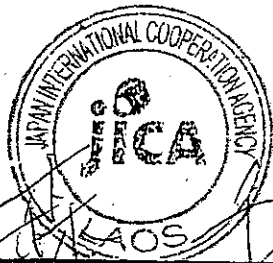


**RECORD OF DISCUSSIONS BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY AND
AUTHORITIES CONCERNED OF THE GOVERNMENT OF
LAO PEOPLE'S DEMOCRATIC REPUBLIC ON
JAPANESE TECHNICAL COOPERATION FOR
THE PROJECT OF LAO-JAPAN HUMAN RESOURCE COOPERATION CENTER
(PHASE 2)**

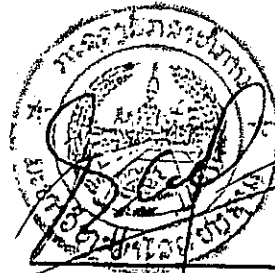
The Resident Representative of Japan International Cooperation Agency (hereinafter referred to as "JICA") Laos Office had a series of discussions with the Lao authorities concerned with respect to desirable measures to be taken by JICA and the Lao Government for the successful implementation of the above-mentioned Project.

As a result of the discussions, and in accordance with the provisions of the Agreement on Technical Cooperation between the Government of Japan and the Government of Lao People's Democratic Republic (hereinafter referred to as "Lao P.D.R."), signed in Tokyo on 12 December 2003 (hereinafter referred to as "the Agreement"), JICA and Lao authorities concerned agreed to recommend to their respective Governments the matters referred to in the document attached hereto.

Vientiane, 30 August 2005



Mr. Senya MORI
Resident Representative,
Laos Office
Japan International Cooperation Agency
Japan



H. E. Prof. Dr. Somkot MANGNOMEK
Vice Minister,
Ministry of Education, and
President,
National University of Laos
Lao People's Democratic Republic

THE ATTACHED DOCUMENT

I. COOPERATION BETWEEN JICA AND LAOS GOVERNMENT

1. The Government of Lao P.D.R. will implement the Lao-Japan Human Resource Cooperation Center (Phase 2) Project (hereinafter referred to as "the Project") in cooperation with JICA.
2. The Project will be implemented in accordance with the Master Plan which is given in ANNEX I.

II. MEASURES TO BE TAKEN BY JICA

In accordance with the laws and regulations in force in Japan and the provisions of Article III of the Agreement, JICA, as the executing agency for technical cooperation by the Government of JAPAN, will take, at its own expense, the following measures according to the normal procedures of its technical cooperation scheme.

1. DISPATCH OF JAPANESE EXPERTS

JICA will provide the services of the Japanese experts as listed in ANNEX II. The provision of Article III of the Agreement will be applied to the above-mentioned experts.

2. PROVISION OF MACHINERY AND EQUIPMENT

JICA will provide such machinery, equipment and other materials (hereinafter referred to as "the Equipment") necessary for the implementation of the Project as listed in ANNEX III. The provision of Article III of the Agreement will be applied to the Equipment.

3. TRAINING OF LAO PERSONNEL IN JAPAN

JICA will receive the Lao personnel connected with the Project for technical training in Japan.

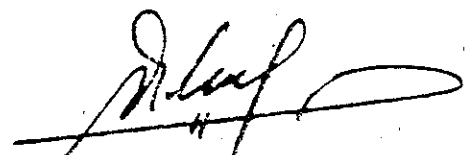
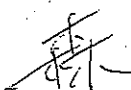
III. MEASURES TO BE TAKEN BY THE GOVERNMENT OF LAO P.D.R.

1. The Government of Lao P.D.R. will take necessary measures to ensure that the self-reliant operation of the Project will be sustained during and after the period of Japanese technical cooperation, through full and active involvement in the Project by all related authorities, beneficiary groups and institutions.

2. The Government of LAO P.D.R. will ensure that the technologies and knowledge acquired by the Lao nationals as a result of the Japanese technical cooperation will contribute to the economic and social development of Lao P.D.R..
3. In accordance with the provisions of Article V of the Agreement, the Government of Lao P.D.R. will grant in Lao P.D.R. privileges, exemptions and benefits to the Japanese experts referred to in II-1 above and their families.
4. In accordance with the provisions of Article VII of the Agreement, the Government of Lao P.D.R. will take the measures necessary to receive and use the Equipment provided by JICA under II-2 above and equipment, machinery and materials carried in by the Japanese experts referred to in II-1 above.
5. The Government of Lao P.D.R. will take necessary measures to ensure that the knowledge and experience acquired by the Lao personnel from technical training in Japan will be utilized effectively in the implementation of the Project.
6. In accordance with the provision of Article III of the Agreement, the Government of Lao P.D.R. will provide the services of Lao counterpart personnel and administrative personnel as listed in ANNEX IV.
7. In accordance with the provision of Article V of the Agreement, the Government of Lao P.D.R. will provide the buildings and facilities as listed in ANNEX V.
8. In accordance with the laws and regulations in force in LAO P.D.R., the Government of Lao P.D.R. through the LJC will take necessary measures to supply or replace at its own expense machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the Equipment provided by JICA under II-2 above.
9. In accordance with the laws and regulations in force in LAO P.D.R., the Government of LAO P.D.R. will take necessary measures to meet the running expenses necessary for the implementation of the Project.

IV. ADMINISTRATION OF THE PROJECT

1. The President of the National University of Laos (hereinafter referred to as "NUOL"), as the Project Director, will bear overall responsibility for the administration and implementation



of the Project. The administrative structure of the Project is shown in ANNEX VI.

2. The Vice President for Planning and International Relations of the NUOL, as the Project Supervisor, will be responsible for the managerial and technical matters of the Project.
3. The Japanese Director/ Chief Advisor will provide recommendations to the Project Director and the Project Supervisor on any matters pertaining to the implementation of the Project, if it is necessary.
4. The Japanese experts will provide necessary technical guidance and advice to Lao counterpart personnel on technical matters pertaining to the implementation of the Project.
5. For the effective and successful implementation of technical cooperation for the Project, the Joint Coordinating Committee, whose functions and composition are described in ANNEX VII, will be established.

V. JOINT EVALUATION

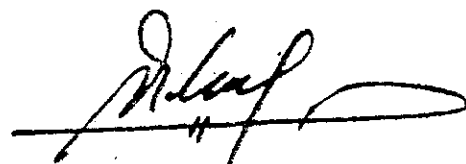
Evaluations of the Project will be jointly conducted twice by JICA and the Lao authorities concerned during the implementation of the Project. The Mid-term Evaluation will be conducted after the first half of the project duration is completed, and the Terminal Evaluation will be conducted six (6) months before the project completion.

VI. CLAIMS AGAINST JAPANESE EXPERTS

In accordance with the provision of Article VI of the Agreement, the Government of Lao P.D.R. undertakes to bear claims, if any arises, against the Japanese experts engaged in technical cooperation for the Project resulting from, occurring in the course of, or otherwise connected with the discharge of their official functions in Lao P.D.R. except for those arising from the willful misconduct or gross negligence of the Japanese experts.

VII. MUTUAL CONSULTATION

JICA Laos Office and Lao authorities concerned will mutually consult on any major issues arising from the project implementation, or in connection with this Attached Document.



VIII. MESURES TO PROMOTE UNDERSTANDING OF AND SUPPORT FOR THE PROJECT

For the purpose of promoting support for the Project among the people of Lao P.D.R., the Government of Lao P.D.R. will take appropriate measures to make the Project widely known to the people of Lao P.D.R..

IX. TERM OF COOPERATION

The duration of the technical cooperation for the Project under this Attached Document will be five (5) years from 1st September 2005.

- ANNEX I MASTER PLAN
- ANNEX II LIST OF JAPANESE EXPERTS
- ANNEX III LIST OF MACHINERY AND EQUIPMENT
- ANNEX IV LIST OF LAO COUNTERPART AND ADMINISTRATIVE PERSONNEL
- ANNEX V LIST OF LAND, BUILDINGS AND FACILITIES
- ANNEX VI ADMINISTRATIVE STRUCTURE OF THE PROJECT
- ANNEX VII JOINT COORDINATING COMMITTEE



ANNEX I MASTER PLAN

1. Overall Goals

- (1) The Lao Japan Human Resource Cooperation Center (hereinafter "Center") will perform the core function for human resource development in both public and private sectors in the field of business area and for market-oriented economic reform of Lao P.D.R.
- (2) Exchange activities for mutual understanding between Lao and Japanese citizens are promoted, and the Center will be the focal point to promote these activities between two countries.

2. Project Purpose


- (1) The Center provides services to enhance human resource development for the market-oriented economic reform of Lao P.D.R.
- (2) The information and the opportunities to participate in activities for mutual understanding are provided to people of both countries by the Center.

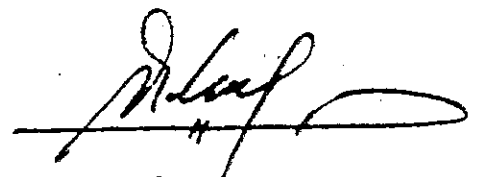
3. Output of the Project

- (1) The general management of the Center is improved and gradually localized.
- (2) Practical business courses and business services intended for the business people in Laos are provided.
- (3) The resources of Japanese language education in Laos are activated through teacher's training, course programs and network among Japanese language teachers.
- (4) The system for providing mutual understanding programs and information is established.

4. Activities

- 1-1 To conduct baseline survey
 - 1-2 To redesign and implement general management system of the Center
 - 1-3 To implement staff training
 - 1-4 To monitor and evaluate the general management system regularly
-
- 2-1 To make an annual implementation plan for business area activities
 - 2-2 To implement business area activities according to the annual implementation plan
 - 2-3 To collaborate with other organizations and provide special courses related to market

6 



economy

2-4 To strengthen the coordinated function with FEBM

2-5 To monitor and evaluate achievements of activities regularly

3-1 To establish overall strategy and make an annual implementation plan for Japanese education in NUOL

3-2 To implement Japanese courses

3-3 To implement teacher training

3-4 To form a human network of private Japanese language schools and the Japanese education personnel in ASEAN region.

3-5 To promote mutual cooperation with the Japanese education personnel in Laos through the teacher seminars and the development of teaching materials in LJC.

3-6 To provide learning environment for Japanese course participants by installing the self-study classroom and studying materials

3-7 To monitor and evaluate achievements of activities regularly

4-1 To implement needs survey for mutual understanding activities

4-2 To collect and provide information on both countries


4-3 To provide opportunities by utilizing facilities

4-4 To strengthen coordination with business area and Japanese language

4-5 To monitor and evaluate achievements of activities regularly

5. Amendment of the Master Plan

In case in which the Master Plan is modified due to changes in the Project, both Governments will agree to and confirm these modifications by exchanging Minutes of Meetings.

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ANNEX II LIST OF JAPANESE EXPERTS

1. Long-term experts

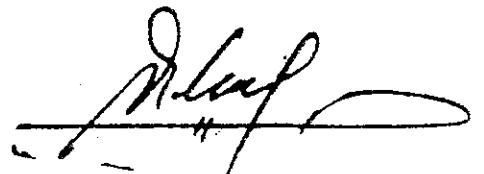
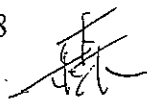
- (1) Japanese Director/ Chief Advisor
- (2) Project Coordinator
- (3) Business Advisor
- (4) Japanese Language Advisor
- (5) Mutual Understanding Coordinator

2. Short-term experts if necessary.

Short-term experts will be determined through discussions between both sides whenever the necessity arises.

Note:

Assignment schedule of the long-term experts depends on the progress of the Project and availability of the suitable experts. Field, number and term of assignment of short-term experts will be decided in consideration of the progress of the Project through mutual consultations in each Japanese fiscal year.

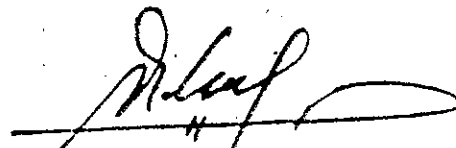


ANNEX III LIST OF MACHINERY AND EQUIPMENT

1. The necessary equipment for the transfer of technology by the Japanese experts will be provided.
2. Other materials and equipment mutually agreed upon as necessary will be provided.

