI is already engaged in the process.

- Prioritize the finalization and formal approval of all strategic documents and tools, in particular the national and provincial investment strategies and the investment compliance database. MPI managers should take the lead in ensuring that the required high-level consultations and endorsement of the National Investment Strategy takes place as soon as possible. MONRE managers should take the lead in ensuring the completion and formal adoption of all EIA/IEE technical tools.
- Design a financial sustainability strategy for investment compliance monitoring under the leadership of IPD and with the involvement of the Ministry of Finance. In the absence of a predictable and adequate budget for regular investment monitoring centrally and in the provinces the likelihood of investors' compliance with national legislation and contractual requirements is low.
- Provide support for the finalization of a data sharing agreement between MoNRE (environment and social safeguards database) and IPD (investment compliance database). Clarify what information may be accessed by provincial authorities, other line ministries and by the general public. Provide support to ensure that the databases are populated with the information collected through the monitoring processes and continue supporting joint monitoring efforts on the ground to ensure experience is gained and quality reports are produced, triggering actions or responses to ensure compliance. The proposed annual investment compliance report to the National Assembly would be very useful but in the absence of a database reporting system to reduce the burden of preparing such report it may not be feasible or sustainable. Ease of mandatory reporting is the most important incentive for staff to maintain the database. Adding geo-referencing capabilities to the database would be very useful.
- Continue building the baseline on both the quality of EIA for agriculture projects and the quality of the EIA report by government. Completing this work is important to help assess whether the government's capacity to approve good EIA has increased.
- Continue building the baseline information to assess changes/improvements on quality of investments and compliance. This involves continued support to build the capacities of NERI to conduct and disseminate high-quality policy-relevant economic research and analysis that considers social and environmental issues. The investment compliance database is a useful tool to access and manage data and information on investments but periodic in-depth analysis of cumulative impacts of investments in regions and sectors should be performed by NERI.
- Given the exponential growth of contract farming and its impact on local communities and the local environment PEI may continue helping the government to monitor its effects particularly on women and disadvantage groups.
- Once the NIS is approved, assist the government to further identify and address conflicting mandates or gaps and prepare specific suggestions to revise the mandates of the entities involved up to the departmental level.
- The 8th NSEDP is to be outcome oriented. Research supported by PEI under component 5 has provided evidence that FDI performance significantly affects the development outcomes of the NSEDP. Ideally, there should be one or more indicators relevant to P-E to specifically track FDI performance in the NSEDP M&E framework. The data to track the indicator(s) would be part of the DESIA/DPI environmental and social safeguards and investment compliance databases; therefore, no additional data would need to be collected.
- Intensify the delivery of training including by scaling up TOT in the pilot provinces and beyond. It was suggested that 3 regional hubs be created to expand the training effort. Co-financing and technical support from other development partners should be sought. A training strategy and detailed work plan should be developed and implemented if a PEI Phase III materializes. A more robust method to assess the results of capacity building and training needs to be developed and implemented.

- Strengthen ownership of tools and processes among a critical mass of staff at IPD. The ability to update and adapt the tools on the basis of experience or for consistency with new legislation is an important component of PEI's sustainability.
- Adjust as appropriate the component related to green growth investment profiles in the provinces. Explore the possibility of securing UNEP's technical and financial support for this activity to meet national stakeholders' demand for increased knowledge on green growth investment opportunities in various sectors, technologies, patents and legal issues, access to credit, fiscal incentives, among others. As a short-term measure, if the GEF Small Grants Programme (SGP) reinitiates operations in Lao PDR, assess the opportunity to align the SGP national strategy to pilot community green growth and sustainable livelihood initiatives and negotiate their possible co-financing with PIP or other resources available to the Provinces.
- Expand the support to the NA for P-E mainstreaming in particular assist the NA to implement third party verification of investment monitoring and compliance. This is a very promising avenue to improve the quality of investments and achieve high standards of investment management in Lao PDR.
- Strategically use the development of the new UNDAF cycle to enlist other UN agencies to help achieve some of the P-E outcomes in the 8th NSEDP.
- Enhance communications, in particular dissemination of research results. The PEI Lao website requires an update to ensure all recent publications and communications materials are posted.
- Make a strategic use of the Programme Board, with more frequent and focused meetings to clear bottlenecks and address implementation challenges.
- The work to upgrade the MPI website needs to be completed. The new website is up but still has incomplete information on the investment process which may have a negative repercussion on potential investors' interest. English text editing is needed.
- Develop an exit/sustainability strategy in parallel with the development of a subsequent Phase (2016-2020). Such a strategy should clearly identify the key drivers that would lead to the desired impacts of the programme in Lao PDR. The development process of the new ProDoc needs to reassess whether the risks and assumptions identified in the Phase II Prodoc still hold. The RRF for the next Phase should commit IPD and DESIA to specific targets in terms of quality investments and enforcement of investment agreements.
- Describe in one document the entire set of processes and tools related to FDI management with a summary of their status and further action to ensure all processes are operational. It was difficult for the evaluator to have a full appreciation of progress and the effectiveness of the system being put in place in the absence of such document. The document would also be useful to share the Lao PDR experience with other countries. PEI's website, with the authorization of the Lao PDR Government, may include a section showcasing a selection of tools that may have broader applicability and enabling visitors to download the tools for use or modification.
- Continue the work on corporate social responsibility. This is an important topic that would reinforce the work done on improving the quality of FDI. The main investors in the country are from neighbouring nations where few companies have probably been exposed to CSR approaches. UNDP and UNEP HQ and regional offices may be called upon to provide support.
- The PEI modus operandi in Lao PDR offers a foundation to implement the new directives for UNDP programming at country level, breaking the silos and strengthening inter-disciplinary work to support the government address priority development challenges. This could inform the processes in other UNDP COs. At the same time PEI's implementation in Lao PDR offers a good example of how UNEP can deliver its services at country level in a more effective manner.

- Improving FDI management performance in the entire region is important to avoid investors moving into countries where standards for investments and compliance are low. The PEI regional team should explore whether it can further expand its support in this field to other countries or develop strategic partnerships with organizations in the region to address this trans-boundary aspect.
- Explore how to take advantage of new opportunities emerging from the National Assembly Strategic Support Project under the Governance Unit of UNDP to mainstream P-E in other aspects of the governance agenda, for example, issues related to public participation, decentralization, information disclosure, access to justice, including an effective system for presenting grievances and for redress in cases where there have been serious negative impacts on communities from private investments.
- While consolidation is the priority, the next phase could explore addressing the “general business” investments⁵⁷ managed by Ministry of Industry and Commerce because these could have a major impact. Currently there are no guidelines for these investments and contracts are almost non-existent.
- Future evaluations of PEI in Lao PDR to interview national and foreign investors to consider the private sector perspective.

7. Lessons

177. The PEI team has learnt lessons on strategic and operational issues and these are recorded in the Atlas system and the progress reports. These lessons are likely to be relevant to other country programmes and may be discussed at future PEI global meetings.

178. This evaluation has identified a few additional lessons relevant to the global programme that complement those presented in the Lao PDR case study report for the PEI Scale-up Phase MTE evaluation (Box 25).

- A well-planned and managed inception phase is the basis for good project design and therefore key to project success. Good practices such as that of Lao PDR should be discussed among PEI regional teams.
- South-South learning in the form of study tours to analyse successful and negative experiences is very useful as long as these activities are carefully planned and designed and the knowledge acquired has immediate application to the work of those involved.
- There are no shortcuts or quick fixes to the systemic changes for sustainable development promoted by PEI. More realistic planning that takes account the complexity of the task needs to be implemented. Capacity development plans should be further detailed in the prodocs including the methods to evaluate capacity changes. These methods could be applicable across all PEI country programmes with any necessary adjustments.
- The government embraced the idea of “Green Growth” promoted by PEI but there was not a well thought-out plan of how to implement this concept in the Lao PDR context. Expectations that it would be possible to identify and implement “green growth” projects with immediate and direct effects on poverty reduction were created and so far unmet. The global PEI needs to analyse this and other experiences in collaboration with other relevant UNDP and UNEP programmes, especially UNEP’s Green Economy team and the PAGE initiative, to inform PEI’s role in helping disseminate and implement this concept.

⁵⁷ Service sector: industry, farming with small holders, industry in general, telecommunications, banking

- This evaluation once more confirmed that identification, data collection and monitoring of relevant P-E indicators is extremely challenging and PEI needs to continue working with organizations with expertise in this field to improve its support to the countries.
- The lack of a document that provides a comprehensive description of the “quality investments” promotion and management system being put in place in Lao PDR makes it difficult to disseminate the experience to other countries. The learning potential of PEI is dependent on the production of these communications products.
- P-E mainstreaming partnerships with development partners such as the multilateral banks should be promoted and led by the government.

