

Independent Evaluation of the Laos Australia Rural Livelihoods Program

MANAGEMENT RESPONSE

Summary

Name of Investment	Laos Australia Rural Livelihoods Program		
AidWorks number	INK391		
Commencement date	09 February 2012	Completion date	30 June 2017
Total Australian \$	\$32.2 million		
Total other \$	N/A		
Delivery organisations	Maxwell Stamp PLC (MSP), Care International, World Education Australia, Health Poverty Action, German Federal Enterprise for International Cooperation (GIZ), United Nations Capital Development Fund (UNCDF), United Nations Development Programme (UNDP), Adam Smith International (ASI)		
Implementing partners	Ministry of Labour and Social Welfare (MLSW), Bank of Lao PDR (BOL), Lao National Unexploded Ordnance Programme (UXO Lao), Ministry of Planning and Investment (MPI)		
Country/Region	Laos		
Primary sector	Rural Development		

Evaluation Summary

DFAT Vientiane post commissioned an independent evaluation of the Laos Australia Rural Livelihoods Program (LARLP) with the objective of assessing program's relevance, performance and progress towards its development objectives. The outcomes of the evaluation will inform future aid program in Laos as well as in other regions.

The independent evaluation aimed to answer the following evaluative questions:

1. What factors, positive and negative, affected progress towards LARLP objectives?
2. How did the portfolio approach add value to the LARLP?
3. To what extent was the LARLP investment relevant in the Lao PDR context?

The evaluation team consisted of Mr Peter Bazeley (Evaluation Leader), Ms Heather Clark (Financial Inclusion Specialist) and Ms Lisa Hannigan (Poverty & Social Transfers Section, DFAT Canberra) with contributions from Somchay Soulitham and Wanna Lassamee (Lao Evaluation Specialists). The evaluation was completed with the submission of the Evaluation Report (refer attached) in September 2016.

DFAT's response to the evaluation report

Overall, the evaluation provided DFAT a critical look at the relevance, overall performance and progress made to date. DFAT agreed with almost all of the recommendations provided to ensure smooth and proper conclusion of the LARLP. DFAT only partially agreed with recommendation 1, 3, 5 and 9.

The recommendations and DFAT management responses are outlined in the following section.

DFAT's response to the specific recommendations made in the report

Recommendation	Response	Actions	Responsibility
1. Judicious extension of key components would improve the likelihood of the net benefits outweighing the net costs of the program.	<u>Agree / Partially Agree / Disagree</u> Based on our recent AQC and PPAs assessment, Financial Inclusion and Learning Facility projects continue to deliver good results. While DFAT of course agrees with recommendation 1, the recommendation does not acknowledge the reason behind the transition away from the rural development sector, which was a 40 per cent budget reduction to the Lao aid program. Given the constrained budget environment, DFAT in many cases has not been able to follow this recommendation. However, extensions of AFP and SPSL have been approved partially for the reason set out in the recommendation.	Done	HOM, DHOM and First Secretary (Water Resource & Infrastructure)
2. Bringing RLP to an earlier-than-envisaged end implies a shift in objectives and the balance between the transformative and the transactional. There may need to be some reflection on what other aspects of the program might also now assume higher or lower priority.	<u>Agree / Partially Agree / Disagree</u> To ensure proper hand over and smooth transition, including communities, Post decided to extend SPSL and RLP for an additional 6 months to August 2017.	Done	HOM, DHOM, First Secretary (Water Resource & Infrastructure)

Recommendation	Response	Actions	Responsibility
<p>3. If a portfolio approach is to deliver a suite of complementary activities which by working together are to yield more than the sum of their parts, it should possess coordination and management structures (including contractual obligations) that can identify and respond flexibly to evolving priorities, allocate or reallocate resources accordingly across the program in the correct sequence, and provide the necessary incentives and sanctions for compliance</p>	<p>Agree / <u>Partially Agree</u> / Disagree</p> <p>Given current staffing reduction in the RD team, Post will retain overall program management structure and will now focus on the coordination meeting (DFAT –led) as the formal governance mechanism to monitor progress and coordinate an effective LARLP exit. Since DFAT has taken on responsibility for coordination, concrete collaboration between RLP and AFP has commenced in the field (AFP supplying financial education training), as well as AFP and PRF cooperation (PRF will now pilot the use of AFP network support organisations in the field).</p> <p>Good learning for DFAT to think through clear governance arrangements for coordination of portfolio investments.</p>	<p>The Coordination Meeting is now being held every two months.</p>	<p>First Secretary (Water Resource & Infrastructure) and Program Managers</p>
<p>4. Support Micro Finance Association (MFA) and capacity building initiatives, such as financial literacy, to advance the state of financial capability and human resource development in the private financial sector</p>	<p><u>Agree</u> / Partially Agree / Disagree</p> <p>Based on our needs assessment, we have provided training and coaching support to MFA's key staff on "Effective Communication" and "Facilitation and Presentation". RLP also provides financial education training to target villages, Through AFP, DFAT is also supporting a new financial education strategy for Laos. DFAT's withdrawal from the sector makes any new activities to action this recommendation limited.</p>	<p>Where possible, Post will discuss with AFP and MAFIPP if there is available funding to support MFA on the financial literacy</p>	<p>First Secretary (Water Resource & Infrastructure) and Program Manager</p>