Note:

Contents, specifications and quantity of the above-mentioned equipment will be decided through mutual consultations within the allocated budget of the Japanese fiscal year.



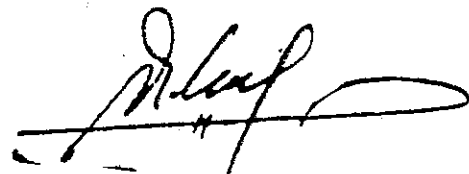
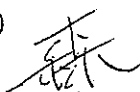
ANNEX IV LIST OF LAO COUNTERPART AND ADMINISTRATIVE PERSONNEL

1. Lao Counterpart

- (1) Project Director (President of the NUOL)
- (2) Project Supervisor (Vice President of the NUOL)
- (3) Project Manager (Director of Lao-Japan Human Cooperation Center; "Lao Director")
- (4) Deputy Director(s)
- (5) Head of Business Area Activities Division
- (6) Deputy Head of Business Area Activities Division
- (7) Head of Japanese Language Course Division
- (8) Deputy Head of Japanese Language Course Division
- (9) Head of Mutual Understanding Activities Section
- (10) Head of Planning and Cooperation Section
- (11) Head of Accounting and Procurement Section
- (12) Head of General Service Section
- (13) Head of Library Section

2. Administrative Personnel

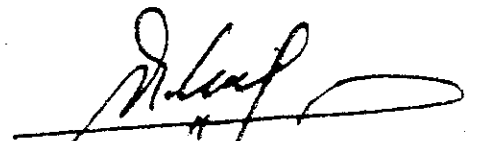
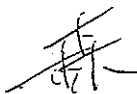
- (1) Business Area Staff
- (2) Japanese Course Staff
- (3) Mutual Understanding Activities Staff
- (4) Secretaries
- (5) Accountants
- (6) Public Relations Staff
- (7) Training Management Staff
- (8) Media / Self Study Room Staff
- (9) Computer Technicians
- (10) Drivers
- (11) Cleaners
- (12) Security Guards
- (13) Other staff will be assigned through the discussion between both sides whenever the necessity arises.



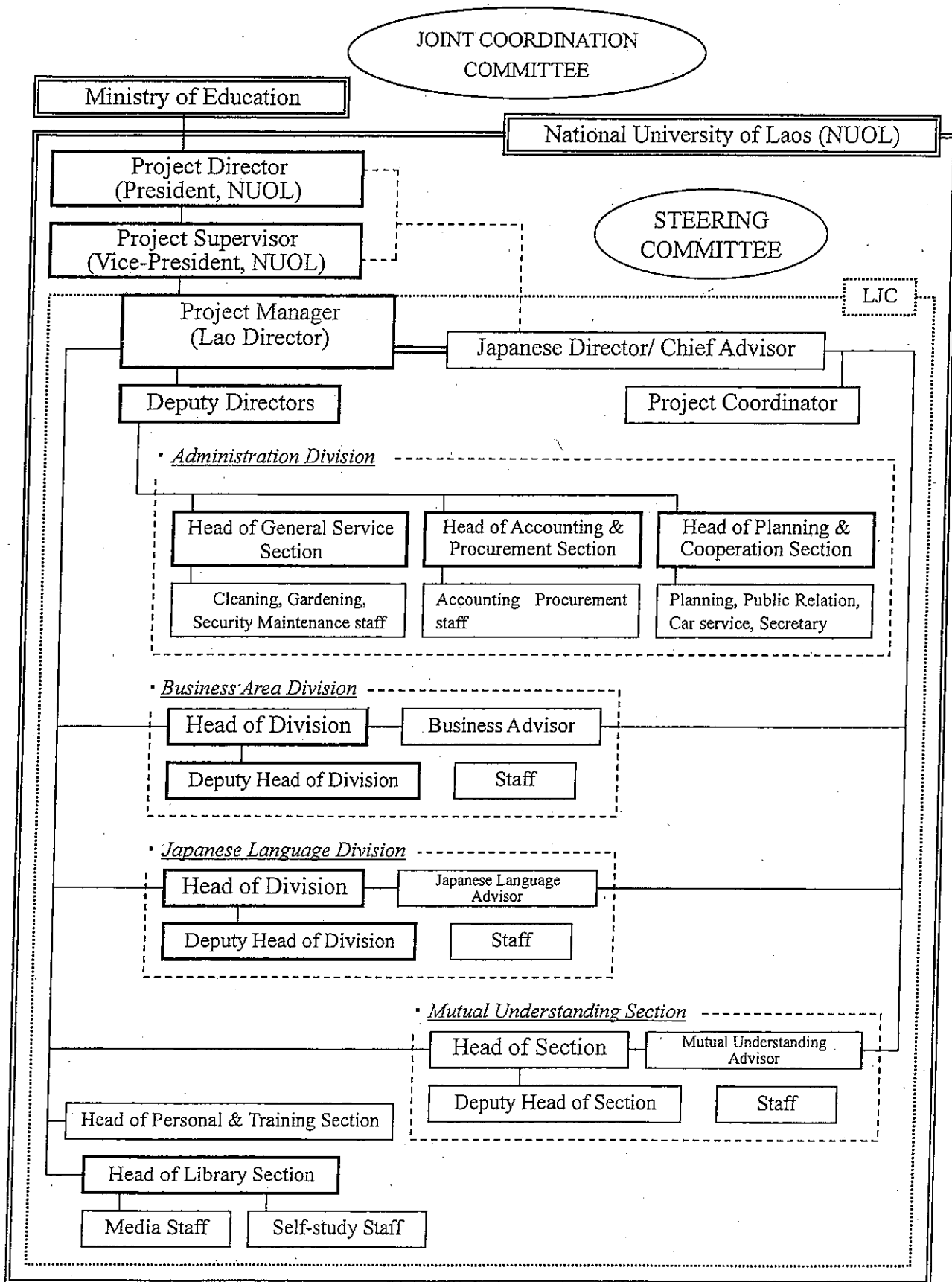
ANNEX V LIST OF LAND, BUILDINGS AND FACILITIES

The following will be prepared by the Government of the Lao P.D.R. for implementation of the Project.

1. Buildings, facilities, and office space for the Project
2. Office space for Japanese experts
3. Space for the machinery and equipment provided
4. Electricity and communications facilities
5. Other land, buildings, and facilities necessary for implementation of the Project will be decided upon agreement of both sides.



ANNEX VI ADMINISTRATIVE STRUCTURE OF THE PROJECT



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ANNEX VII JOINT COORDINATION COMMITTEE

The Joint Coordination Committee (JCC) will be established. It will facilitate communication among related ministries and also it will deepen the understanding of Lao authorities concerned regarding the Project activities.

1. Functions

The JCC will meet at least twice a year and whenever the necessity arises to:

- (1) Supervise the Annual Work Plan of the Project under the Tentative Schedule of Implementation formulated based on the Record of Discussions.
- (2) Review the overall progress of the technical cooperation program as well as achievement of the Annual Work Plan of the Project.
- (3) Review those measures taken by JICA:
 - a) Dispatch of Japanese experts
 - b) Acceptance of Lao counterpart personnel for training in Japan and/or the third countries
 - c) Provision of machineries and equipments
- (4) Review those measures taken by the Government of Lao P.D.R.:
 - a) Allocation of necessary budget
 - b) Allocation of necessary counterpart personnel
 - c) Utilization and administration of machineries and equipments provided by the Government of Japan
- (5) Make recommendations to the respective Governments on:
 - a) Budgetary matters
 - b) Recruitment and appointment of Lao counterpart personnel
 - c) Selection and effective utilization of machinery and equipment
 - d) Appropriate dispatch of Japanese experts
 - e) Acceptance of Lao counterpart personnel for training in Japan and/or third countries.

2. Composition

(1) Chairperson: the President of NUOL

(2) Members:

a) Lao side:

Project Supervisor (Vice-President of the NUOL)

Project Manager (Lao Director of the Center)

A representative of Ministry of Education

A representative of Department of International Cooperation, Ministry of Foreign Affairs

Other personnel concerned, if necessary

b) Japanese side:

Japanese Director/ Chief Advisor

Project Coordinator

Japanese Advisors (experts)

The Resident Representative of Laos Office, JICA

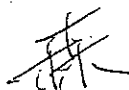
Other personnel concerned to be dispatched by JICA, if necessary

c) Observer:

Official(s) of the Embassy of Japan may attend JCC meetings as observer(s).

Note:

If a member of the JCC described above can not attend the meeting, a representative(s) can attend the meeting in place of the member(s). Persons who are nominated by the Chairperson may attend the Joint Project Coordination Committee.



MINUTES OF MEETINGS BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY AND
AUTHORITIES CONCERNED OF THE GOVERNMENT OF
LAO PEOPLE'S DEMOCRATIC REPUBLIC ON
JAPANESE TECHNICAL COOPERATION FOR
THE PROJECT OF LAO-JAPAN HUMAN RESOURCE COOPERATION CENTER
(PHASE 2)

The Resident Representative of Japan International Cooperation Agency (hereinafter referred to as "JICA") Laos Office and the Lao authorities concerned (hereinafter referred to as "the Lao side") had a series of discussions for the purpose of working out the details of the technical cooperation project concerning the Lao-Japan Human Resource Cooperation Center (Phase 2) (hereinafter referred to as "the Project").

As a result of the discussions, JICA and the Lao side agreed to recommend to their respective Governments the matters referred to in the Record of Discussions signed on 30 August 2005.

Both JICA and the Lao side also agreed to make Minutes of Meetings in order to confirm the mutual understandings reached through the discussions as attached hereto.

Vientiane, 30 August 2005



Mr. Senya MORI
Resident Representative,
Laos Office
Japan International Cooperation Agency
Japan



H. E. Prof. Dr. Somkot MANGNOMEK
Vice Minister,
Ministry of Education, and
President,
National University of Laos
Lao People's Democratic Republic

THE ATTACHED DOCUMENT

1. Framework of the Project

(1) Project title

The project title has been agreed as the "Lao-Japan Human Resource Cooperation Center (Phase 2)".

(2) Project target groups

The citizens, private and state enterprises, governmental officials related to the economic reform, and Lao chamber of commerce, etc.

(3) Project site

Vientiane

(4) Future plans of activities

The future plans of activities are given as the Tentative Project Design Matrix (ANNEX I) and the Tentative Plan of Operations (ANNEX II).

2. Cost for Activities of the Project

(1) Budgetary allocations by JICA

- 1) Expenses of dispatching Japanese and third country expert (s).
- 2) Expenses of the transport and travel allowances for the Japanese experts for official purposes.
- 3) The following expenses will be also born by JICA for the time being during the term of cooperation of the Project. However, these expenses will be gradually covered by the revenue of the Center such as the tuition fee of Business Area Activities and Japanese Language Courses, sale profits of text books, and membership fee for library.
 - a) Expenses of international communication, such as telephone, fax, post,
 - b) Expenses for the library and information service to purchase books and magazines, and
 - c) Expenses for activities by Lao counterpart and administrative personnel relating to the Project.

(2) Budgetary allocations by revenue of the Center

The Center will bear the running expenses necessary for the implementation of the Project including;

- 1) Basic salary of the staff employed by the Center,
- 2) Honorarium for lecturers for business courses, and part-time teachers for Japanese language courses,
- 3) Daily use stationeries,
- 4) Fuel fee for vehicle of the Project,

- 5) Domestic telephone fee and postage fee,
- 6) General advertisement costs for its activities, and
- 7) Other maintenance costs of the equipments.

(3) Budgetary allocations by the Lao side

The Government of Lao P.D.R. will allocate the necessary budget for general administrative expense for the Center, such as;

- 1) Maintenance costs of the facilities
- 2) Electricity and water expenses.

3. Administration of the Project

(1) Co-directors for the management of the Center

With regards to the Clause III-6 of the R/D, the Project will be managed by the Lao Director and Japanese Director who will be appointed respectively by the Lao side and JICA. Both directors will take whole initiative for the management of the Project.