Box 25: Lao PDR Case Study of the PEI Scale-up Phase MTE evaluation: Lessons Learned

- Private sector investments can be an important focus area for PEI as they can have a profound and increasing influence on livelihoods and environmental sustainability
- Even when Government ownership is in place, it can be difficult at the programme level to ensure interdepartmental collaboration on crosscutting issues at central level. Considering the crosscutting nature of PE issues, specific measures to address such concerns should be considered in programme design.
- To capitalise on synergies, other programmes can be used as vessels for delivering PEI outputs, but the modalities must be clearly spelled out and budget allocations may be required to ensure proper integration and implementation
- National partners may push for community level pilot implementation activities to be able to show results and due to a tendency of thinking in projects rather than policy processes
- It is important to capture and communicate the outcomes and impacts of PEI programmes. This can be difficult unless impact and outcome oriented targets are established and reported against
- Other donors can be interested in supporting, adopting and rolling out tools and concepts developed by PEI programmes, thereby enhancing the leverage and long term sustainability of PEI programmes
- Further unpacking the multiple dimensions of poverty and vulnerability, and the differentiated impacts on different groups, could strengthen the “P” of PEI and the message of the socio-economic importance of environmental sustainability

8. Project performance ratings

Rating Programme Performance

179. The terms of reference request the evaluator to provide individual ratings for the evaluation criteria (see section 2.3 of the Evaluation TOR). The ratings are given using a six-point scale as follows:

- *Highly Satisfactory (HS)*
- *Satisfactory (S);*
- *Moderately Satisfactory (MS)*
- *Moderately Unsatisfactory (MU)*
- *Unsatisfactory (U);*
- *Highly Unsatisfactory (HU)*

Sustainability is rated from: *Highly Likely (HL)* down to *Highly Unlikely (HU)*.

180. An aggregated rating on a six-point scale has been provided for Results and Contribution to stated objectives, and Overall Programme Performance. These ratings are not the average of the ratings of sub-criteria but are based on sound weighting of the sub-criteria by the Evaluator.

Project Performance Ratings

Criterion	Rating	Summary assessment
Strategic relevance	HS	Highly relevant to national objectives and priorities, including LDC graduation. After LDC graduation international development cooperation may dwindle thus effective FDI and domestic private investments will continue to drive the country's development. Highly relevant to attaining many SDG goals and targets, in particular Target 17.5. All Government interviewees at central and sub-national level were able to provide examples of how PEI is making a difference to inclusive sustainable development.
Results and contribution to stated objective	HS	Intermediate outcomes are being achieved although certain tools and processes are yet to be finalized and applied at scale. Collectively these outcomes will achieve the programme's objective and, given the right conditions, may lead to the intended impact.
Delivery of Outputs	S	An impressive number of outputs delivered with quality generally good. Work plan behind schedule by a few months. Some delayed activities are essential to achieve the programme's outcomes, therefore, need to receive special attention in the final few months of Phase II. The completion of these activities is mostly in the hands of the Government.
Effectiveness	S	All components are on track to deliver the intended outcomes but Component 4 needs strengthening. Training and on-the-job skills development, particularly at the sub-national level, need scaling-up and sustained attention beyond Phase II to achieve the intermediate outcomes and to sustain these over time.
Likelihood of impact	Likely	Strong conviction among responsible government authorities and development partners that with the right monitoring data, analytical information, processes, tools and skills quality public and private investments are likely to reduce poverty and environmental degradation and will lead to more inclusive and equitable growth. However, PEI's support is still needed until capacities in responsible institutions reach a level in which the strategies and processes developed are implemented to the required standards. That would necessitate new and expanded partnerships with other development partners.
Sustainability	Likely	<p>The programme's approach of incorporating P-E concerns into government planning and investment policies, regulations, processes and tools such as databases and contract templates, along with capacity development for the deployment of the tools at central and provincial levels makes sustainability highly likely.</p> <p>The increased capacity of NERI is helping ensure that future government planning and policies are better informed and take into consideration poverty and environmental concerns. However, there is some risk to the sustainability of this component if significant turnover occur.</p> <p>Adequate monitoring of investments and oversight are key to achieving the desired outcomes and to sustain these over time. This is why PEI's work with provincial authorities and NA in particular is crucial. Stakeholders feel that there is a set back risk if PEI withdraws its support to these two groups in the next few months. NA oversight will help increase accountability and transparency in the approval and management of investments but</p>

		<p>the “third party monitoring” system needs to be consolidated first.</p> <p>PEI is working on an exit strategy that would improve the likelihood of sustainability if the programme comes to a close. None-the-less, interviewees expressed a strong desire for continued support until they feel sufficiently equipped to perform all the complex tasks involved. The evaluator is of the view that such support is important for an additional two-three year period or until there is evidence that the application of the processes and tools indeed leads to an increase in the quality and effectiveness of investments with all the benefits associated to them (increased government revenue, environmental health, improved livelihoods, decent job opportunities, etc.). NERI will be key to assessing whether the assumptions concerning the relationship between quality investments and social and environmental benefits holds true. It should be noted that provincial authorities have high expectations concerning green growth development opportunities. If green growth projects fail to materialise it would constitute a disincentive.</p>
Up-scaling	S	<p>GIZ is working towards the application of PEI tools in provinces beyond the initial 6 pilot provinces targeted by PEI.</p> <p>Given that several tools are still being tested and not yet ready for wider adoption a “Satisfactory” rating is given. In designing a possible third phase PEI should give special attention to mobilizing the resources and partners to scale-up the work reaching as many provinces as possible. The Planning Department is particularly keen in obtaining PEI’s assistance to design a strategy to upscale the training to many more provinces, districts and villages.</p>
Efficiency	S	Adequate. Many products and services delivered with resources available to the programme and during the time available
Cross-cutting issues:		
Gender & vulnerable groups	HS	<p>Gender issues have been taken into consideration in many aspects of the programme. PEI keeps a gender-disaggregated record of consultations and capacity development activities. More importantly, the analytical/research work supported by PEI has considered how women and other vulnerable groups are affected by investments. Investment and Women’s Empowerment was the topic of one the first PEI policy briefs. The Planning Guidelines, among other guiding documents, address gender. PEI is not particularly addressing vulnerable groups in Lao PDR but its work is geared towards helping the government achieve a more inclusive development model.</p>
Participation of local stakeholders	S	<p>On substantive issues: PEI is promoting public participation in ESIA and is also addressing the need to make investment information available to the public. The support to the National Assembly is helping create avenues for tackling grievances of affected communities. Through component 1 PEI has supported the Planning Department to develop guidelines for participatory planning at the district and village levels. PEI has also helped create spaces for consultation with the private sector investing in the regions.</p> <p>On project implementation process: stakeholders consulted expressed unanimously their satisfaction with the participatory</p>

		manner in which all project outputs have been developed.
Capacity development	S	Capacity development has received significant attention during programme implementation (e.g., South-South study tours, on-the-job training, training of trainers events, group and individuals training, opportunities for students to join PEI sponsored research). However, given the multiple topics tackled by the programme it has been challenging to develop training packages on all subjects and implement the training in Lao language and at the required scale. Stakeholders at the provincial level do not yet feel confident enough to apply on their own the various tools and carry out all processes to the standards required. Budgetary constraints are an inherent limitation to how much can be done by PEI and indeed by the government in the short term. A strategy is needed for the medium to long term.
Factors affecting performance		
Programme Design and Structure	HS	Strong inception phase, clear intervention logic and design, innovative approach for integrating P-E into other UNDP CO programmes and Units. Any future PEI phase must ensure that a system(s) to measure impact is in place.
Programme Organization and Management	S	Adequate, except that there is still room for improving coordination and communications between programme components, and to build on the expertise and activities of other UNDP units. UNEP could play a much stronger role in providing technical assistance to Lao PDR on green growth issues. UNEP should receive more visibility as an incentive for increased support.
Human and Financial Resources Administration	S	Adequate, except that the time span for recruitment of staff and consultants should be reduced
Cooperation and Partnerships	S	Good between the main programme implementation entities but there is room for improvement. Joint monitoring of investments by DESIA and IPD is very important and needs to be sustained. Linking the databases still needs to be implemented. While there has been consultation with other sectors more could be done to strengthen the involvement of institutions/departments with responsibility for reviewing, approving and monitoring investments in PE mainstreaming activities. The cooperation with ANZBA is important; work on CSR may be expanded in a future phase. PEI has had sporadic collaboration with the multilateral banks mostly at technical level.
Monitoring, reporting and evaluation	S	<p>The RRF for Phase II is an improvement from the previous one. For instance it provides a baseline and indicators for each outcome.</p> <p>M&E requirements are comprehensive and have been implemented.</p> <p>Good quality evaluation for Phase I. Management Response prepared but not sufficiently detailed to help assess the extent to which specific recommendations were addressed.</p>
Overall Programme Performance	HS	Given its complexity and ambitious objective it is the view of the evaluator that the programme's overall performance is highly satisfactory

