

**CHAPTER 3 PROJECT EVALUATION AND
RECOMMENDATIONS**

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3.1 Project Effect

Current Situation and Problems	Remedial Measures under the Project (Requested Japanese Assistance)	Positive Effects and Degree of Improvement
<p>Training and conferences on human resources development for government officials, technocrats and intellectuals mainly in Vientiane are held by government institutions, mass organizations and donors. Conferences related to regional and international cooperation bodies, such as the ASEAN and Mekong River Commission, are also held.</p> <p>Although government institutions and mass organizations have their own training facilities, due to the small capacity and inadequate conference equipment, it is necessary for them to borrow external facilities, such as the halls of hotels, for large-scale conferences which cannot be held using their own facilities or for conferences requiring an interpretation system, such as donor conferences. However, due to an increase of the number of training and conferences and the use of existing facilities by the private sector, the scope of use of the facilities is limited. As a result, it has been necessary to restrict the number of training seminars and conferences on regional and international cooperation.</p> <p>The available external facilities are limited in that a maximum of only 300 people can be seated and there are no facilities for exclusive use for training and conferences, etc. involving some 500 people as hoped for by the government, making it necessary to either restrict the number of participants or to tolerate overcrowding.</p>	<ul style="list-style-type: none"> • An international cooperation and training center as facilities exclusively used by government institutions for training and conferences for human resources development, mainly for government officials, and for conferences on regional and international cooperation will be constructed. • AV equipment and systems, including and simultaneous interpretation system, necessary for training and conferences will be procured. • Soft components concerning operation and management to ensure the smooth operation of the Center will be provided. 	<ul style="list-style-type: none"> • By building the Center, training and conferences on human resources development for government officials and regional and international conferences can be held as follows: <ul style="list-style-type: none"> Number of days to hold training and conferences: the total number of days will be approximately 270 and 540 in 2005 and 2009 respectively Total number of participants of training and conferences: the total number will be approximately 28,700 and 57,600 in 2005 and 2009 respectively. • Government officials who have participated in training and conferences will contribute to so-called good governance by effectively using their newly acquired knowledge and information in their responsible areas. • Through conferences on regional cooperation such as those of the ASEAN and AFTA and conferences on international cooperation such as those of the WTO and others, international cooperation will be promoted, contributing to enhancing the status of the Lao PDR in Asia and the global community.

3.2 Issues and Recommendations

The Project is anticipated to have many wide-ranging positive effects as described earlier. If the following points are promptly improved, many such effects can be ensure.

(1) Recruitment of Staff Members for the Center and Establishment of Operation and Management System

Staff members for the Center will be recruited around November, 2003 and its organizational structure will be firmly in place. Current government officials are scheduled to be relocated as the director and staff members of the Center. As the Lao PDR does not have exclusive facilities for training and conferences, the Center will be the first such facility and, apart from the halls of hotels, no other facilities of this type exist. Meanwhile, it is believed that the government officials to be recruited as staff members have a lack of sufficient knowledge of the operation and management of this type of facility. The National Committee on the Management and Utilization of the Center, the implementation agency for the Center, is also expected to have a lack of sufficient knowledge of operation and management.

As know-how of the operation and management of facilities like the Center is usually obtained through actual business practice, staff should be recruited and the operation and management system established as scheduled. At the same time, training at similar facilities should be provided until the completion of the Center and the operation and management system should be established through provisional operation of the Center between the completion of the facilities and their formal opening.

As it is also believed that the new staff members of the Center will have a lack of sufficient knowledge of operation and management, the operation and management of the Center will be supported by the soft components of the Project to assist with decisions on the operating policy, formulation of rules and the operating budget plan, etc. Technicians to assist with operation and management and scheduled to be dispatched in October, 2003. Members of the National Committee on the Management and Utilization of the Center should be selected by this time and the director and staff members of the Center should be appointed, at least provisionally. They should collaborate with the technicians to support the operation and management and to acquire and accumulate the necessary knowledge appropriate for such work.

(2) Securing of Operation and Maintenance Budget

To be able to host training and conferences as planned, the users of the new facilities should be secured. At the same time, the operation and maintenance budget should be secured. If the secured operation and maintenance budget is insufficient, the use of the Center could be restricted due to stoppages of the air-conditioning or electricity, etc.

The operation and maintenance budget for the Center is scheduled to be subsidized by the government. Accordingly, after the estimated operation and maintenance cost have been approved by the Prime Minister's Office, the responsible organization will handle the budgetary measures at its own responsibility. The estimated budget shows a deficit of some 147.6 million Kip (about 2 million Japanese yen) in 2005 and a deficit of some 73 million Kip

(approximately 1 million Japanese yen) in 2009. Therefore, if the estimated deficit is not subsidized by the government, the Center cannot be operated.

Furthermore, since income from the leasing of the facilities in the estimation may decrease due to market conditions, including a decline of the Center's utilization rate and competition posed by other facilities, lower charges than those used for estimation may be unavoidable. Consequently, the provision of a long-term government subsidy is essential.

Furthermore, to enable operation from the beginning of the first year, a government subsidy for operational expenses from the beginning of the fiscal year is crucial.

Meanwhile, the National Committee on the Management and Utilization of the Center as the implementation agency should follow the necessary procedure without delay so that the government subsidy for the Center is promptly disbursed every year.

(3) Securing of Equipment Renewal, Major Maintenance and Repair Costs

Building service systems, paint finishing and equipment, etc. can be expected to maintain their functions for a long period of time with daily maintenance. However, all equipment has its own service life, after which the functions significantly deteriorate, making replacement necessary.

The Center will provide facilities for training and conferences. If the equipment necessary for training and conferences or the facility maintenance deteriorate, the scope of training and conferences could be restricted, creating a bad impression on users. The renewal of equipment according to the service life, major maintenance and the repair of facilities should be conducted to ensure the use of the Center. As it tends to be too late to try to secure the necessary budget when equipment renewal, major maintenance and/or the repair of equipment is already necessary, the appropriate budget for the renewal period of each type of major equipment should be secured in a planned manner.

3.3 Appropriateness of the Project

The Government of the Lao PDR is implementing its Social-Economic Development Plan with the long-term goal of breaking away from its current LLDC status by 2020 and human resources development is one of the eight priority development areas.

Training and conferences on human resources development for government officials, technocrats and intellectuals are being held by government institutions, mass organizations and donors. Conferences on regional and international cooperation, such as those of the ASEAN, are also being held. Although government institutions and mass organizations have their own training facilities, the capacity of these facilities is small. In addition, such conference facilities as the sound and AV presentation systems are inadequate. As a result, such external facilities as hotels are rented for training and conferences which cannot be hosted at their own facilities or the training and conferences of donors requiring an interpretation system.

However, due to the increase of the number of training and conferences and use by the private sector, the scope of use of external facilities has also become limited, restricting the number of training and conferences of regional and international cooperation. There is a real need for

the construction of the Center to provide training facilities for human resources development for mainly government officials and for conferences featuring regional and international cooperation.

Furthermore, in order to improve governance and administrative efficiency as prerequisites for socio-economic development, the Project aims at improving the ability of government officials and is, therefore, deemed to be appropriate for Japanese grant aid from this perspective.

3.4 Conclusion

As the Project is expected to have the above-mentioned major effects, it will contribute to the development of human resources, mainly government officials, and promotion of regional and international cooperation, thereby confirming the appropriateness of Japanese grant aid scheme for the Project. Moreover, in regard to the operation and management of the Project, the Lao PDR has pledged to provide the necessary personnel and funding by the time of the completion of the construction work which is currently in the planning process.