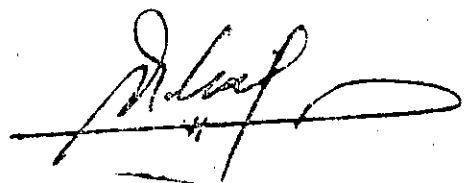
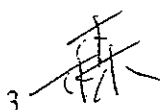
(2) Steering Committee

Both sides agreed that the Steering Committee works for the smooth implementation of the Project. The First Steering Committee meeting shall be held within three months after the Project starts. The members of the committee are described as ANNEX III.

4. Financial Management of the Center

The Center will be permitted to be financially autonomous from the NUOL although the Center is one institution of the NUOL. The Center can utilize its revenue earned by tuition fees of the courses and other sources for its own activities.

ANNEX I	TENTATIVE PROJECT DESIGN MATRIX
ANNEX II	TENTATIVE PLAN OF OPERATIONS
ANNEX III	STEERING COMMITTEE
ANNEX IV	PROJECT DOCUMENT





ANNEX I TENTATIVE PROJECT DESIGN MATRIX

Implementing Agency in Japan : JICA
 Implementing Agency in Lao P.D.R. : NUOL
 Duration : 2005-2010



PDMO
 as of August 2005

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>(OVERALL GOAL)</p> <ol style="list-style-type: none"> The Center will perform the core function of human resource development in the field of business area for market-oriented economic reform of Lao P.D.R. The Center will be utilized as the key place for mutual understanding between the people in Lao P.D.R. and Japan. 	<ol style="list-style-type: none"> 1 % of the sampling number of Vientiane citizens recognizing LJC 2 No. of private companies in Vientiane recognizing LJC 3 No. of member companies of Chamber of Commerce 4 Average income of people with LJC certificate 5 No. of students learning in Japan 6 No. of Japanese visitors to Laos 7 Score on rating-scale assessing the level of mutual understanding 	<p>Following all data are collected at Baseline Survey Questionnaire (opinion polls)</p> <p>Questionnaire through Chamber of Commerce</p> <p>Data from Chamber of Commerce</p> <p>Questionnaire for LJC graduates</p> <p>Lao MOE statistics</p> <p>Lao gov. statistics</p> <p>Questionnaire (opinion polls)</p>	<p>Political status of Lao PDR remains stable.</p>
<p>(PROJECT PURPOSE)</p> <ol style="list-style-type: none"> The Center provides services to enhance human resource development for the market-oriented economic reform of Lao P.D.R. The information and the opportunities to participate in activities for mutual understanding are provided for people of both countries by the Center. 	<ol style="list-style-type: none"> 1 No. of visitors of LJC 2 No. of membership issued at LJC in a year 3 No. of participants and users of each service 4 X% of LJC users and course participants assessing LJC services as satisfactory against rating scale 5 No. of participants becoming entrepreneurs 6 No. of Lao private companies starting business with Japanese companies 7 No. of Lao private companies improving working efficiency and ethics 8 No. of participants becoming Japanese teachers 9 Score on rating-scale assessing the level of mutual understanding 	<p>Records of a counting device</p> <p>LJC data</p> <p>LJC data</p> <p>Questionnaire for LJC users and participants</p> <p>Questionnaire for LJC users, participants and ex-participants</p> <p>Questionnaire for LJC users, participants and ex-participants</p> <p>Questionnaire for LJC users, participants and ex-participants</p> <p>Questionnaire for LJC users, participants and ex-participants</p> <p>Questionnaire for LJC users and participants, Interview</p>	<p>The government of Laos maintains the current policy to promote market economy.</p>
<p>(OUTPUTS)</p> <ol style="list-style-type: none"> The general management of the Center is improved. Practical business courses and business services intended for the business people in Laos are provided. The resources of Japanese language education in Laos are activated through teacher's training, course programs and network among Japanese language teachers. The system for providing mutual understanding programs and information is established. 	<ol style="list-style-type: none"> 1-1 Baseline survey conducted 1-2 General Management system redesigned 1-3 No. of staff training based on the long-term human resource development plan 1-4 % of staff achieved its targets 1-5 Capacity of staff improved 1-6 Monitoring and evaluation conducted 2-1 Annual implementation plan formulated 2-2 No. of type of business area activities 2-3 Collaborative services with organizations such as Ministries and Chamber of Commerce delivered 2-4 Monitoring and evaluation conducted 3-1 Overall strategy and an annual implementation plan for Japanese Language formulated 3-2 Type and no. of activities in Japanese language 	<p>Results of Baseline survey</p> <p>General Management system</p> <p>Staff training records, Training report</p> <p>Self-evaluation</p> <p>Assessment by LJC directors</p> <p>Monitoring and evaluation reports</p> <p>Annual Implementation Plan</p> <p>Activity reports</p> <p>Activity reports</p> <p>Monitoring and evaluation reports</p> <p>Overall strategy, Annual implementation plan</p> <p>Activity reports</p>	<p>MOE and NUOL cooperate with the LJC</p> <p>Lecturers of FEBM, NUOL teach at LJC</p>

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>(ACTIVITIES)</p> <p>1-1 To conduct baseline survey</p> <p>1-2 To redesign and implement general management system of the Center</p> <p>1-3 To implement staff training</p> <p>1-4 To monitor and evaluate the general management system regularly</p> <p>2-1 To make an annual implementation plan for business area activities</p> <p>2-2 To implement business area activities according to the annual implementation plan</p> <p>2-3 To collaborate with other organizations and provide special courses related to market economy</p> <p>2-4 To strengthen the coordinated function with FEBM</p> <p>2-5 To monitor and evaluate achievements of activities regularly</p> <p>3-1 To establish overall strategy and make an annual implementation plan for Japanese education in NUOL</p> <p>3-2 To implement Japanese courses</p> <p>3-3 To implement teacher training</p> <p>3-4 To form a human network of private Japanese language schools and the Japanese education personnel in ASEAN region.</p> <p>3-5 To promote mutual cooperation with the Japanese education personnel in Laos through the teacher seminars and the development of teaching materials in LIC.</p> <p>3-6 To provide learning environment for Japanese course participants by installing the self-study classroom and studying materials</p> <p>3-7 To monitor and evaluate achievements of activities regularly</p> <p>4-1 To implement needs survey for mutual understanding activities</p> <p>4-2 To collect and provide information on both countries</p> <p>4-3 To provide opportunities by utilizing facilities</p> <p>4-4 To strengthen coordination with Business area and Japanese language</p> <p>4-5 To monitor and evaluate achievements of activities regularly</p>	<p>3-3 Level of Japanese proficiency of learners</p> <p>3-4 No. of teacher training conducted</p> <p>3-5 Available level for Lao teachers to teach</p> <p>3-6 Network with other organizations established</p> <p>3-7 No. of meeting and activities together with other organizations</p> <p>3-8 Self-study room for course participants organized</p> <p>3-9 Monitoring and evaluation conducted</p> <p>4-1 Needs survey for mutual understanding activities conducted</p> <p>4-2 No. and type of services provided to promote mutual understanding</p> <p>4-3 Score on rating-scale assessing the level of mutual understanding</p> <p>4-4 No. of access to the LIC homepage</p> <p>4-5 No. of activities implemented in cooperation with Business Area and Japanese language</p> <p>4-6 Monitoring and evaluation conducted</p> <p>(INPUTS)</p> <p>JAPANESE SIDE</p> <p>1. Dispatch Japanese and third country Experts</p> <p>(1) Long-term Experts Japanese Director/ Chief Advisor Project Coordinator Business Advisor Japanese Language Advisor Mutual Understanding Advisor</p> <p>(2) Short-term Experts As necessary</p> <p>2. Provision of machinery and equipment</p> <p>3. Counterparts training</p> <p>4. Budgetary allocation for local activity expense</p> <p>LAO SIDE</p> <p>1. Assignment of Personnel</p> <p>(1) Counterparts (2) Administrative staff</p> <p>2. Provision of land, buildings and facilities</p> <p>3. Budgetary allocations</p> <p>4. Privileges, Exemptions and Benefits</p> <p>REVENUE OF THE CENTER</p> <p>1. Running expenses for implementation of the Project.</p> <p>(1) Basic salary of the staff employed by the Center, (2) Honorarium for lecturers for business courses, and part-time teachers for Japanese language courses, (3) Daily use stationeries. (4) Fuel fee for vehicle of the Project, (5) Domestic telephone fee and postage fee, (6) General advertisement costs for its activities, and (7) Other maintenance costs of the equipments.</p>	<p>Results of Japanese tests</p> <p>Activity reports</p> <p>Activity reports</p> <p>Activity reports</p> <p>Activity reports</p> <p>Self-study room</p> <p>Monitoring and evaluation reports</p> <p>Results of needs survey</p> <p>Activity reports</p> <p>Questionnaire for users and participants of each services, Interview</p> <p>LIC data</p> <p>Activity reports</p> <p>Monitoring and evaluation reports</p>	<p>(PRE-CONDITIONS)</p> <p>Budget to recruit LIC counterparts is secured by the Government of Laos</p>

ANNEX II TENTATIVE PLAN OF OPERATION
Technical Cooperation Programme

Legend;  : the input will be continued.
 : the input will be determined when the necessity of input arises

	2005	2006	2007	2008	2009	2010
[Courses for specific targeted sectors]						
2-1-6. Provide intensive courses for business administration (eg. human resource development)						
2-1-7. Provide special courses for public officials						
[Training for professors and lectures]						
2-1-8. Provide training for lecturers/ advisers						
2-2. Provision of services for Business Area						
2-2-1. Provide the latest business information at LJC						
2-2-2. Provide opportunities for business matching "Lao-Lao, & Lao-foreign"						
2-2-3. Provide business diagnoses services for private companies						
2-2-4. Provide supporting services (incubation) for entrepreneurs						
2-2-5. Provide Computer course						
(1) Increase and implement the variety of courses						
2-3. Collaboration with other organizations and provision of special course related to market economy						
2-3-1. Collaborate with Lao chamber of commerce and other organizations and provide special course for specific industries						
2-3-2. Collaborate with Lao Ministries and provide special courses for policy makers						
2-4. To strengthen the coordinated function with FEBM						
2-4-1. Investigate and examine possibilities for implementing degree courses in LJC "BA & MBA"						
2-5. Monitoring and Evaluation						
2-5-1. Monitor and evaluate achievements of activities						
3. JAPANESE LANGUAGE						
3-1. Establishment of overall strategy						
3-1-1. Conduct comprehensive needs survey on Japanese language in Laos (Business course participants to find needs for Japanese in Business sector)						
3-1-2. Establish overall strategy and plans for promotion of Japanese language in NUOL						





ANNEX II TENTATIVE PLAN OF OPERATION
 Technical Cooperation Programme

Legend; ■■■■■ : the input will be continued.
 ■■■■■ : the input will be determined when the necessity of input arises

	2005	2006	2007	2008	2009	2010
3-2. Implementation of Standard Course						
3-2-1. Redesign elementary course based on needs survey						
3-2-2. Implement elementary course						
3-2-3. Redesign intermediate course based on needs survey						
3-2-4. Implement intermediate course						
3-2-5. Design Course for specific purpose						
(1) Organize short courses for specific groups in daytime						
(2) Organize and implement "short orientation course" for essay contest						
3-2-6. Design appropriate tuition fee system						
3-2-7. Investigate and examine possibilities for credit transfer with NUOL						
3-3. Teacher Training						
3-3-1. Conduct needs survey for teacher training						
3-3-2. Organize network among Japanese language teachers in Laos						
3-3-3. Organize regular teacher training course						
3-3-4. Produce teaching materials						
3-3-5. Implement regular teacher training course						
3-3-6. Provide special lectures through JICA-Net as teacher training						
3-3-7. Provide intensive training course in Japan for excellent teachers						
3-3-8. Steady recruitment of Japanese teachers						
3-4. To form a human network of private Japanese language schools and the Japanese Education person in ASEAN region						
3-4-1. Networking with neighboring countries						
3-4-2. Establish mailing network among the Centers and utilize JICA-Net for Japanese language course						
3-5. Promotion of mutual cooperation with the Japanese education person in Laos						
3-5-1. Utilize domestic resources such as Japanese teachers and teaching-learning materials in cooperation with other organizations						
3-5-2. Exchange information on job opportunity in cooperation with other private schools for Japanese course participants						