Annexes

A- People interviewed

Arounna Vonsakhamphouy	PEI DESIA Project Coordinator, MONRE
Azusa Kubota	Deputy Resident Representative, UNDP Lao PDR
Bounphan Souvannavongh	Head of Investment Promotion Division, MPI
Bounta Phetdara	Deputy Director, Department of Planning and Investment, MPI, Oudomxay Province
Bruno Cammaert	Former Environment Unit Manager, UNDP Lao PDR
Chansouk Vilaysouk	Technical Staff, Investment Sector, Department of Planning and Investment, Vientiane Province
Chindaphone Saignaleuth	National Coordinator for Environment and Investment Management, PEI - IPD
Chitlatda Keomuongchanh	Programme Analyst, UNDP Lao PDR
Fakri Karim	Project Manager, UNCDF, Bangkok
Gordon Johnson	Regional Teal Leader Resilience & Sustainability, UNDP Asia-Pacific Centre
Isabelle Louis	Deputy Regional Director, UNEP ROAP
Jonathan Gilman	Regional Coordinator, Inter-agency and Country Level Coordinator, UNEP ROAP
Joyce Lee	Acting PEI Regional Coordinator Asia Pacific, UNEP
Kaarina Immonen	UN Resident Coordinator, Resident Representative UNDP, Lao PDR
Kaveh Zahedi	Regional Director, UNEP ROAP
Ketkeo Phuangphet	Head of Planning Division, Planning and Cooperation Department, Ministry of Agriculture and Forestry
Koen Toonen	PEI PEF
Korakhan Luanglath	Technical Officer One Stop Service Division, MPI – IPD
Lamphoukeo	Alternate PM
Manesh Lacoul	PEI Finance/Admin, Bangkok
Manothong Vongsay	Director General, Investment Promotion Department, MPI
Margaret Jones Williams	Environment Unit Manager, UNDP Lao PDR
Micah Ingalls	PEI Agriculture and Forestry Expert
Nathan Leibel	PEI Senior Technical Advisor Lao PDR
Onma Rassavong	Deputy Director General of Economic Department for National Assembly
Paul Steele	Former PEI Regional Coordinator Asia Pacific, UNDP
Peter Gammelgaard Jensen	TA Team Leader, Environmental Management Support Programme
Phaikeo Homsombath	Head of Legal Unit, Department of Planning and Investment, Houaphan Province
Phakkavanh Phissamay	Project Manager PEI-ESIA, Director of Planning and Financial Division, DESIA, MONRE
Phanomphone Phomsouvanh	PEI Financial Manager, IPD
Philaiphone Vongpraseuth	National Programme Officer, SDC Lao PDR
Phonethavong Singhanath	Head of International Investment Cooperation Division, MPI - IPD
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Sengphaivanh Sengaphone	Deputy Head of Investment Promotion Division, MPI
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Director General, Department of International Cooperation, MPI
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UNDP Lao PDR
Deputy Head of Investment Sector, Department of Planning and
Investment, Savannakhet Province
PEI PEF
Technical Officer, Legal Division, MPI - IPD

B- List of key documents reviewed and sources of information

- PEI phases 1 and 2 project documents.
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- PEI policy briefs 2010 to 2012.
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- Final Report of the Round Table Implementation Meeting 2014. Government of Lao 2014.
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- Participatory Planning Manual at Village Level - Inter-ministerial Task Force on Harmonising the Participatory Planning Manual Government of Lao PDR. Vientiane, December 2012.
- National Strategy For Private Investment Promotion and Management in Lao PDR until 2025: Managing Investments to Transform Growth into Real Economic Development. Draft v. *II*, April 2014.
- Domestic and Foreign Private Sector Investment Promotion - Management Strategy of Saravan Province until 2020 – Revised draft November 2012.
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- Domestic and Foreign Private Sector Investment Promotion and Management Strategy of Vientiane Province (2016-2020). Final, August 2015.
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- Law on Investment Promotion. No. 02/NA. 8 July 2009.
- Strategy for Agriculture Development until 2020. Strategy for Agriculture Development until 2020. Ministry of Agriculture and Forestry – Final draft, Vientiane 15 September 2010.
- Impact of Contract Farming on Poverty and Environment in Lao PDR. NERI 2014
- Rubber Concessions in Lao PDR: An Impact Assessment for Monitoring Indicators. NERI, July 2013
- Investment Guide Book. Investment Promotion Department. 2014
- Decree on the Implementation of the Land Law - No. 88/PM
- Ministerial Instruction on the Process of Initial Environmental Examination of the Investment Projects and Activities No. 8029/MONRE, 17 December 2013
- Ministerial Instruction on the Process of Environmental and Social Impact Assessment Process of the Investment Projects and Activities No. 8030/MONRE, 17 December 2013

C- Project results framework

RESULTS AND RESOURCES FRAMEWORK OUTPUTS 2, 3, AND 5

Intended Outcomes as stated in the UNDAF Results and Resource Framework:

Outcome 1: By 2015, more equitable and sustainable growth promoted for poor people in Lao PDR

Output 1.3: Ministry of Planning and Investment, sectors and provinces are better able to develop, implement, monitor and evaluate plans and policies based on up-to-date data and analysis

Output 1.4: Central and local governments have capacity to better screen, plan and monitor Foreign Direct Investments to ensure sustainable economic development

Outcome 8: By 2015, the government and communities better adapt to and mitigate climate change and reduce natural disaster vulnerabilities in priority sectors

Output 8.3: Government at national and sub-national level has developed and piloted programmes for climate change adaptation and mitigation

Outcome indicators as stated in the UNDAF Results and Resources Framework, including baseline and targets:

NSEDP M&E indicators monitored through LaoInfo (2010: no, 2015: yes, MoV: LaoInfo)

% of investments classified as “quality investments” (2010: no classification exists, 2015: defined after criteria, MoV: criteria included in official investment screening procedures)

% of investors over a certain value selected through competitive bidding or tender process (2010: No, 2015: Yes, MoV: Published calls for investment bids and tenders)

% of investments with ESIA developed and corresponding EMP and SMP (Environment and Social Management Plans) properly resourced for monitoring (2010: partial, 2015: 60%, MoV: ESIA database)

% of National Investment Strategy Action Plan implemented Action plan (2010: 0%, 2015: 50%, MoV: IPD work plan)

Investment monitoring expanded to central-level and at least 7 provinces with enforcement mechanism in place, with growing government resource allocation (2010: 2, 2015: 7, MoV: IPD investment monitoring database).

Extent to which climate- resilient development is integrated into national development plans (2010: 7th NSEDP includes general references to CC; 2015: 8th NSEDP integrates low emission climate resilient development outcomes with clear budgets in 3 priority sectors, MoV: 8th NSEDP and sectoral plans)

Applicable Key Result Area (from 2012-15 Strategic Plan):

Partnership Strategy				
INTENDED OUTPUTS	OUTPUT TARGETS BY YEAR	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
Output 2: National and Provincial Investment Strategies are implemented to strengthen investment management systems for quality and sustainable growth in Lao PDR	Targets (year 1) - Approval of the National Investment Strategy and at least 2 Provincial Investment Strategies - At least 3 new investment tools (e.g. tracking procedure, model agriculture contract, screening checklist) for investment management are being produced - Reports on analysis of 2010-2011 monitoring baseline data from the 4 PEI provinces produced - Investment monitoring indicators are refined based on experience, and second round of provincial monitoring carried out	1. Finalize, approval and implementation of National Investment Strategy and Provincial Investment Strategies <ul style="list-style-type: none"> Obtain official approval and endorsement of the National Investment Strategy and Provincial Investment Strategies Support and institutionalize regular discussion forums between IPD, MONRE, NERI and other sectors to implement National and Provincial Investment Strategies Engagement with private sector on CSR issues to 	Investment Promotion Department, MPI In collaboration with line ministries at central level: MONRE/ DESIA MAF MOIC MEM Ministry of Finance MPI/ DOP Departments of	International Senior Technical Advisor (70% of time to Output 2, 30% to overall PEI assessments and coordination) National Consultant Project Accountant PEI programme-wide management
Baseline: Strategies and tools for strengthening investment management at national and provincial- (in the 4 PEI provinces) level are being developed, reviewed and				