Recommendation	Response	Actions	Responsibility
<p>5. Support further development of digital financial services, including agent banking and mobile money</p>	<p>Agree / <u>Partially Agree</u> / Disagree</p> <p>Digital financial services (DFS) market is still in an early stage in Laos. Some progress has been made so far (advanced draft regulations on payments launched, allowed BCEL to pilot the first DFS product in Laos – BCOME) - but key regulatory elements are not yet in place. While BCOME, which is piloting branchless banking or mobile money services shows good progress, it's too early to assess the effectiveness of DFS in Laos. It has also been difficult to find partners willing to pilot DFS in Laos. Unitel's Money Mobile wallet pilot has just been approved and offers a second example of how the program is supporting DFS.</p> <p>To date, DFAT considers Australia's support to DFS has been appropriate to the sector's development. DFAT also agrees, if funding were available, continuing to support nascent DFS activities has the opportunity to provide much-needed financial services to rural and marginalised communities, as well as potentially stimulate economic activities outside of Vientiane.</p>	<p>MAFIPP program will conclude by end of 2017. Post will monitor closely with the MAFIPP team to assess if there are more opportunities for DFS expansion in Laos.</p> <p>LADLF will conduct BCOME transactions analysis. The results of this work will support dialogue with Bank of Laos during 2017</p>	<p>First Secretary (Water Resource & Infrastructure) and Program Managers</p>
<p>6. Investigate how both financial inclusion components of the LARLP might be consistent with the Australian government's Private Sector Development Policy, particularly with respect to human resource development in the financial sector, and supporting those organizations that advance it.</p>	<p><u>Agree</u> / Partially Agree / Disagree</p> <p>Evidence shows that financial inclusion components are consistent with the Australian government's Private Sector Development Policy. No need to undertake investigation. These activities are now being managed by the trade and private sector program manager at the embassy.</p>	<p>Done</p>	<p>First Secretary (Water Resource & Infrastructure) and Program Managers</p>
<p>7. Create the space, time and funding for 'Cohort 2' to be supported through to the point of its full and proper conclusion.</p> <p>What represents a point of 'full and proper conclusion' needs to be determined on the basis of solid and empirical indicators of self-sustainability among the majority of beneficiaries</p>	<p><u>Agree</u> / Partially Agree / Disagree</p> <p>6 months costed-extension has been approved for SPSSL to ensure smooth transition and proper hand over of the program.</p>	<p>Done</p> <p>Post will ask SPSSL (in consultation with LADLF) to submit "the most significant change" indicators</p>	<p>First Secretary and Program Manager to follow up with SPSSL and LADLF</p>

Recommendation	Response	Actions	Responsibility
8. Fund an evaluation of RLP after the cohorts have been out of the program for a number of years, perhaps through the Learning Facility	<p><u>Agree</u> / Partially Agree / Disagree</p> <p>Post has included evaluation in LADLF's forward workplan undertaking this evaluation.</p>	End of 2017 or early 2018	First Secretary, Program Manager
9. DFAT should engage on social protection as far as it can through strategic technical support to MLSW, advocacy with the National Assembly and capacity building among supportive local academic institutions	<p>Agree / <u>Partially Agree</u> / Disagree</p> <p>The evaluation findings and analysis clearly show that government ownership is limited, has weak capacity and not yet ready to implement a fully-fledged social protection policy agenda, particularly given strain on budget.</p>	<p>DFAT will request the Learning Facility to undertake a political economy analysis of MLSW's interest and readiness to undertake more comprehensive social protection activities.</p> <p>To support dissemination of DFAT-funded research and policy thinking, DFAT with SPSL will convene a high level workshop presenting the findings of social protection research on a child grant and the outcomes of the RLP pilot. If engagement with interested donors and government counterparts is effective, it is hoped this work can influence World Bank's and WFP upcoming social protection program and MLSW's social protection strategy.</p>	DHOM, First Secretary and Program Manager, SPSL
10. RLP paravet schemes need to be reviewed for their robustness against best practice norms and standards	<p><u>Agree</u> / Partially Agree / Disagree</p> <p>RLP support has been heavily on livestock and poultry. Technical capacity support given to beneficiaries on livestock varies. Post agrees this recommendation should be a priority.</p>	Post will discuss and work with SPSL on methods to ensure there are consistent and effective paravet schemes across the RLP project.	First Secretary and Program Manager to monitor with SPSL and IPs

Recommendation	Response	Actions	Responsibility
11. The roles and functions of the Learning Facility need to be made clear	<p><u>Agree</u> / Partially Agree / Disagree</p> <p>The Learning Facility was tasked by DFAT to convene and broker engagement between project partners, which created some uncertainty between DFAT and the Learning Facility's role.</p>	<p>Learning Facility's role has been clarified with DFAT undertaking project coordination. Learning Facility's role is now focussed on providing technical value add on research and knowledge products.</p>	<p>First Secretary and Program Manager</p>
12. Future requirements in the UXO sector are presumably for an evidence- and survey-based, more strategically prioritised approach to UXO clearance: a different requirement to LARLP's more specific needs	<p><u>Agree</u> / Partially Agree / Disagree</p>	<p>DFAT agrees with the new strategic approach for the UXO sector. At the conclusion of DFAT's current's agreement with UNDP, any future DFAT contribution will support this new approach.</p>	<p>HOM, First Secretary</p>