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ANNEX II TENTATIVE PLAN OF OPERATION

Technical Cooperation Programme

Legend; ■■■■■ : the input will be continued.
 ■■■■■ : the input will be determined when the necessity of input arises

	2005	2006	2007	2008	2009	2010
3-6. Provision of learning environment for Japanese course participants						
3-5-1. Set up and provide a self-study room for Japanese course students	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
3-5-2. Produce learning materials for self-study	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
3-5-3. Introduce tutor system for Japanese course students	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
3-7. Monitoring and Evaluation						
3-7-1. Monitor and evaluate achievements of activities	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4. MUTUAL UNDERSTANDING						
4-1. Implementation of mutual understanding activities						
4-1-1. Investigate the needs on mutual understanding of both Lao and Japan sides	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-1-2. Establish mechanism of planning for mutual understanding activities	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-1-3. Organize curriculum of regular mutual understanding activities	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-1-4. Introduce Japanese cultural events & Lao culture to Lao and Japanese people	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
(1) Provide seminars	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
(2) Coordinate study tour/home stay for Japanese people	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-2. Function as Information Resource Center						
4-2-1. Collect and Provide information	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-3. Provision of Opportunities by utilizing facilities						
4-3-1. Deliver services at Library	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-3-2. Deliver services at Computer rooms	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-3-3. Deliver services at Japanese rooms	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-3-4. Deliver services at Media room/ Self-study room	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-4. Strengthening coordination with Business area and Japanese language						
4-4-1. Strengthen coordination with Business Area activities	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-4-2. Strengthen coordination with Japanese language course	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
(1) Organize several cultural programs, at least 1 event in 1 term	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■
4-5. Monitoring and Evaluation						
4-5-1. Monitor and evaluate achievements of activities	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■	■■■■■

ANNEX III STEERING COMMITTEE

1. Function

The Steering Committee meeting will be held at least once a year in order to fulfill the following functions;

- (1) To supervise the annual and monthly work plan of the Project activities.
- (2) To review the Center management and to find out proper ways and means for the solution of major issues arising from or in connection with Center management.

2. Members of the Steering Committee

(1) Chair Persons

- 1) Project Supervisor (Vice President of the NUOL)

(2) Members

1) Lao side

- a) Project Manager (Lao Director)
- b) Deputy Directors of the Center
- c) Head of each Divisions and Sections (Administration, Business Area Activities, Japanese Language Course, Mutual Understanding Activities)
- d) Other persons concerned approved by the Committee

2) Japanese side

- a) Japanese Director/ Chief Advisor
- b) Project Coordinator
- c) Japanese Advisors (experts)
- d) Representative of the JICA Lao office
- e) Other persons concerned approved by the Committee

ANNEX IV

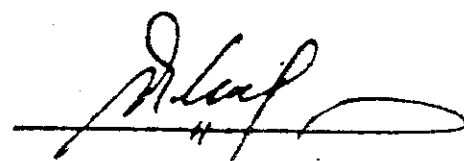
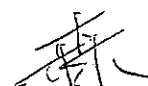
LAO-JAPAN HUMAN RESOURCE COOPERATION CENTER

PROJECT PHASE II (2005~2010)

PROJECT DOCUMENT

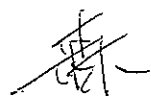
AUGUST 2005

National University of Laos (NUOL), Ministry of Education,
Lao People's Democratic Republic
and
Japan International Cooperation Agency (JICA)



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5.4.3 Revenue of the LJC

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6.1 Relevance

6.1.1 Consistency with the needs of Lao P.D.R.

6.1.2 Consistency with Lao national policies

6.1.3 Consistency with Japanese aid policies for Lao P.D.R.

6.1.4 Participatory Planning Process

6.1.5 Utilization of the Japanese experiences

6.2 Effectiveness

6.2.1 Logicality of the Project plan

6.2.2 Possibility of fulfillment of important assumptions

6.3 Efficiency

6.4 Expected results

6.4.1 Feasibility of the achievement of the Overall goals

6.4.2 Socio-Economic impacts

6.4.3 Negative impacts

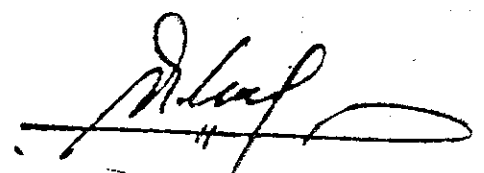
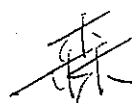
6.5 Sustainability

6.5.1 Institutional capacity

6.5.2 Financial status

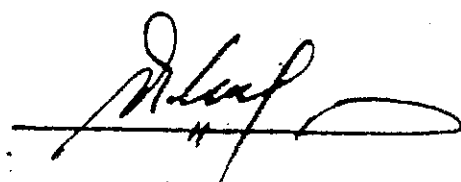
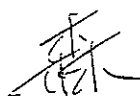
7. Monitoring and Evaluation

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List of Acronyms

ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
ASEAN	Association of Southeast Asian Nations
C/P	Counterpart
FEM (FEEM)	Faculty of Economics and Management currently, Faculty of Economics Business and Management
GDP	Gross Domestic Product
GMS	Greater Mekong Subregion
GTZ	Deutsche Gesellschaft für Technische
HRD	Human Resource Development
JICA	Japan International Cooperation Agency
LDC	Less Developed Countries
LJC	Lao-Japan Human Resource Cooperation Center
LNCCI	Lao National Chamber of Commerce and Industry
NEM	New Economic Mechanism
NUOL	National University of Laos
ODA	Official Development Assistance
OJT	On-the-Job Training
PDM	Project Design Matrix
PO	Plan of Operation
SFS	School of Foundation Studies
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific

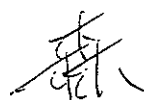


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Preface

The Japanese Ex-ante Evaluation Mission Team organized by the Japan International Cooperation Agency (JICA) visited the Lao P.D.R. from 22 June 2005 to 6 July 2005 for the purpose of the study regarding the Government of Lao P.D.R. request for the Japanese technical cooperation concerning Lao-Japan Human Resource Cooperation Center Project Phase 2 (hereinafter referred to as "the Project"). During the study in the Lao P.D.R., the Team exchanged views with the related parties and also ran a series of Project Cycle Management Workshops for planning the Project with participation of the staff and Japanese experts of the Lao-Japan Human Resource Cooperation Center, JICA Laos Office and other related parties. The team produced the Project Document based on the findings from interviews and surveys during the Study.



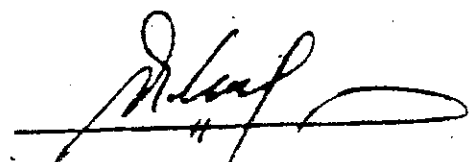
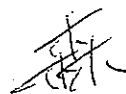
1. Introduction

Since 1986, the Government of Lao P.D.R. has implemented economic reform toward market economy under the New Economic Mechanism (NEM). Human resource development related with a market-oriented economy has been recognized as one of the most important assignments under economic transitions. In order to respond strong demand for human resource development for a market-oriented economy, the Government of Lao P.D.R. (GoL) established National University of Laos (NUOL) under the assistance of Asian Development Bank (ADB) in 1996. The cooperation for establishment of the "Faculty of Economics and Management (FEM)" and the "Lao Japan Human Resource Cooperation Center (LJC)" was requested by GoL to the Government of Japan in 1998 with the five (5) year cooperation term from September 2000 to August 2005. Responding this request, JICA started a technical cooperation project, namely the "Project for the Development of the Faculty of Economics and Management of the National University of Laos and the Lao Japan Human Resource Cooperation Center (FEM-LJC Project)." Facilities of FEM and LJC had been also constructed by the Japanese Grant from August 2000 to March and September 2001 respectively.

In 2004, the FEM-LJC Project was divided into two projects, the "Project for the Development of the Faculty of Economics and Management of the NUOL" and the "Lao-Japan Human Resource Cooperation Center" due to the expansion of each activity of two components.

In February 2005, the final evaluation mission team was dispatched by JICA. The mission team and Lao side evaluators confirmed the satisfactory achievements of the organizational management as well as each activity of the LJC such as business courses, Japanese language courses, and mutual understanding promotion programs. It was evaluated that the implementation frameworks for each activity of the LJC were mostly established. However, it was also commonly recognized between Lao and Japan side that the cooperation should be continued for further capability development of the LJC. From the point of view, the Government of Lao P.D.R. requested the Government of Japan to continue the project of "the Lao-Japan Human Resource Cooperation Center".

The Government of Japan adopted the execution of the five years cooperation as "the Lao-Japan Human Resource Cooperation Center Project (Phase 2)" that will start from September 2005. In the Phase 2, the capacity building of the counterpart (C/P) personnel and staffs will be crucial for strengthening the management ability of each activity. More importantly, the expansion of business area activities has to be taken into account in order to strengthen the function of LJC and improve the financial situation of the LJC in the long run.



2. Background

2.1 Socio-Economic Situation

2.1.1 Overview of Economy

Under economic reform initiated by the New Economic Mechanism (NEM) launched in 1986, the Government of Lao P.D.R (Laos) has put in serious efforts to tackle the various issues concerning the reform such as deregulation of trade, privatization of national enterprises, abolition of the state price and reform of the financial system. The consistent efforts prove effective, for the average GDP growth rate in the 1990's reaches 6%. In 1997, Laos joined the Association of South East Asian Nations (ASEAN) and AFTA (ASEAN Free Trade Area) afterward, and the Government of Laos has strengthened its position in regional economy.

However, Lao economy has several structural constraints. Such constraints include: 1) small domestic market because of a small population, 2) being a landlocked territory, transport cost becomes high, 3) several areas not fully participating in the national economy, and 4) significant portion of funds is kept in the forms of jewels and in foreign banks. In order to cope with the above constraints, the government is required to make a huge investment in infrastructure development. Thus the fiscal balance of Lao P.D.R. has been constantly deficit-ridden while the deficit is financed by ODA loans and grants.

Agriculture and Forestry has been a principal source of economic benefit in Laos. It accounts for half of GDP, and 1/4 by Commerce and Industry and Service respectively. The rate by Commerce and Industry has gradually increased from 14.5% in 1990 to 25.9% in 2003 since it has benefited from the business expansion of foreign enterprises.

As for foreign investments, the investment from Thailand - mainly on Electricity - represents more than 30% of total direct foreign investments. The major exporting products of Laos are garment, electricity and wood products; however, the value of export is small compared to the one of import. Thus the balance of trade produces large deficits since Lao economy heavily relies on import.