refined, but are not yet fully implemented	- A first joint monitoring exercise between IPD and DESIA/MONRE carried out for selected case study investments - All provinces in Lao PDR are fully trained and using the investment database, with proper links to the central level - Annual "Summary/Trends of Investment Report" (2011-2012) produced covering quality, sustainable investment - Investment promotion materials (brochures, video) produced covering quality, sustainable investment - PE criteria included into the formal guidelines for ICL - Draft sustainable financing analysis for investment monitoring produced Targets (year 2) - Approval of at least 2 additional Provincial Investment Strategies - Investment tools are tested and implemented (tracking system fully functional; 25% of new agriculture concessions approved using model contract template; 25% of new projects are screened using PE checklist at central-level and in the PEI provinces); - Annual report (2012-13) on state of investment data produced covering quality, sustainable investment - Sustainable financing analysis for investment monitoring submitted to MPI Minister Targets (year 3 and 4) - Revision of the National Investment Strategy as appropriate - Provincial Investment Strategies by at least 4 provinces - By year 3, PE issues are mainstreamed within the investment screening and monitoring process - By Year 3, 50% of new agriculture concessions approved using model contract template; 50% of new projects are screened using PE checklist at central-level and in the PEI provinces);	support the implementation of the National Investment Strategy • Mechanism for identifying responsible investments (from IPD and ESIA monitoring activities) and annual awards for good corporate behavior implemented • Collaborate with government and development partners to extend PEI approach and activities to additional provinces • Support demand for analytical or policy research on issues relating to macroeconomic growth, investment trends and sustainable development	Planning and Investment at provincial-level In collaboration with line departments at provincial level: PAFO, DONRE, LMO, DOIC, Labor and Social Welfare, Lao Women's Union and others	support: Financial Manager and Communications Coordinator Driver Short-term technical consultancies and collaborations with partners as required (e.g. IIED on model contract development; IUCN and NERI on investment assessments) USD 1,787,000
<p>Indicators:</p> <p>By 2012, inter-departmental monitoring of investments at provincial level are carried out in at least 7 provinces</p> <p>By 2012, joint IPD-DESIA monitoring are carried out on selected case study investments</p> <p>By 2012, at least 1 policy brief or policy paper produced</p> <p>By 2012, the investment database is used by all provinces nationwide</p> <p>By 2013, at least 30% of IPD-specific activities in the National Investment Strategy are being implemented</p> <p>By 2013, an IPD marketing strategy to promote and attract quality investments developed and applied</p> <p>By 2013, Provincial Investment Strategies of the PEI provinces are completed, and at least 30% of activities being implemented</p> <p>By 2013, a portfolio of at least 2 case studies assessing linkages between investments, poverty (disaggregating between poor women, men and vulnerable groups) and environment (including climate and disaster risks), and policy briefs produced</p> <p>By 2013, at least 2 policy briefs or policy papers produced</p> <p>By 2014, joint IPD-DESIA monitoring activities are institutionalized within the two departments</p> <p>By 2014, model contract for services sector is developed</p> <p>By 2014, at least 2 policy briefs or policy papers produced</p> <p>By 2015, annual Summary/Trends of investment" reports covering quality, sustainable investment and assessments</p>		<p>2. Investment promotion</p> <ul style="list-style-type: none"> Produce communication/information materials and a marketing strategy to promote and attract quality investments (brochures, video) Support development of, and capacity in, a tracking system for investment procedure to increase transparency of the One Stop Service to promote quality, sustainable investment Carry out a detailed review of the fiscal framework (taxation and incentives) for investments to promote quality investments Refine procedures for prioritizing and assessing investments for the national Investment Calling List (ICL) to promote quality, sustainable investment <p>3. Screening and Appraisal</p> <ul style="list-style-type: none"> Build capacity in, and support use of checklists for screening investment proposals based on legal requirements, sustainability criteria and contribution to climate resilience Develop model contract templates for agricultural concessions and the service sector and pilot through learning by doing before national implementation Develop capacity in contract negotiation skills through learning by doing and mentoring Develop guidelines and assess legal framework for quality private public partnerships 		

<p>of monitoring data are produced on regular basis</p> <p>By 2015, a portfolio of at least 4 additional case studies assessing linkages between investments, poverty (disaggregating between poor women, men and vulnerable groups) and environment (including climate and disaster risks), and policy briefs produced</p>	<p>- By year 4, 100% of new agriculture concessions approved using model contract template; 100% of new projects are screened using PE checklist at central-level and in the PEI provinces);</p> <p>- By year 4, specific fiscal and non-fiscal incentives are provided to attract quality investors into Lao PDR and to promote domestic investments</p> <p>- By year 4, model contract for services sector developed</p> <p>- By year 4, increased allocation of government (national and provincial) budget to investment monitoring</p>	<p>4. Monitoring</p> <ul style="list-style-type: none"> • Improve monitoring evidence (quality of data, geo-referenced, etc.), data analysis, and carry out second round of provincial-level monitoring in PEI provinces • Strengthen capacity in investment database management and linkages between central and provincial levels, and provide training • Build capacity in monitoring and data analysis to support compliance • Facilitate development of an institutional system to follow up with monitoring results for improved compliance • Carry out a sustainable financing assessment of IPD investment monitoring activities nation-wide, including both central- and provincial-level, and examine linkages with DESIA • Support demand for assessments of investments, with focus on social (disaggregating between poor women, men and vulnerable groups), economic and environmental impacts of investment projects and their contribution to climate resilience, develop capacity and increase the evidence base on links between investments, poverty, environment and climate issues. • Support the development of, and implement a PEI-wide communications strategy • Support, develop and disseminate relevant PEI-wide communication materials (press releases, factsheets, brochures, posters, quarterly newsletters, policy briefs, etc.) 		
<p>Output 3</p> <p>Improved effectiveness of ESIA system, particularly for agriculture and forestry plantation sector, as a safeguard for sustainable and climate-resilient development</p> <p>Baseline:</p> <p>Technical review guidelines for ESIAs are</p>	<p>Targets (year 1)</p> <ul style="list-style-type: none"> - IEE guidelines produced - Draft of technical ESIA guidelines for agriculture and forestry plantation sectors produced - Draft of ESIA monitoring procedures and checklists for provincial and local level produced - Field test of monitoring and review guidelines carried out - Draft sustainable financing study produced 	<p>1 Support development of technical guidelines for reviewing and monitoring ESIAs</p> <ul style="list-style-type: none"> • Carry out at least 2 case studies on social and environmental impacts of existing plantations as input to development of guidelines for the agriculture and plantation forestry sectors • Develop ESIA technical review guidelines for agriculture and forestry sector and infrastructure development, and facilitate piloting and 	<p>Department of Environmental and Social Impact Assessments, MoNRE Provincial DONRES in collaboration with: MPI/IPD MAF/Department of Agriculture,</p>	<p>International Technical Advisor (24 months; 70% of time to Output 3, 30% to overall PEI assessments and management) National Consultant Project Accountant</p>

<p>being produced and legal framework is in place, but not yet fully implemented due to lack of resources and technical capacity</p> <p>Indicators:</p> <p>By 2012, at least 2 case studies on social and environmental impacts of existing agriculture and forestry plantations carried out</p> <p>By 2012, draft technical ESIA guidelines for the agriculture and plantation forestry sector produced</p> <p>By 2012, IEE guidelines produced</p> <p>By 2012, Model of E & S obligations under CA for agriculture and forestry sector produced and incorporated into model agricultural concession template (under Output 2)</p> <p>By 2012, joint IPD-DESEA monitoring are carried out on selected case study investments</p> <p>By 2012, at least 1 policy brief produced</p> <p>By 2013, monitoring procedure guidelines are applied at provincial and local levels</p> <p>By 2013, technical ESIA guidelines (review and monitoring) applied to all new agricultural investment projects</p> <p>By 2013, sustainable financing study for ESIA monitoring completed and options discussed</p> <p>By 2013, at least 1 policy brief produced</p> <p>By 2014, technical ESIA guidelines for the infrastructure sector are developed</p> <p>By 2014, joint IPD-DESEA monitoring activities are institutionalized within the two departments</p> <p>By 2014, mass organizations (Lao Women's Union, Lao Youth Union and Lao National Front) and civil society groups have capacity to facilitate local participation in the ESIA public</p>	<p>Targets (year 2)</p> <ul style="list-style-type: none"> - Technical ESIA and monitoring guidelines for agriculture sector finalized and field tested - Study to assess sustainable financing for monitoring finalized, options evaluated and recommendations submitted to MoNRE <p>Minister</p> <p>Targets (years 3 and 4)</p> <ul style="list-style-type: none"> - Capacity for ESIA review and monitoring for all investment projects are in place at both central and provincial levels - Technical ESIA and monitoring guidelines for the infrastructure sector finalized and under implementation - Cumulative impact assessments for at least 2 case studies have been carried out 	<p>implementation</p> <ul style="list-style-type: none"> • Incorporate climate adaption and disaster risk into new and existing ESIA guidelines • Develop IEE guidelines • Carry out field testing and on-the-job training for implementing/ refining the ESIA review guidelines • Build capacity for reviewing ESIA's at both central and provincial-levels (and particularly in PEI provinces) • Develop Model of Environmental and Social (E&S) obligations under Concession Agreement (CA) for agriculture and forestry sector (supporting activity of Output 2) • Hold series of intensive courses on environmental science for junior staff • Hold regular discussion forums with IPD, MoNRE, MAF and other sectors to mainstream ESIA within investment projects • Support capacity development of mass organisations (Lao Women's Union, Lao Youth Union, Lao National Front) and civil society groups to facilitate participation of district and village men, women and vulnerable groups in the ESIA public consultation process, based on pilot field applications • Implement a flexible facility to support increased governance and technical oversight of the overall ESIA process <p>2. Develop capacity in, and assess options for sustainable financing of, ESIA monitoring</p> <ul style="list-style-type: none"> • Carry out a financing assessment of ESIA monitoring at national-level, and examine linkages with IPD • Hold consultations to assess sustainable financing options and feasibility, pilot recommendations and implement • Support development of general and sector-specific monitoring guidelines in forestry/agriculture and infrastructure, and refine through testing • Support development of monitoring procedures for provincial and district-level • Build capacity in environmental monitoring and 	<p>Department of Forestry Land Management Authority, MoNRE</p> <p>Ministry of Finance MEM</p> <p>Lao Women's Union</p> <p>Lao National Front</p>	<p>Driver</p> <p>Collaborative assessments to be carried out with partners such as EMSP, M-Power, World Bank, ADB, NERL, Rightslink and others</p> <p>USD 1,117,000</p>
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<p>consultation process</p> <p>By 2015, capacities for ESIA review and monitoring are fully developed across central-level and in at least 10 selected provinces</p> <p>By 2015, at least 2 case study cumulative impact assessments and policy briefs developed, with specific focus on poverty (including disaggregated impacts on poor women, men and vulnerable groups) and natural resources (including ecosystem services, climate and disaster risks).</p>		<ul style="list-style-type: none"> data assessments through on-the-job training Joint monitoring with IPD carried out <p>3. Assess cumulative impacts from investments</p> <ul style="list-style-type: none"> Facilitate at least two case study cumulative impact assessments in selected geographic area or sector, with particular emphasis on climate risks, to be carried out by partners with relevant expertise (as responsible parties) Review and refine methodology for cumulative impact assessments based on case studies, and build capacity within DESIA and relevant line ministries 		
<p>Output 5</p> <p>Investment decisions are better informed by targeted economic and environmental research and policy analyses</p> <p>Baseline</p> <p>There is emerging capacity and strong interest in environmental economic research to inform investment and development decisions</p> <p>Indicators:</p> <p>By 2012, decision-makers from MPI and NA are part of the process in identifying topics for environmental economic studies</p> <p>By 2012, financial analysis of 1 plantation agriculture investment produced</p> <p>By 2012, at least 1 synthesis study or meta analysis on a current policy issue completed</p> <p>By 2012, a updated and cohesive communications strategy for PEI Phase 2 is developed and being implemented</p> <p>By 2012, a newly structured National Experts Group is formulated and engaged in environmental economic</p>	<p>Targets (year 1)</p> <ul style="list-style-type: none"> - Process and strategy for how environmental economic analyses can support investment decisions identified - Identify and carry out at least 1 meta-analysis research on topic of current interest - At least 2 environmental economic studies are designed with data collecting activities started - Newly structured National Experts Group to support research formulated - At least 2 PEI communications materials produced or awareness events held <p>Targets (year 2)</p> <ul style="list-style-type: none"> - Results of the 2 environmental economic studies are presented to technical groups and policymakers - At least 2 policy briefs produced - Draft of 1st training module produced, applied and refined - At least 2 PEI communications materials produced or awareness events held <p>Targets (year 3 and 4)</p> <ul style="list-style-type: none"> - Drafts of 2nd and 3rd training module produced, applied and refined - Identify and carry out at least 1 for meta-analysis research on topic of current interest 	<p>1. Strategic environmental-economic research on critical investment or development projects</p> <ul style="list-style-type: none"> Consult and collaborate with other PEI implementing partners to identify critical upcoming private or public investment projects and produce strategy for how environmental economic information can be integrated into decisions Carry out environmental-economic studies to assess/ compare financial and environmental implications of investment projects, particularly impacts on poverty environmental sustainability and climate change resilience, differentiating between mega projects and small-medium projects (in collaboration with Output 2) Carry out analysis of plantation agriculture and contract farming arrangements to support the agriculture model contract work (in collaboration with Output 2-IPD and MAF) Collaborate with DOP/MPI to assess the baseline and effectiveness of annual district workplans in Saravan and Huaphan against select social (including impacts on poor women and men and vulnerable groups), economic and environmental (including climate resilience) criteria in the selected districts (in collaboration with Output 1) Collaborate with National Experts Group, MONRE, NUOL, MAF and partners to develop a system for collecting baseline data of environmental change 	<p>National Economic Research Institute (NERI), MPI</p> <p>In collaboration with:</p> <p>MPI/ Economic and Planning Training Center</p> <p>MPI/ IPD</p> <p>MPI/ DOP</p> <p>MPI/ Evaluation Department</p> <p>MONRE/ Land and Natural Resource</p> <p>Research Center</p> <p>MAF/ NAFRI</p> <p>MAF/ Departments of Agriculture and Forestry</p> <p>National University of Laos</p>	<p>National Research Assistant Project</p> <p>Accountant</p> <p>Short-term consultancy or long-term partnership (e.g. with EEPSEA or Thai University) to support capacity building</p> <p>USD 783,000</p>

<p>research</p> <p>By 2013, environmental economic analysis of at least 1 investment or development project completed</p> <p>By 2013, environmental economic training modules are incorporated into the core curriculum of the MPI Economics and Planning Training Center</p> <p>By 2014, environmental economic analysis of at least 2 additional investment or development projects completed</p>	<p>- At least 2 new targeted environmental economic studies are identified, completed and presented to policy makers</p>	<p>2. Increase national capacity in environmental economic valuation and related studies to make better informed decisions</p> <ul style="list-style-type: none"> Identify best structure and composition of a National Experts Group based on lessons learned from Phase 1, and implement Support development of a series of formal capacity building modules in environmental economic valuation using and ecosystem services approach Institutionalize capacity building within government training centers to educate both technical officers and policy-makers, also to province and district-levels 		
		<p>3. Improve communication and dissemination of research with NA, MPI, MONRE and other policymakers</p> <ul style="list-style-type: none"> Hold regular awareness workshops to disseminate research to policymakers and NA members Develop syntheses or meta-analyses of environmental economic studies from across the region on topics of current interest and pull out useful lessons for current policy issues Produce policy briefs of research 		

RESULTS AND RESOURCES FRAMEWORK FOR PEI OUTPUTS 1 AND 4

Intended Outcome as stated in the UNDAF Results and Resource Framework:

Outcome 1: By 2015, more equitable and sustainable growth promoted for poor people in Lao PDR

Output 1.3: Ministry of Planning and Investment, sectors and provinces are better able to develop, implement, monitor and evaluate plans and policies based on up-to-date data and analysis

Output 1.4: Central and local governments have capacity to better screen, plan and monitor Foreign Direct Investments to ensure sustainable economic development

Outcome indicators as stated in the UNDAF Results and Resources Framework, including baseline and targets:

NSEDP M&E indicators monitored through Laoinfo (2010: no, 2015: yes, MoV: Laoinfo)

% of investments classified as "quality investments" (2010: no classification exists, 2015: defined after criteria, MoV: criteria included in official investment screening procedures)

% of investors over a certain value selected through competitive bidding or tender process (2010: No, 2015: Yes, MoV: Published calls for investment bids and tenders)

% of investments with ESIA developed and corresponding EMP and SMP (Environment and Social Management Plans) properly resourced for monitoring (2010: partial, 2015: 60%, MoV: ESIA database)

% of National Investment Strategy Action Plan implemented Action plan (2010: 0%, 2015: 50%, MoV: IPD work plan)

Investment monitoring expanded to central-level and at least 7 provinces with enforcement mechanism in place, with growing government resource allocation (2010: 2, 2015: 7, MoV: IPD investment monitoring database).