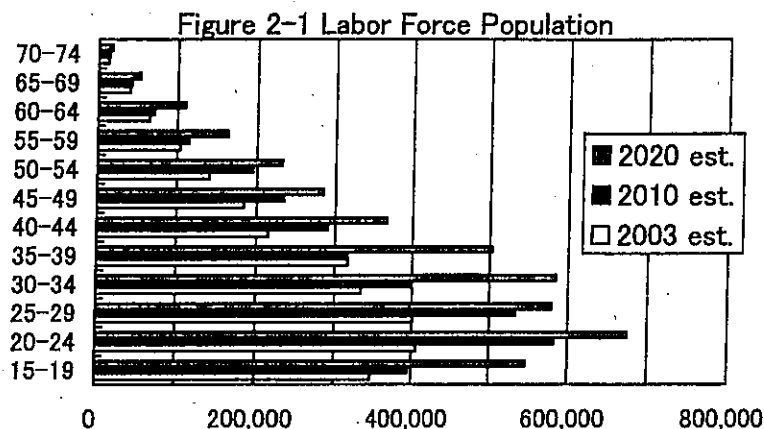
Table 2-1 Macro-Economic Indicators

	1999	2000	2001	2002	2003
1. GDP Growth (%)	7.3	5.8	5.8	5.9	5.8
2. Consumer Price Index (annual change, %)	-	-	7.7	10.7	15.5
3. Government finance (Bn Kips)					
Revenue	929	1,691	1,979	2,329	-
Grants	532	475	476	-	-
Expenditure	1,719	2,513	3,169	3,136	-
Surplus/Deficit (% of GDP)	-257 -2.5	-346 -2.5	-714 -4.5	-	-
Financing					
Domestic borrowing (net)	-136	-294	236	-	-
Foreign borrowing (net)	393	640	478	-	-
4. Balance of Payments (Mn US dollar)					
Exports	302	330	320	297	366
Imports	554	535	510	467	501
Current account	-75.7	-8.5	-56.0	3.5	-26.2
Direct investment	51.6	33.9	23.9	4.5	19.5
Overall balance	-6.5	34.7	-7.5	62.5	19.6
5. External Indebtedness (Mn US dollar)					
Debt outstanding	2527	2502	2495	2665	-
Debt service ratio	7.7	7.9	9.0	-	-

(Source: Asian Development Bank)

2.1.2 Projection of Labor Force

Laos has a population of about 5.68 million (2003), 44% of which is children under 15 years old. The ratio of economically active population accounts for 50.1%. The tendency of the rapid increase of young population, especially the significant increase of the youth aged twenties and thirties by 2010, is anticipated to continue (see Figure 2-1). This illustrates that the labor force mainly consisting of young generation will be supplied sufficiently in the near future.



Source: Census, 1995,
Nakamura

While the increase of the labor force is expected, the analysis by ADB warns that Laos will short of approximately 20,000 labor force with adequate skills and knowledge, who are those with the equivalent ability of university graduates, in order to smoothly transfer its economy to market economy. According to the ADB report, the human resources with improved skills and knowledge are needed in order to initiate drastic structural reform of Laos.

The Figure below shows the population by occupational groups. Among these occupational groups, some of them can be considered as the LJC's target groups, that is, Legislators, Senior Officials, Managers, Professionals, Technicians and Associate Professionals. The total population of these occupational groups is 104,000 (1995). Considering the population growth rates, which are 23% from 1995 to 2003 and 47% from 1995 to 2010, the total population belonging to the target occupational groups becomes about 128,000 in 2003 and 153,000 in 2010. Although this is a preliminary projection, it is possible to regard these numbers as the LJC's potential targets. The number of working people has learnt business at universities and private colleges is estimated approximately from some hundreds to a thousand. The training course for working people is assumed to be much in demand.

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Table 2-2 Population by Occupational Groups

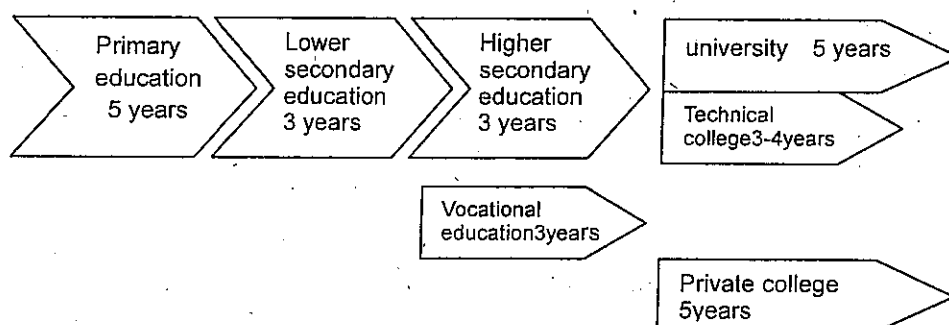
Occupation Group	Employed	
Legislators, Senior Officials, Managers	9,500	0.4%
Professionals	26,900	1.2%
Technicians and Assoc. Prof.	62,600	2.9%
Clerks	5,200	0.2%
Service Workers	85,700	4.0%
Agricultural and Fishery	1,852,700	85.5%
Crafts and Related Trades	55,900	2.6%
Operators and Assemblers	21,200	1.0%
Elementary Occupations	25,300	1.2%
Others	21,200	1.0%
Total	2,166,200	100.0%

(Source: Census 1995)

2.1.3 Educational Sector

The educational system of Laos consists of the five years primary education, the three years lower-secondary education, the three years upper-secondary education and the five years higher education. There are also the three years vocational education admitting lower secondary school graduates and the three or four years technical education accepting upper secondary school graduates. In addition, there are about thirty private colleges specifically teaching business or English.

Figure 2-2 Education System of Laos



The net enrolment rate of primary education is 85%¹, and the government places great emphasis on primary education to realize universal primary education in Laos. The net enrolment rate of secondary education and gross enrolment rate of higher education is 35% and 5% respectively, which clearly demonstrates the considerable difficulties to go on to the next stage of education.

Table 2-3 Enrolment Ratio in Laos

		1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
Net enrolment ratio (both sexes)	Pre-primary education	7%	8%	7%	7%	8%
	Primary education	80%	82%	81%	83%	85%
	Secondary education	27%	29%	30%	31%	35%
Gross enrolment ratio (both sexes)	Higher education	3%	3%	3%	6%	5%

¹ UNESCO Institute for Statistics

The LJC functions as a substitute for or a supplement to higher education. Since it is tightly related to higher education, the following section overviews issues on higher education.

The representative institute of higher education in Laos is the National University of Laos (NUOL) which was established in 1996 with consolidation of ten institutes specialized in particular fields. NUOL provides academic education with quality; however, the huge constraints at the level of primary education, such as deficits in both quantity and quality of teachers, materials and curriculum, impede producing the desired achievements.

Although the quality of NUOL is domestically high, there are many challenges to improve its quality. The major difficulty NUOL envisages as the budget shortfall which also leads to several other problems such as insufficient teaching ability, inadequate curriculum and low standard of salary for university staff. The issues of admission through personal connections and overemphasis on academic qualifications are also reported.

In addition to NUOL, there are higher technical colleges as institutes of higher education. These 23 technical colleges are located in provinces, and about 5,000 students a year study there². In General, the number of higher institutes in Laos is, however, still scarce, and the access to higher education is very limited.

2.2 Government Strategy

The government of Laos consistently advances its economic reform promoting the transition from planned economy to market economy.

'The Fourth Socio Economic Development Plan (1996-2000)' adopted in October 1996 states that the government aims at filling the income gap between urban and rural areas, improving the legislation and privatizing the national enterprises. At the Seventh Party Congress of Lao People's Revolutionary Party in 2001, the government declared that Laos would break away from the status of LDC by 2020. At the same time, the basic economic policy, which is to promote the transition from non monetary economy to commodity economy with the focus on agricultural development, was agreed.

'The Fifth Socio-Economic Development Plan' was launched in 2001 covering a five years period, and it set goals showed below: 1) to stabilize politics and public order; 2) to secure sustainable economic development; 3) to reduce the poverty by half by 2005; 4) to ensure food security, 5) to create new job opportunity and to terminate poppy farming and slash-and-burn agriculture; 6) to raise the national saving rate; 7) to promote reform of national and private enterprises; 8) to develop human resources in all sector, and 9) to establish supporting system for modern industrial development.

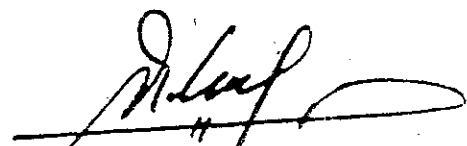
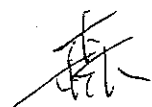
These development policies mentioned above exhibit the firm resolution of the government promoting market economy, and the human resource development has been one of the most critical issues.

2.3 Prior and On-going Efforts related to the Project

2.3.1 Project for the Development of FEBM

The Project Phase 1 has begun since September 2000, and it will complete in August 2005. The Phase1 consists of two components which are the development of the FEM and the establishment of the LJC. In 2004, the project for the FEM and LJC was divided into two projects, "the project for the Development of the Faculty of Economics and Management of the NUOL" and "the Lao-Japan Human Resource Cooperation Center" due to the expansion

² Overseas Vocational Training Association



of each activity of two components.

As for the Project for the FEM, JICA supports the capacity development of the lecturers and professors by providing opportunities for studying abroad. The number of MA and PhD holders increases to thirty by the end of the Project Phase 1, although there were two MA degree holders at the initial point of the Project. Since the improvement of teaching abilities of lectures in Laos is also essential, JICA has dispatched short and long term Japanese experts to train them efficiently at the working place. Moreover, the curriculum and administration system were also developed in the Project.

Due to the development of the FEBM, the graduates have successfully become government officials and employees in leading companies.

2.3.2 Establishment of the Japanese Section, Faculty of Letters, NUOL

NUOL established four foreign language sections in the Faculty of Letters in 2003, one of which was the Japanese section. The Japanese section started providing Japanese language education in October 2003, and thus there are students in the second and third year currently. At the completion of their study, students earn BA degree

The Japan Foundation supports the development of the Japanese section by dispatching experts of Japanese education. It is planned that the Japanese section teaches not only Japanese language but also Japanese context relating to culture, tradition, values, arts and so forth.

3. Problems to be Addressed: Current Situation

3.1 Problems relating to the Business Area

The number of the institutions offering training courses for business people in Laos is limited, especially in provincial areas since most of them are located in the capital city, Vientiane. The following list shows the major organizations and institutions providing business training courses in Laos.

- i) National Organization for Studies in Policies and Administration (NOSPA)
- ii) Vietnam University of Economics
- iii) Faculty of Economics and Management, National University of Laos
- iv) Private colleges
- v) Companies (for employees)
- vi) Ministries
- vii) International donors

The following Figure demonstrates the categories of the organizations and institutions listed above in terms of types of target groups (for student or for working people), period of training (short or long) and contents of teaching (general or specific). It illustrates that there are few short term courses teaching general subjects of business.

Table 3-1 Business Educational Institutions

		Students	Working people
Long term	General	<ul style="list-style-type: none"> • FEM (Bachelor) × Lao-American College (Bachelor) • Comcenter College (Bachelor) • Khamavath College (Diploma) 	<ul style="list-style-type: none"> × NOSPA (MBA) × Vietnam University of Economics (MBA) × Scholarships (MBA, Bachelor)
	Specific	<ul style="list-style-type: none"> • English, Accounting, Computer (Diploma) 	<ul style="list-style-type: none"> • Banking College (Diploma)
Short term	General	<ul style="list-style-type: none"> × Lao-Singapore College (Diploma) 	<ul style="list-style-type: none"> × LJC (Certificate) × Lao-Singapore College (Diploma)
	Specific	<ul style="list-style-type: none"> • Private schools 	<ul style="list-style-type: none"> × Unity School of Management (Diploma) • Trainings by ministry/company • Trainings by donor

Note: sign×: foreign institutes, sign (): degree

Since Lao-Singapore College accepts students as well as working people, it is located in the both columns.

Source: JICA

Although there are a number of institutes providing long-term courses for students in Vientiane, there are scarce training courses open to working people. Especially, there is no institution except the LJC provides short-term courses covering general business subjects.

Considering the expansion of the global market that affects the entire world, it is an urgent need of Laos to develop human resources capable to promote the economic development of Laos in global economy. In this sense, the training courses for business people are immediately required in order to enable them to orient themselves to the new economic environment.

Despite training of working people is recognized as crucial, the number of courses is very limited as mentioned above. Designing the appropriate courses for busy working people requires special consideration since it is fundamentally necessary for course organizers to

motivate participants to spare the time for learning. The LJC has actively acted to develop human resources by offering the most needed training to business people, and it is expected to play the key role in the field of the human resource development by consistently responding to the needs.

3.2 Problems relating to the Japanese Language Course

Japanese language education in Laos has become active in the 1990's, but the scale of it is still small. Currently, there are four types of institutions concerning Japanese education: 1) NUOL (the School of Foundation Studies and the Faculty of Letters), 2) LJC, 3) private Japanese language schools (three schools exist at present) and 4) Lao Women's Union. In 2003, approximately 500 people³ learn Japanese.