Applicable Key Result Area (from 2012-15 Strategic Plan):

Partnership Strategy

Project title and ID (ATLAS Award ID): Poverty-Environment Initiative Programme in Lao PDR				
INTENDED OUTPUTS	OUTPUT TARGETS BY YEAR	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
Output 1: Outcomes promoting equitable, sustainable and climate-resilient development are included in the implementation and monitoring of the NSEDP <i>Implemented through the UNDP MPI Support Programme</i>	Targets (year 1) - Guidelines for incorporating PE issues into annual work plans are developed for provincial and district-level and sectoral planning, in consultation with key stakeholders - PE indicators are part of the NSEDP M&E framework - Local-level participatory planning guidelines tested, and applied in selected kumhans/villages	1 Develop and implement guidelines and strengthen capacity for incorporating PE issues into provincial, district and sectoral annual work plans <ul style="list-style-type: none">Carry out consultation workshops to assess identify how PE and MDG issues can be incorporated within the annual work planning processTest, implement and improve annual guidelines in the two case study districts in Saravan and Houaphan to support green and sustainable growth	Department of Planning, MPI Provincial Department of Planning and Investment in two case study districts in Huaphan and Saravan In collaboration with:	National Consultant (25%), cost-share with UNDP/NSEDP Project Collaborative assessments to be carried out with partners such as NERI and other organizations
Baseline: Poverty-environment (PE) and MDG issues are integrated within the 7th NSEDP but are not been incorporated into mechanisms for operationalizing the Plan Indicators: By 2012, guidelines for incorporating poverty-environment issues and MDGs into annual work plans are developed for provincial and district-level, and sectoral planning developed and applied in select provinces. By 2013, at least 2 policy briefs produced By 2013, poverty-environment issues are addressed in the implementation of existing kumban/village-level participatory planning guidelines in 2 select districts By 2013, select poverty-environment indicators are in the NSEDP monitoring and evaluation (M&E) framework, and reporting requirements. By 2014, assessment of the implementation of annual workplans in selected provinces against select social (including impacts on poor women and men and vulnerable groups), economic and environmental (including climate	Targets (year 2) - PE guidelines for annual work plans are tested and applied in select provinces - Capacity is built for the construction and analysis of PE indicators - PE criteria for evaluating public projects developed - Local-level participatory planning guidelines refined based on implementation practice in selected kumhans/villages Targets (year 3 and 4) - PE issues are well-integrated within annual PSEDP work plans - Assessment of PSEDP annual workplan implementation and impacts on social (poor women, men and vulnerable groups), economic and environmental (including climate resiliency) criteria carried out - Sustainable and equitable development projects are part of the portfolio from local-level planning - PE criteria and checklist are part of standard public project evaluation process	<ul style="list-style-type: none">(see Output 5 on baseline and assessment)Support development of local-level participatory planning guidelines to include a focus on sustainable and climate-resilient projects, and participation of vulnerable groupsBuild capacity in the use of annual guidelines and planning manual 2 Develop capacity for management and analysis of PE indicators in NSEDP monitoring and evaluation (M&E) <ul style="list-style-type: none">Support activities/processes leading to the finalization of the NSEDP M&E frameworkSupport capacity building on the construction and analysis of PE indicatorsAnalysis and communication of PE indicators contributing to sustainable development targetsAssess the implementation of the model annual district workplans against select social (including impacts on poor women and men and vulnerable groups), economic and environmental (including climate resiliency) criteria 3 Integrate PE concerns into NSEDP mega projects (linked to Outputs 2 and 5) <ul style="list-style-type: none">§ Develop PE criteria checklist and generate environmental economic evidence in the review of public projects for poverty, environment, climate,	MPI/ IPD MPI/ NERI MPI/ Evaluation Department National Committee for Rural Development and Poverty Alleviation Provincial DPI in pilot provinces UNDP Poverty Reduction Unit	USD 360,000

<p>resiliency) criteria are carried out, and report produced</p> <p>By 2015, Poverty-environment criteria for assessing/reviewing large-scale public-funded projects are applied as standard practice</p> <p>By 2015, substantive progress on MDG 7 (Environmental sustainability) is achieved</p>		<ul style="list-style-type: none"> and disaster risks Build capacity in the use of checklist and environmental economic information Collaborate with MPI/IPD on guidelines for quality public-private partnerships 		
<p>Output 4</p> <p>National Assembly decisions support quality and equitable growth that sustains the natural resource base</p> <p>Implemented through the UN Support to an Effective Lao National Assembly (SELNA) Programme</p> <p>Baseline:</p> <p>The SELNA project supports capacity building for National Assembly members, but does not specifically address linkages relating to investments, poverty, environment and climate change</p> <p>Indicators:</p> <p>By 2012, an awareness event on poverty-environment issues for National Assembly members held</p> <p>By 2012, a working group of National Assembly members and technical staff interested in PE issues identified</p> <p>By 2013-2015, at least 2 training sessions or awareness events for NA working group held per year</p>	<p>Targets (year 1 to 4)</p> <ul style="list-style-type: none"> - At least 1 training event per year for PEI NA working group - At least 1 general awareness event on PEI issues for all NA members every two years - Mechanism in place to integrate PE issues within NA decisions on key investment- and natural resource-related policies 	<ul style="list-style-type: none"> Facilitate strategic role of National Assembly in Vientiane and through district offices to incorporating district and village men, women and vulnerable groups, in investment assessment / monitoring together with IPD and DESIA Build awareness specifically on poverty-environment-climate issues through existing mechanisms Identify and work closely with a small working group of interested National Assembly members and technical staff to address issues of interest Hold specific training events for small working group as required to help address current topics of concern Engage NA members on important PE issues related to investments and to consider environmental economic information in decision-making through specific events, conferences and missions Support strengthened role for NA to oversee Government's role in public and private investment management by relevant ministries. Provide technical resources to newly established NA Training Center 	<p>UNDP Governance Unit</p> <p>UN Support to an Effective National Assembly (SELNA) programme</p>	<p>USD 120,000</p>

D- PEI relevance and contribution to SDGs in Lao PDR

Sustainable Development Goals	PEI contribution in Lao PDR			
	Substantial	Moderate	Not applicable	Remarks
Goal 1. End poverty in all its forms everywhere Targets: 1.1; 1.2; 1.4; 1.5 1.a; 1.b	✓			Through the promotion and support for increased quality domestic and foreign private investment, decent employment generation, government revenue, protection of natural resource assets, and more
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture Targets: 2.3; 2.4;	✓			Through improved land concession standards, improved contract farming standards, secure land rights, protection of land for subsistence farming
Goal 3. Ensure healthy lives and promote well-being for all at all ages Targets: 3.4; 3.9		✓		Through improved EIA standards and their enforcement, reducing all types of pollution resulting from infrastructure development, extractive activities, industry and other investments. Ensuring domestic and foreign investors adhere to national labour laws, including on child labour; advocacy on increased application of corporate social responsibility practices
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all Target: 4.7	✓			PEI is significantly contributing to enhance the knowledge and skills needed to promote sustainable development. This is being done through component 5 but also throughout all other components. PEI is providing training to government officials centrally and in the provinces and to NA members on a wide range of issues related to sustainable development. PEI has provided university students with the opportunity to participate in P-E research initiatives. Although not directly relevant, PEI is advocating for the implementation of labour standards and labourers' rights hence it is also contributing to the implementation of target 4.4.
Goal 5. Achieve gender equality and empower all women and girls Targets: 5.1; 5.5; 5.a; 5.c	✓			Through better understanding of how investments affect women (in particular their rights and livelihoods) and mainstreaming their rights in investment management policies and processes; ensuring women are able to participate in development planning, investment decisions, and other capacity development activities;
Goal 6. Ensure availability and sustainable management of water and sanitation for all Targets: 6.1; 6.3; 6.4; 6.6;		✓		Through the application of EIA to all projects to minimize negative impacts on water quality and quantity