There are many problems in Japanese education since the experiences in this field of Laos are very limited and the environment for Japanese education has not been well organized yet. There are four major challenges as follows:

1) Lack of teachers

While the demands towards Japanese education increase, the supply has not reached to the satisfactory level. The major constraint is a shortage of teachers, especially Laotian teachers.

There are 24 Japanese language teachers⁴ in Laos presently, only about five of whom are Laotians. Considering the importance of stable supply of teachers to promote Japanese education, the number of Laotian teachers should increase. In addition, the teaching ability of Laotian teachers needs to be improved. The Laotian teachers are able to teach at beginner's level presently but not at the intermediate level.

It is critically important to train Laotian teachers to minimize the dependency on unstable supply of Japanese teachers and to build a firm ground of Japanese education in Laos.

2) Lack of opportunities to use Japanese

The opportunities to actually use Japanese hardly exist in Laos, even though learners develop proficiency in Japanese. In this sense, it must be said that the practical advantages of learning Japanese are very limited. It is assumed that the demands for Japanese learning may continuously increase to satisfy people's intellectual curiosity; however, to maintain their motivation and promote Japanese education, the creation of opportunities to use Japanese is needed.

3) Insufficient understanding of learning needs

In order to provide valuable courses, to grasp the learning objectives is fundamentally necessary. However, the objectives have not been fully identified since Japanese education in Laos has just begun recently. In order to make clear the learning objectives, the needs-survey of Japanese education should be conducted to design appropriate courses.

4) Limited cooperation and network among Japanese language institutions

The opportunities for Japanese language teachers in Laos to exchange information have begun to be provided by the LJC recently. The seminars on Japanese language education organized by the LJC were held two times so far with the participation of almost all Japanese teachers in Vientiane. This collaborative relationship among Japanese teachers should be reinforced in order to fully utilize domestic resources and improve quality of education. Organizing a

³ Japan Foundation

⁴ Japan Foundation

teacher's association in the future may be a useful means to strengthen cooperation.

The network among Japanese language teachers should be built not only inside the country but also among neighboring countries such as Thailand, Vietnam and Cambodia that have large experiences and rich resources in the area of Japanese language education. Japanese language teachers in Laos will surely obtain benefit from learning from these countries.

3.3 Institutional Framework

The following picture illustrates the correlation between the LJC and organizations concerned. The LJC is expected to function more actively to produce desired results by strengthening cooperative relationships with other organizations.

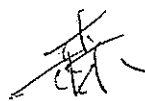
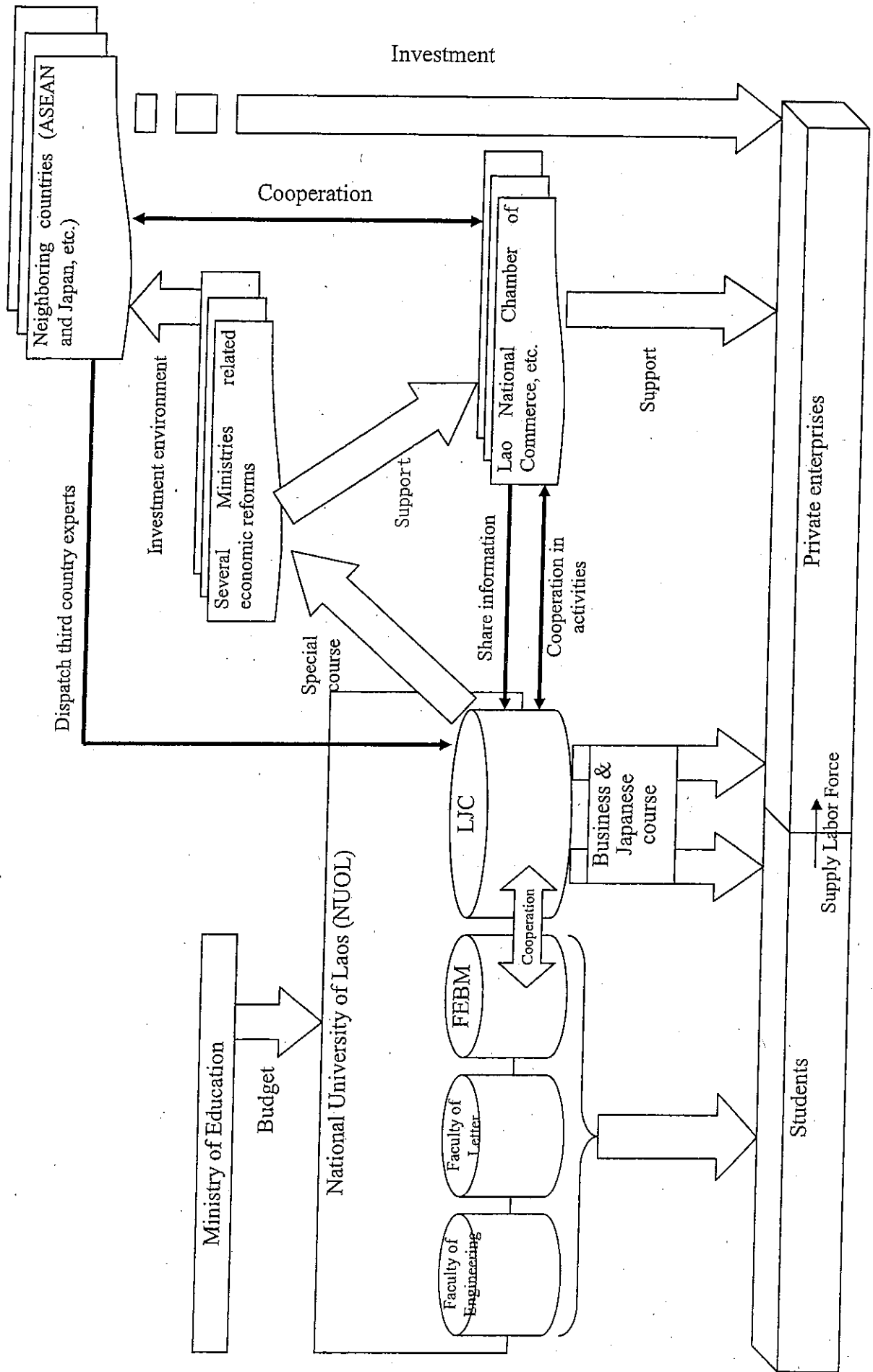


Figure 3-1 Correlation Diagram for LJC (Phase 2)



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4. Project Strategy

4.1 Overall Strategy

There are two Overall Goals of the LJC Projects. One of them is to develop economy in Laos. As a means of that, the LJC primarily focuses on enhancing the capacity of human resources who initiate economic development in Laos. The LJC becomes the core supply center of quality education offering practical knowledge and skills in this regard. It also aims at stimulating Lao-economy by providing not only training courses but also useful information and services to generate economic activities.

Another Overall Goal is to build the close relationship between Laos and Japan. The LJC promotes the mutual understanding between the people of Laos and Japan, which is the foundation of the close ties between two countries.

4.2 Project Approach

While the Phase 1 is the period for establishing a base for the human resource development, the Phase 2 is the period for delivering and expanding its quality services. The shift of the Project principle demands the LJC (or the Center) not only to continue but also to go further the ways in the Phase 1. In the Project Phase 2, the LJC will activate networks and cooperative relationships with organizations concerned. The LJC needs to improve its coordinating functions in order to involve diverse collaborators and provide valuable services.

4.3 Implementation Structure/ Management System

The administrative structure of the Project Phase 2 is shown on the next page.

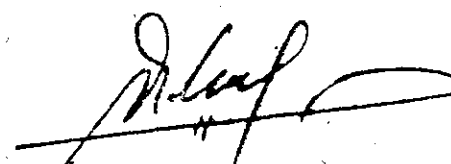
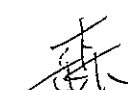
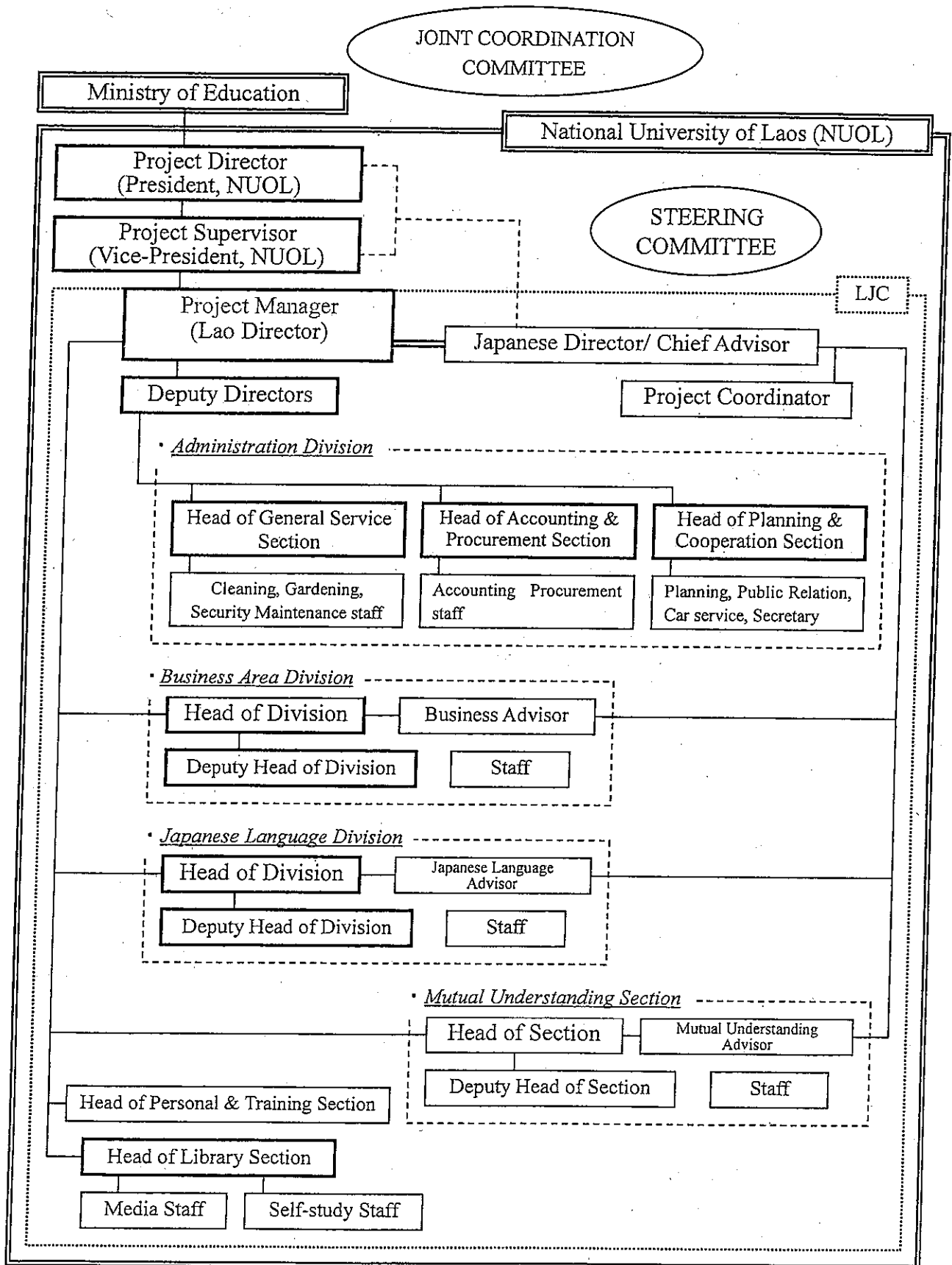


Figure 4-1 Administrative Structure of the Project



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4.3 Project Overview

4.3.1 Project Name

Lao-Japan Human Resource Cooperation Center (Phase 2)

4.3.2 Project Area

Vientiane, Lao PDR

4.3.4 Counterpart Organization

Supervising Organization: Ministry of Education

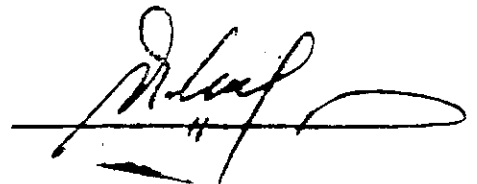
Implementing Organization: National University of Laos

4.3.5 Project Period

From September 1, 2005 to August 31, 2010

4.3.6 Project Administration

- i) The President of the National University of Laos, as the Project Director, will bear overall responsibility for the administration and implementation of the Project. The administrative structure of the Project is shown above on page 13.
- ii) The Vice President for Planning and International Relations of the NUOL, as the Project Supervisor, will be responsible for the managerial and technical matters of the Project.
- iii) The Japanese Director/ Chief Advisor will provide recommendations to the Project Director and the Project Supervisor on any matters pertaining to the implementation of the Project, if it is necessary.
- iv) The Japanese experts will provide necessary technical guidance and advice to Lao counterpart personnel on technical matters pertaining to the implementation of the Project.
- v) For the effective and successful implementation of technical cooperation for the Project, the Joint Coordinating Committee will be established.



5. Project Design / Master Plan

5.1 Overall Goals

- (1) The Lao Japan Human Resource Cooperation Center (hereinafter "the Center") will perform the core function for human resource development in both public and private sectors in the field of business area and Japanese language education for market-oriented economic reform of Lao P.D.R.
- (2) Exchange activities for mutual understanding between Lao and Japanese citizens are promoted, and the Center will be the focal point to promote these activities between two countries.

For the formulation of the Overall Goals, the lessons learned from the Phase 1 were integrated. The terminal evaluation on the achievements of the Phase 1 conducted in February 2005 claimed that the Overall Goals⁵ of the Phase 1 aimed far beyond impacts brought from the Project. It also pointed out that the indicators of the Overall Goals of the Phase 1 had not been set clearly, so that there was some deficiency to quantitatively measure the impacts. Consequently, the Overall Goals of the Phase 2 should be quantitatively measurable and achievable within a few years after the completion of the Project.

Despite the LJC has consistently placed emphasis on the human resource development in the field of business, it has not fully played a key role for that in Laos yet. The LJC will play a key role for human resource development, which enables Lao-economy to smoothly transfer to market economy.

The LJC has constraints to promote mutual understanding between the people of Laos and Japan due to the lack of connection to involve people in its activities. It also intends to be utilized as a base to promote mutual understanding between Lao and Japanese people.


5.2 Project Purposes

- (1) The Center provides services to enhance human resource development for the market-oriented economic reform of Lao P.D.R.
- (2) The information and the opportunities to participate in activities for mutual understanding are provided to people of both countries by the Center.

The Project is planned to start providing not only training courses but also services such as provision of business information and consultation for private companies and business entrepreneurs according to the local needs. The contents of each service become practical by integrating Japan's knowledge and experiences of economic and social development. This methodological direction of the Phase 2 is applied not only to the Business Area but also to the Japanese Language course⁶ and the Mutual Understanding activities. For example, the Mutual Understanding activities, which provided activities to Lao people only in Phase 1,

⁵ 1) Socio-economic Development in Lao P.D.R. will be accelerated and 2) the relationship between the people in Lao P.D.R. and Japan will be strengthened

⁶ As mentioned above, it is necessary to notice that Japanese Language Education requires more time to contribute to human resource development for economic reform since the level of Japanese Education in Laos is still low. Additionally, in order to play an important role for economic reform, socio-economic condition of Laos needs to be activated as it provides more opportunities for Japanese learners to use Japanese language at work places.



starts providing various kinds of information with good quality and opportunities for frequent interaction of both citizens.

5.3 Project Outputs and Activities

5.3.1 Outputs of the Project

- (1) The general management of the Center is improved.
- (2) Practical business courses and business services intended for the business people are provided.
- (3) The resources of Japanese language education in Laos are activated through teacher's training, course programs and network among Japanese language teachers.
- (4) The system for providing mutual understanding programs and information is established.

The Outputs of the Project are formulated in each division of the LJC and each of them reflects issues to be solved in each division. There are also some differences of the targeting levels of Outputs since the progress of each division during Phase 1 shows differences in achievements. For example, while the Output of the Business Area sees development of practical capacity of the target group since it showed the most immediate progress among four divisions, the Output of the Mutual Understanding activity is the establishment of the implementation system since the ambiguity of the purpose of Mutual Understanding activity, which implies more than cultural exchange, hinders planning and practicing diverse activities. As for Japanese Education, the Output aims at development of teaching ability due to a serious insufficiency in both the number of Japanese teachers and teaching ability. The Administration division has already established the general management system, so the Output sees its further improvement.

5.3.2 Activities

[Activity 1]

- 1-1 To conduct baseline survey
- 1-2 To redesign and implement general management system of the Center
- 1-3 To implement staff training
- 1-4 To monitor and evaluate the general management system regularly

Details of Activity1 :

The Project will improve the general management system so as to enable the LJC to provide effective services.

There are four steps for Activity 1.

Firstly, the Administration division in cooperation with other three divisions conducts the baseline survey at the beginning of the Project. The purposes of the baseline survey are to understand the current situation to rearrange the LJC's services and to formulate clear indicators for monitoring and evaluation.

Secondly, based on the results of both the baseline survey and discussion among the LJC staff, the general management system is redesigned. Redesigning shall not be at the beginning of

the Project only, but it is also conducted as necessary.

Thirdly, staff training such as OJT, domestic training and overseas training, is provided for the LJC staff since the capacity building of the staff is essential for smooth operation of the LJC.

Lastly, the Administration division conducts monitoring regularly on the general management system. The staff shares the results and findings and integrates lessons learned into the current implementation to improve the general management system immediately.

[Activity 2]

- 2-1 To make an annual implementation plan for business area activities
- 2-2 To implement business area activities according to the annual implementation plan
- 2-3 To collaborate with other organizations and provide special courses related to market economy
- 2-4 To strengthen the coordinated function with FEBM
- 2-5 To monitor and evaluate achievements of activities regularly

Details of Activity 2 :

The Business Area plays a central role in initiating the LJC activities for the human resource development leading to successful economic reform. The participatory workshop for the Business Area presented several points to be improved, that is, necessity of the revision of the present curriculum of the regular course and provision of the new services responding to the actual needs.

Based on the results of the workshop, the four stages of activities are formulated.

Firstly, the Business Area division makes the annual implementation plan which includes time frame for redesigning the training course and providing the new services. To develop the annual implementation plan, it is necessary to estimate the required period and inputs such as human resources, materials and budget. It is also important to take the long-term direction into consideration.

Secondly, the Business Area division revises the curriculum of the regular course according to this annual implementation plan, and it expands the area of possible services such as provision of business diagnosis and business matching among Lao companies.

Thirdly, in order to understand the needs efficiently and to reach the potential clients as many as possible, the Business Area division reinforces the cooperative relationships with other organizations and associations such as the Lao National Chamber of Commerce and Industry (LNCCI) and Small and Medium-sized Enterprises Development and Promotion Committee (SMEDPC). This enables the Business Area division to collect information on the needs of targets, and to organize special seminars targeting specific business industries.

Fourthly, the relationship with FEBM is strengthened. Since the lectures of the LJC are supplied from the FEBM, to maintain and strengthen relationship with the FEBM is critical to implement the Project. For another purpose, the Business Area division and the FEBM collaboratively examine the possibility of mutual credit transfer and provision of a joint degree course, since some of participants shows their desires to take a degree at the LJC business course.

Lastly, the Business Area division conducts monitoring regularly on its implementing system

and quality of services. The staff shares results and findings from it and integrates lessons learned into the current implementation to improve it immediately.

[Activity 3]

- 3-1 To establish overall strategy and make an annual implementation plan for Japanese education in NUOL
- 3-2 To implement Japanese courses
- 3-3 To implement teacher training
- 3-4 To form a human network of private Japanese language schools and the Japanese education personnel in ASEAN region.
- 3-5 To promote mutual cooperation with the Japanese education personnel in Laos through the teacher seminars and the development of teaching materials in LJC.
- 3-6 To provide learning environment for Japanese course participants by installing the self-study classroom and studying materials
- 3-7 To monitor and evaluate achievements of activities regularly

Details of Activity 3 :

Japanese education of the LJC has taken a leading position in Laos in terms of the number of participants, the level of courses and quality of teachers. However, the staff of the Japanese Language division points out that there are potential constraints which should be prevented from occurring in the Phase 2. The major issues of the Japanese Language division have been a shortage of local teachers, insufficient teaching ability of local teachers and limited varieties of courses and these issues will be more serious if the necessary measures to tackle will not be taken. Thus, the Project is planned to reinforce collaboration with the Section of Japanese in Faculty of Letters of NUOL, the Japanese course in the School of Foundation Studies (SFS) of NUOL and private Japanese schools. Accordingly, the Japanese Language division plays a responsible role as the core center in development of Japanese education in Laos.

The activities with seven stages are formulated for the Project.

Firstly, the needs-survey concerning Japanese language education in Laos is conducted since the needs and potentiality of Japanese language in Laos has not been clearly examined during the Phase 1. Based on this needs survey, comprehensive long-term strategies and an annual implementing plan are composed.

Secondly, the contents of Japanese language courses are revised as necessary, and it is provided for more diverse people than those in the Phase 1.

Thirdly, the Japanese Language division starts providing teachers training to improve Laotian teachers' teaching ability.

Fourthly, in order to improve quality of courses, the Japanese Language division activates resources regarding Japanese Language education, which are stocked in both domestic and overseas organizations including other Japan Centers in neighboring countries.

Fifthly, the Japanese Language division initiates the improvement of Japanese education by

organizing teacher seminar and developing teaching and learning materials. The LJC coordinates more opportunities to make cooperative environment root in Laos.

Sixthly, the Japanese division arranges an appropriate learning environment and provides more opportunities to use Japanese for participants.

Lastly, the Japanese Language division conducts monitoring regularly on its implementing system and quality of services. The staff shares results and findings from it and integrates lessons learned into the current implementation to improve it immediately.

[Activity 4]

4-1 To implement needs survey for mutual understanding activities

4-2 To collect and provide information on both countries

4-3 To provide opportunities by utilizing facilities

4-4 To strengthen coordination with business area and Japanese language

4-5 To monitor and evaluate achievements of activities regularly

Details of Activity 4 :

The participatory workshop for the Mutual Understanding section revealed that the ambiguity of the definition of 'mutual understanding' hampers generating activities. Moreover, it pointed out that activities for Japanese people to deepen their understandings about Laos are very limited compared to ones for Lao people. Through the process of making a plan of the activities for promotion of mutual understanding, it is confirmed that the mutual understanding activities in this Project deal with not only cultural exchange but also broader areas relating to both business and Japanese education.

There are five stages of activities.

Firstly, the needs survey concerning activities for promotion of mutual understanding between the people of Laos and Japan is conducted. This targets Lao people and Japanese people living in both countries. However, since it is difficult for the LJC staff to conduct the survey of the needs of Japanese in Japan, a Japanese expert initiates it in cooperation with the Office of Citizen Participation, Training Affairs and Citizen Participation Department of JICA.

Secondly, the Mutual Understanding section selects activities and information to offer based on the results of the needs survey, and the Mutual Understanding section disseminates them through the LJC homepage and other measures.

Thirdly, the LJC supports human resources development and mutual understandings promotion indirectly by offering its facility such as the computer room to participants.

Fourthly, the Mutual Understanding section strengthens the cooperative relationship with the Business Area division and the Japanese Language division through frequent discussion so that it provides various activities and information concerning both divisions.

Lastly, the Mutual Understanding section conducts monitoring regularly on its implementing system and quality of services. The staff shares results and findings from it and integrates lessons learned into the current implementation to improve it immediately.

5.4 Inputs

Japanese and Lao sides contribute to put in resources in the Project as shown below. The LJC also shares the financial responsibility by putting its earnings into the Project implementation.

5.4.1 Japanese Side

1) Dispatch of Japanese and third country experts

(1) Long-term Experts

- Japanese Director/ Chief Advisor
- Project Coordinator
- Japanese Language Advisor
- Mutual Understanding Advisor

(2) Short-term Experts

- Business Advisors
- Other areas that will be determined through discussions both sides whenever the necessity arises

2) Provision of machinery and equipment

3) Counterparts training in Japan and/or the third countries

4) Budgetary allocation for local activity expense

5.4.2 Revenue of the LJC

1) Running expenses for implementation of the Project.