Sustainable Development Goals	PEI contribution in Lao PDR			Remarks
	Substantial	Moderate	Not applicable	
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all 7.a				Although PEI not directly involved, PEI's support to the formulation of two National Socio Economic Development Plans has promoted climate change mitigation and adaptation measures including the promotion of renewable energy. Lao PDR is investing significantly in hydropower to meet its own energy needs and to sell to neighbouring countries and investors and lending institutions need to work on ensuring social and environmental international standards are met (although WB has been championing this issue PEI has helped disseminate good practices).
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Targets: 8.1; 8.3; 8.4; 8.5; 8.8; 8.9;	✓			This is a core objective of PEI's work in Lao PDR which is being achieved by helping the country attract and manage quality private investments
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation Targets: 9.2; 9.4; 9.b		✓		PEI is supporting the Lao PDR Government and Provincial Authorities to identify quality investments and that includes investments in sustainable industries; it is also supporting the establishment of conducive policies for value addition and diversification
Goal 10. Reduce inequality within and among countries Targets: 10.2; 10.4	✓			An important objective of PEI is to promote inclusive green growth (reducing inequality between regions, ethnic groups, gender and age groups) and contributing to Lao PDR's goal of graduating from LDC status.
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable			✓	
12. Ensure sustainable consumption and production patterns Targets: 12.2; 12.4; 12.6; 12.a; 12.b;	✓			In particular sustainable production patterns, through improved social and environmental standards in public and private investments. Tourism is one area where quality investments are being promoted
13. Take urgent action to combat climate change and its impacts Targets: 13.1; 13.2;		✓		Through PEI component 1 which is providing support to mainstream environmental sustainability, risk prevention, climate change adaptation in national and sub-national planning
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development			✓	
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss Targets: 15.1; 15.2; 15.5; 15.9	✓			By improving standards of agriculture and forestry concessions; also through the inclusion of specific forest cover targets and other environmental targets in the NSEDPs. PEI is also contributing to this goal by working on preventing and mitigating environmental impacts of all types of investments

Sustainable Development Goals	PEI contribution in Lao PDR			
	Substantial	Moderate	Not applicable	Remarks
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels Targets: 16.3; 16.5; 16.6; 16.7; 16.10; 16.b	✓			In particular through the support to ensure national legislation is applied by investors and thought PEI's work on capacity development and support to the National Assembly. Better understanding of NA members and staff of negative social and environmental effects of investments to facilitate implementation of the NA oversight role. Also by promoting public participation in investment decisions and making information on investments more broadly available to citizens.
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development Targets: 17.1; 17.3; 17.5; 17.9; 17.14; 17.15; 17.16; 17.17; 17.18; 17.19	✓			It should be noted that PEI is particularly important for the implementation of Target 17.5 “Adopt and implement investment promotion regimes for least developed countries” PEI is a partnership between UNDP and UNEP and a key contributor to UNDAF implementation. PEI also complements the work and collaborates with other multilateral (WB, ADB) and bilateral donors (SDC, GIZ, Finland) and public and private organizations (Australian New Zealand Business Association), and leverages additional funding for sustainable development. PEI is working effectively to enhance capacities, including through South-South cooperation

In summary: PEI is substantially contributing to achieve 10 SDGs in Lao PDR and moderately contributing to 4 additional SDGs. Attaining other SDG goals such as Goal 4 on education in Lao PDR is contingent upon increased FDI that would also increase government revenue and household income. It should be noted that PEI is **key to attaining Target 17.5 in Lao PDR**. Overall, **PEI is contributing to meeting 49 SDG targets**.

E- Project expenditure report as of December 2014

Note: Available in electronic form from the UNDP Country Office

F- Management response to the 2011 evaluations


UNDP Management Response

Evaluation Plan: January 2009-September 2012

Evaluation Period: Final Evaluation

Evaluation Title: Poverty-Environment Initiative Lao PDR Phase 1 (2009-2012)

Prepared by: Ms. Margaret Jones Williams, Environment Unit Chief, Environment Unit, UNDP Lao PDR 

Cleared by: Ms. Azusa Kubota, UNDP Deputy Resident Representative, Lao PDR 

Ms. Joyce Lee, PEI Senior Technical Advisor, UNDP Regional Office, Thailand

Mr. Manothong Vongsay, Director General of Investment Promotion Department, Ministry of Planning and Investment and Head of PEI Secretary, Lao PDR 

Input into and update in ERC:

Position:

Unit/Bureau:

Overall comments: The programme is considered to be conceptually highly relevant and well designed. Lao PDR's PEI has a clear and strong focus on strengthening the institutions and mechanisms required to ensure quality investment across the country. The rationale for this is that foreign direct investment (FDI), which is focused on the natural resources sectors such as hydropower, mining and plantations, is and will continue to be a key driver in terms of the country's development and growth. Natural resources are at the same time essential to local livelihoods. It is therefore crucial that investments are appropriately planned and managed so that the sustainability of the country's natural capital is ensured and the livelihoods of the poor and vulnerable improved (not harmed by unaccounted or unmonitored social and environmental investment impacts).

For some components there have been delays in implementation due to difficulties in hiring international consultants (component 2 and 3), and in other cases the activities had to be dropped in response to a lower than anticipated budget allocation (e.g., component 3). In general PEI Phase 1 was an ambitious programme of work given the size of the budget and resources.

Overall however the program has been very effective in raising awareness and developing tools to manage investments. Key achievements of the programme include:

- Capacity building – PEI has been successful in changing how people think about the links between investment, environmental management and poverty
- The successful development of tools such as the Investment database and methodology for assessing the social and environmental impacts of investments
- The integration of PEI principles into the 7th NSEDP
- The development of the Draft National Investment Strategy



Recommendation 1:		Phase 1 has focussed on capacity building and developing the necessary processes and tools. Phase 2 needs to consolidate these and move more towards implementation keeping in mind the objective of achieving tangible outcomes in terms improved livelihoods and sustainable environmental management. The challenge for Phase 2 is therefore to turn the plans and visions developed in Phase 1 into actions that will lead to a tangible impact on poverty reduction and to sustain natural assets.			
Management Response:		Agreed			
Key Action(s)	Responsible Unit(s)	Due Date (Provide a specific date when the proposed key actions are expected to be completed. If due date is not the same as date when the key action is completed, this should be updated with date of completion)	Status (Provide status of the key action - whether it is "Not Initiated" or "Initiated" or "Completed" or "No Longer Applicable")	Comments (Further describe how the key action has been implemented by the responsible unit and what the results are)	
1.1 Implementation of National Investment Strategy. This is considered to be a key focus for Phase 2	Environment Unit	December 2012	Completed	PEI Phase 2 Project Document includes continued development of the National Investment Strategy	
1.2 Working on Socio-Economic Development Annual Plans (AP) and getting the right indicators in the AP which provincial level departments will strive to achieve, thereby driving the process forward.	Environment Unit	December 2012	Completed	PEI Phase 2 Project Document includes continued support to Socio-Economic Development Plans.	
1.3 Increased activity at the provincial levels. Work in the provinces should follow a two-tiered approach: (i) more-in-depth studies in the phase 1 pilot provinces; and, (ii) the expansion of phase 1 activities into new provinces. The four PEI pilot provinces should continue to spearhead the strengthening of the investment approval and management process, which when tested and	Environment Unit	December 2012	Completed	PEI Phase 2 Project Document includes continued targeted interventions at the provincial level	

refined can be introduced to other provinces.				
Recommendation 2:	Project components to be included in Phase 2			
Management Response:	Agreed			
Key Action(s)	Responsible Unit(s)	Due Date	Status	Comments
2.1 Component 1. Poverty reduction and environmental sustainability linkages strengthened in the 7 th NSED.	Environment Unit	December 2012	Completed	This component has been successfully included in PEI Phase 2 Project Document
2.2 Component 2. Strengthen capacity to plan and manage investments.	Environment Unit	December 2012	Completed	This component has been successfully included in PEI Phase 2 Project Document
2.3 Component 3 - Strengthening the ESIA Department.	Environment Unit	December 2012	Completed	This component has been successfully included in PEI Phase 2 Project Document
2.4 Component 4. Capacity building at the National Assembly on P-E linkages	Environment Unit	December 2012	Completed	This component has been successfully included in PEI Phase 2 Project Document
2.5 Component 5. Environmental Economic Research Studies	Environment Unit	December 2012	Completed	This component has been successfully included in PEI Phase 2 Project Document
Recommendation 3:	Key management issues need to be considered in PEI Phase 2 structure			
Management Response:	Agreed			
Key Action(s)	Responsible Unit(s)	Due Date	Status	Comments
3.1 What resources does PEI need? Over the last year the PEI has employed 2.25 International Full Time Equivalent (FTEs), 0.25 National FTE, 2 short-term consultant (20 working days on average), 2 national project staff (located in IPD and DESIA) and 1 communications officer (NERI). A bigger project would require more dedicated staff, such as a second Technical Advisor with slightly different expertise to help with the range of technical work, and the provinces are likely to need more local	Environment Unit	December 2012	Completed	PEI Phase 2 Project Document has included the recommended Technical Advisors, Short Term Consultants, staff at IPD and DESIA, dedicated Communications Officer

consultants (preferably based in the provinces).				
3.2. What is PEI's relationship with MoNRE? The recently established Ministry of Natural Resources and Environment has an expanded portfolio and will be responsible, for example, for conservation and protected forest and land management. PEI should determine a potentially expanded working relationship with MoNRE in Phase 2 given its closely aligned mandate.	Environment Unit	December 2012	Completed	PEI Phase 2 Project Document has included the recommended partnership with the newly established MoNRE, and MoNRE is listed as one of the Implementing Partners
3.3. What is the most efficient management structure for Phase 2? A clear finding of the evaluation of phase 1 is that there needs to be more coordination between components. Presently the components are all working more or less independently without a precise understanding of each other and how together they contribute to the overall objectives of the programme. There is also no overall PEI steering committee or programme board that presents an oversight, or reports an overview, of the programme.	Environment Unit	December 2012	Completed	PEI Phase 2 Project Document has included the recommendation for improved co-ordination among units and this is included in the management and implementations frameworks.

G- Mission travel schedule in Vientiane and Bangkok

PEI Program evaluator
UNDP-UNEP Poverty-Environment Facility Nairobi



Mission to the Lao PDR
The Poverty-Environment Initiative (PEI) Phase II
Vientiane, 3-6 November 2014

Empowered lives.
Resilient nations.

Date	Time in Laos	Descriptions	Venue	Remarks
28 Oct Tues	14:00	Inception call with the consultant with UNDP PEI Lao team - Ms. Margaret Jones Williams- Environment Unit Chief - Mr. Nathan Leibel- PEI Senior Technical Advisor - Ms. Chitlatda Keomuongchanh, Program Analyst	Margaret's Office	Confirmed
02 Nov		Flight Bangkok-Vientiane night flight	Pickup at Airport by PEI project driver and transfer to Hotel	Need itinerary
03 Nov Mon	08:30-10:50	Meeting with UNDP PEI team: - Ms. Margaret Jones Williams- Environment Unit Chief - Mr. Nathan Leibel- PEI Senior Technical Advisor - Ms. Chitlatda Keomuongchanh, Program Analyst	Margaret's Office, UNDP House	Confirmed
	11:00-12:00	Courtesy call and interview UNDP Resident Representative (RR) and Deputy Resident Representative (DRR) - Ms. Kaarina Immonen, Resident Representative UNDP - Ms. Azusa Kubota, Deputy Resident Representative UNDP - Ms. Margaret Jones Williams- Environment Unit Chief - Mr. Nathan Leibel- PEI Senior Technical Advisor - Ms. Chitlatda Keomuongchanh, Program Analyst	RR Office, UNDP House	Confirmed
	12:00-13:30	Lunch		
	13.30 – 14:30	Individual Interview with Mr. Manothong Vongsay, Director General of Investment Promotion Department (PID), Ministry of Planning and Investment (MPI), National Project Director of PEI-Investment Management Project, and Head of PEI Secretary Unit	Mr. Manothong's Office, Investment Promotion Department, Ministry of Planning and Investment (MPI)	Confirmed
	14:40-16:40	Meeting with PEI-Investment Management (PEI-Output 2) project team - Ms. Thamma Phetvixay, Deputy Director General Investment Promotion Department, Project Manager	Investment Promotion Department small meeting room	Confirmed

Date	Time in Laos	Descriptions	Venue	Remarks
		<ul style="list-style-type: none"> - Ms. Chindaphone, PEI- Output 2 Coordinator - Ms. Phanomphone, PEI Finance Manager 		
04 Nov Tues	08:30-10:30	Meeting with PEI-National Socio-Economic Development Plan NSEDP (PEI-Output 1) <ul style="list-style-type: none"> - Ms. Phonevanh Outhavong, Deputy Director General of Planning Department, Ministry of Planning and Investment National Project Manager - Ms. Vena, PEI Output 1 Coordinator 	Ms. Phonevanh's Office, Planning Department, Ministry of Planning and Investment	TBC
	10:40-12:00	Meeting with PEI-National Economic Research Institute (NERI) (PEI-Output 5) <ul style="list-style-type: none"> - Mr. Souphith Darachantara, Deputy Director General, National Economic Research Institute, MPI, National Project Manager. - Mr. Thanongsay, Alternate Project Manager - Mr. Oud, PEI Output 5 Coordinator - Coordinator from government side 	Mr. Souphith's Office, National Economic Research Institute, Ministry of Planning and Investment	Confirmed
	13:00-15:00	Meeting with Investment Promotion Division that involved in the PEI activities Representative from each division in Investment Promotion Division	Investment Promotion Department, Ministry of Planning and Investment	Confirmed
	15:20 – 17:00	Meeting with PEI-National Assembly (PEI-Output 4) team <ul style="list-style-type: none"> - Mr. Onma Rassavong , Deputy Director General of Economic Department for National Assembly - Mr. Bounthan - Ms. Sabina - Mr. Somchit 	Mr. Onma's Office National Assembly	Confirmed
05 Nov Wed	08:30-10:00	Meeting with Environmental Management Strategic Programme (EMSP) team on the joint coordination and collaboration between EMSP and PEI	Environmental Management Strategic Programme Office	Confirmed
	10:30-12:00	Meeting with the Swiss Agency for Development and Cooperation (SDC) team <ul style="list-style-type: none"> - Dr. Liliane Ortega, Deputy Regional Director - Ms. Philaiphone Vongpraseuth, Programme Officer 	Swiss Agency for Development and Cooperation Office	Confirmed
	12:30 - 13:30	Lunch		
	13:30-15:30	Meet with Representative from Provincial Partners <ul style="list-style-type: none"> - Mr. Houmpheng Southivong, Director of Division of Planning and Investment, Oudomxay Province - Vientiane province - Saravan - Houaphanh - Oudomxay - Savanakheth 	Investment Promotion Department, Ministry of Planning and Investment	They travel from provinces to VTE Confirmed
	15:30:16:30	Meeting with UNDP Poverty Unit and Governance Unit Ms. Silavanh Vongphosy, Unit Chief of Poverty Unit	Sudha's Office UNDP	Confirmed

Date	Time in Laos	Descriptions	Venue	Remarks
		Ms. Sudha Gooty, Unit Chief of Governance Unit		
06 Nov Thurs	09:00-10:00	Meeting with Mr. Xayyaveth Vixay, Director General of Department of Social and Environmental Impact Assessment, National Project Director for the PEI Output 3	Department of Social and Environmental Impact Assessment Office	TBC
	10:15-12:00	Meeting with PEI- Department of Environmental and Social Impact Assessment (DESIA) (PEI-Output 3) <ul style="list-style-type: none"> - Ms. Phakkavanh Phissamay, Project Manager PEI-ESIA, Director of Planning and Financial Division, DESIA, MONRE - Mr. Lamphoukeo, Alternate PM - Ms. Arounna, PEI-DESIA Project Coordinator - Mr. Micah, PEI International Consultant - Representative from Agriculture Center 	Ms. Phakavanh's Office, Department of Environmental and Social Impact Assessment, Ministry of Natural Resource and Environment (MoNRE)	Confirmed
	12:00-13:20	Lunch		
	13:00-13:50	Skype call or Meeting with Asian Development Bank on the screening checklist development with PEI <ul style="list-style-type: none"> - Jennifer 	ADB Office	TBC
	14:00-16:00	Presentation of the initial results all stakeholders that the consultant meet during the mission <ul style="list-style-type: none"> - All PEI project team - UNDP team - Development partners 	Patuxay Meeting room, UNDP office	Confirmed
	16:15-17:00	Debriefing with UNDP RR and DRR <ul style="list-style-type: none"> - Ms. Kaarina Immonen, Resident Representative UNDP - Ms. Azusa Kubota, Deputy Resident Representative UNDP - Ms. Margaret Jones Williams- Environment Unit Chief - Mr. Nathan Leibel- PEI Senior Technical Advisor - Ms. Chitlatda Keomuongchanh, Program Analyst 	RR office, UNDP	Confirmed
	20:20	From hotel to the airport The consultant leave Vientiane, night flight	PEI Car	

Bangkok, November 7th November 2014

Time	Meeting	Venue
10.30am -13.00pm (including lunch)	Paul Steele (PEI Asia Pacific Manager) and Joyce Lee (PEI Consultant)	Amari Watgate (meet in the ground floor lobby)
14.00 pm – 14.45pm	Gordon Johnson (Cluster team leader, Sustainable Development, UNDP Asia Pacific Regional Centre) and Joseph D' Cruz – tbc (Cluster Leader, Inclusive Growth)	Gordon's room, UNDP APRC, service building
15.00 pm	Kaveh Zahedi (Director, UNEP Regional Office Asia Pacific)	Kaveh's room, UNEP ROAP, Main building 2 floor
16.00pm	Shalina Miah and Fakri Karim, UNCDF	UNCDF, main building, 7 th floor

Appendices