(1) Basic salary of the staff employed by the Center,

(2) Honorarium for lecturers for business courses, and part-time teachers for Japanese language courses,

(3) Daily use stationeries,

(4) Fuel fee for vehicle of the Project,

(5) Domestic telephone fee and postage fee,

(6) General advertisement costs for its activities, and

(7) Other maintenance costs of the equipments.

5.4.3 Lao Side

1) Assignment of Personnel

(1) Counterparts

(2) Administrative staff

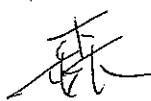
2) Provision of land, buildings and facilities

3) Budgetary allocations for general administration expenses



5.5 Important Assumptions and Risk Analysis

- (1) Political status of Lao PDR remains stable.
- (2) The government of Laos maintains the current policy to promote market economy.
- (3) MOE and NUOL cooperate with the LJC
- (4) Lecturers of FEBM, NUOL teach at LJC



6. Project Justification

6.1 Relevance

Relevance of the Project is justified due to the following reasons.

6.1.1 Consistency with the Needs of Laos

As Lao P.D.R. has consistently advanced economic reform under the NEM adopted in 1986, the development of human resources, who are capable to orient themselves to market economy, has been regarded as the critical task in order to structure its economy. The Project providing training courses to develop human resources, therefore, responds to the national need of Laos.

Moreover, the Project meets the needs of society. Even though there are some private colleges in Vientiane, there is no institute offering short-term general business training courses, which are most needed by business people, except the LJC. The terminal evaluation conducted in February 2005 proves that the Business course, the Japanese course and the Computer course of the LJC produce the desired outputs and contribute to the human resource development in Laos. Thus, it is possible to say that the Project is in consistent with the needs of the Lao P.D.R.

6.1.2 Consistency with Lao National Policies

As mentioned above, Laos has placed emphasis on economic reform towards market economy under the NEM. At the Seventh Party Congress by the Lao People's Revolutionary Party in March 2001, the government of Laos announced the long term development policy, which aims at eradication of the poverty and breakaway from the status of LDC by 2020. 'The Fifth Socio-Economic Development Plan (2001-2005)', which was also announced at the Seventh Party Congress, set several goals for development promoting market economy. The principal goals are: i) ensuring the sustainable economic growth; ii) promoting the reform of national and private enterprises; iii) promoting human resource development in all sectors; and iv) establishing the supporting system for modern industrial development.

The Project contributes to attainment of these goals, and thus this represents the compatibility of the Project with the national policies. In addition, the direction of the Lao national policies was repeatedly emphasized at the meetings for the Ex-ante Evaluation mission in July 2005, and it was confirmed that the Master Plan of the Project is in parallel with the national policies.

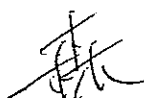
6.1.3 Consistency with Japanese Official Development Assistance (ODA) Policies for Laos

The Government of Japan and JICA put priority on the activation of the private sector development in Laos as one of ODA strategies for Laos. This Project generates the growth of the private sector in Laos by developing human resources being able to initiate the smooth transition of Lao economy towards market-oriented economy. The Project is planned to provide learning opportunities for business people and job seekers in the private sector to let them obtain practical skills and knowledge on business affaires.

Moreover, the Project is compatible with another priority area of JICA, the improvement of quality and capability of the public administration. The Project sees importance of capacity development of the governmental officials who are engaged in the public sector promotion, and thus it offers training opportunities such as special seminars for them.

6.1.4 Participatory Planning Process

The participatory approach is adopted for planning of the Project. The participatory



workshops were conducted in four divisions of the Administration division, the Business Area division, the Japanese Language division and the Mutual Understanding section to reflect voices from the LJC staff in planning. The LJC staff, Japanese experts and people concerned such as those from LNCCI and FEBM worked together for stakeholder analysis, problems analysis and objectives analysis, and each division developed the Divisional Plan for the Project. After four divisional participatory workshops, the joint workshop was held with attendance of the LJC staff, Japanese experts, Vice President of NUOL as the Project Supervisor and the representative of the JICA Laos Office. The agreement with the Project Master Plan was made among all attendees. In addition, the needs survey of the business sector was conducted prior to the Ex-ante Evaluation Study, and the interview and survey concerning Japanese education, mutual understanding activities, the LJC facility such as the library and computer room were conducted by the Ex-ante Evaluation Study mission in order to understand the needs of participants and users. Accordingly, the Master Plan of the Project was formulated with reflection of voices of all stakeholders.

6.1.5 Utilization of the Japanese Experiences

The Project is planned to utilize Japanese experiences. As for the Business Area of the LJC, it intends to offer practical training courses based on Japanese working principles such as '5S' and 'Kaizen', which were born from actual Japanese experiences of its rapid economic growth. As the means of conveying Japanese working principles, Japanese short-term experts are dispatched and JICA-NET is fully utilized.

Regarding the Japanese language education, the Japan Foundation takes charge of administrative management in this Project. The Japan Foundation has a considerable expertise, large experiences and network on Japanese language education. Therefore it is expected to provide good quality of Japanese language courses.

The Mutual Understanding promotion has weaknesses due to a lack of connection to Japanese society. To make up these weaknesses, the Project is planned to collaborate with the Office of Citizen Participation, Training Affairs and Citizen Participation Department of JICA in order to generate the participation of Japanese citizen in the Mutual Understanding activities of the LJC.

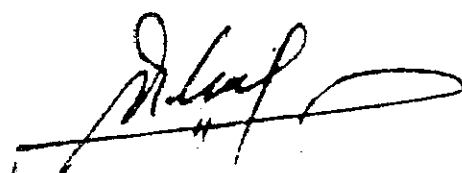
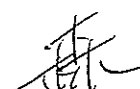
6.2 Effectiveness

The Project is justified as effective due to the following reasons.

6.2.1 Logicality of the Project Plan

The Outputs of the Project are expected to be realized. The reasons of this feasibility are because the capacity development of the LJC staff, which attainment is the fundamental Output bringing realization of other Outputs, is integrated into the Master Plan as one of activities. The indicators to measure progress are already set, as well. Consequently, accomplishment of the Output 1 functions as an induction factor leading to achievement of other three Outputs.

The Project purposes, aiming at the provision of either services enabling Lao people to take advantage of market economy or information and opportunities promoting mutual understanding between the people of Laos and Japan, are also attainable. It is because the indicators of it are clearly set and the Outputs and Important Assumptions are possibly expected to be fulfilled. To verify the progress towards the Project Purpose, the data from the initial baseline survey is utilized.



6.2.2 Possibility of Fulfillment of Important Assumptions

Whether the Important Assumption at the Output level fulfills depends on the relationships with the Ministry of Education and NUOL. It is, thus, necessary to strengthen the collaborative relationships with both organizations.

It is impossible to fully control the Important Assumption at the Project Purpose level since it depends on policies of the Government of Laos. However, considering the global trend with acceleration of market economy, it can be said that the possibility of the fulfillment of it is high.

Important Assumptions are to be carefully monitored during the Project period. The Project needs to be revised if the Important Assumptions become unlikely to be met.

6.3 Efficiency

The project is justified as efficient due to the following reasons.

Firstly, the Project is planned to improve its efficiency by integrating lessons learned from the terminal evaluation study on the Phase 1. Secondly, the existence of the functional administrative system and the project implementing system, both of which have been established in the LJC already, is a contributing factor to improve efficiency. Thirdly, as for the Business Area, all lecturers of the regular course, who are substantially the professors and lecturers of FEBM, can be locally supplied as it was done in the Phase 1. Fourthly, in order to increase the cost-efficiency, the dispatch of the third country experts from neighboring countries such as Thailand and Vietnam is planned as an alternative of Japanese experts. Moreover, it is planned to utilize the various resources, which other organizations such as LNCCI, Japan Centers in other countries, GTZ⁷ and ADB⁸ own, by reinforcing cooperative relationships with them.

6.4 Expected Results

It is possible to expect the following results from the Project.

6.4.1 Feasibility of the Achievement of the Overall Goals

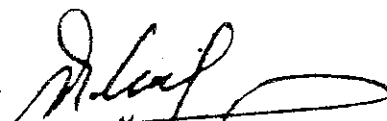
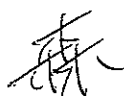
The Overall Goals of the Phase 2 was designed by integrating the lessons learned from the terminal evaluation on the Phase 1 which pointed out that the level of the Overall Goals of the Phase 1 was much higher than it should have been.

The level of the Overall Goals of this Project is, therefore, lowered to the appropriate level. Consequently, the Overall Goals become feasible to be achieved in the near future from the completion of the Project, and it is quantitatively measurable.

However, there is a point to be taken count of. Currently, the LJC requires high school certificate as the qualification for admission. Although this contributes to maintain the level of course to some extent, it will be necessary to widen its conditionality since the proportion

⁷ GTZ has implemented the HRD-ME (Human Resource Development for Market Economy) since 2004. Phase 1 lasts from June 2004 to May 2007, and Phase 2 is scheduled to implement from 2007 to 2011. This program consists of three components, that is, 1) Market Economic Framework Conditions, 2) Integrated Vocational Education System relevant for economic development & labor market, and 3) Promotion of SME Development.

⁸ ADB and UNESCAP provide financial support for Greater Mekong Subregion Business Forum (GMS-BF). It is a joint initiative of the National Chambers of Commerce of the six Mekong Sub-region countries, namely: Cambodia, Lao P.D.R, Myanmar, Thailand, Vietnam and the Yunnan Province of China. It works to foster growth in the private sector in the GMS region.



of high school certificate holders of total working population is still small. The net enrolment ratio at the secondary school level accounts for only 35%. Considering there are many drop-outs and school leavers, targeting the high school graduates only might be regarded as exclusive.

To develop capacity of leaders of the country and sectors is a critical task of the LJC; however, it is also LJC's responsibility to build capacities of people having missed learning opportunities. When the Project Master Plan was formulated through active discussions, some of the LJC staff proposed new activities such as 'provision of distance education', 'training courses for people losing the opportunity to go to high schools' and 'establishment of branch offices in provincial cities', which targeting people who are currently unable to participate in the LJC activities.

To realize proposals above mentioned is decided to be rearranged in the future, after the Phase 2, since there are preceding tasks to be implemented in the Phase 2. It is agreed that the Project should aim at extending the activities and playing the key role for human development in Vientiane during the Phase 2. However, it is necessary to share the common understanding that the achievement of the Overall Goals of the Project essentially requires the expansion of the targets.

6.4.2 Socio-Economic Impacts

The Impacts listed below are expected to appear by the achievement of the Overall Goals.

- i) The number of potential beneficiaries from the LJC activities increases as the LJC gains recognition and the number of participants and users increases.
- ii) The potential growth of the private sector through the services by the Business Area is promoted as the LJC gains recognition and the number of participants and users increases.
- iii) The number of private companies and member-enterprises of LNCCI increases as the LJC assists business incubation.
- iv) The number of opportunities for Japanese learners to study in Japan increases as the LJC plays a central role for the development of Japanese language education.
- v) The degree of the mutual understanding between the people of Laos and Japan grows as the LJC activates its Mutual Understanding activities.

6.4.3 Negative Impacts

As a potential negative impact from the Project, the number of students in private Japanese language schools might decrease. However, this influence was identified at the stage of project planning, and the measures to prevent it from happening was integrated into the Master Plan.

6.5 Sustainability

It is justified that the Project possibly ensures sustainability. The followings are reasons of this feasibility.

6.5.1 Institutional Capacity

The implementing system of the Project has already established through the experiences of the Phase 1, so it is judged that the LJC equips enough capacity for the Project implementation.

Through thorough discussion and workshops, it was observed that the motivation of the LJC staff to improve the services is considerably high. Leadership of the Lao Director and other nine counterparts is also recognizable, which indicates enough ability to administrate the LJC and to instruct other thirty staffs. The Project benefits from the experiences of the last five years for Phase 1.

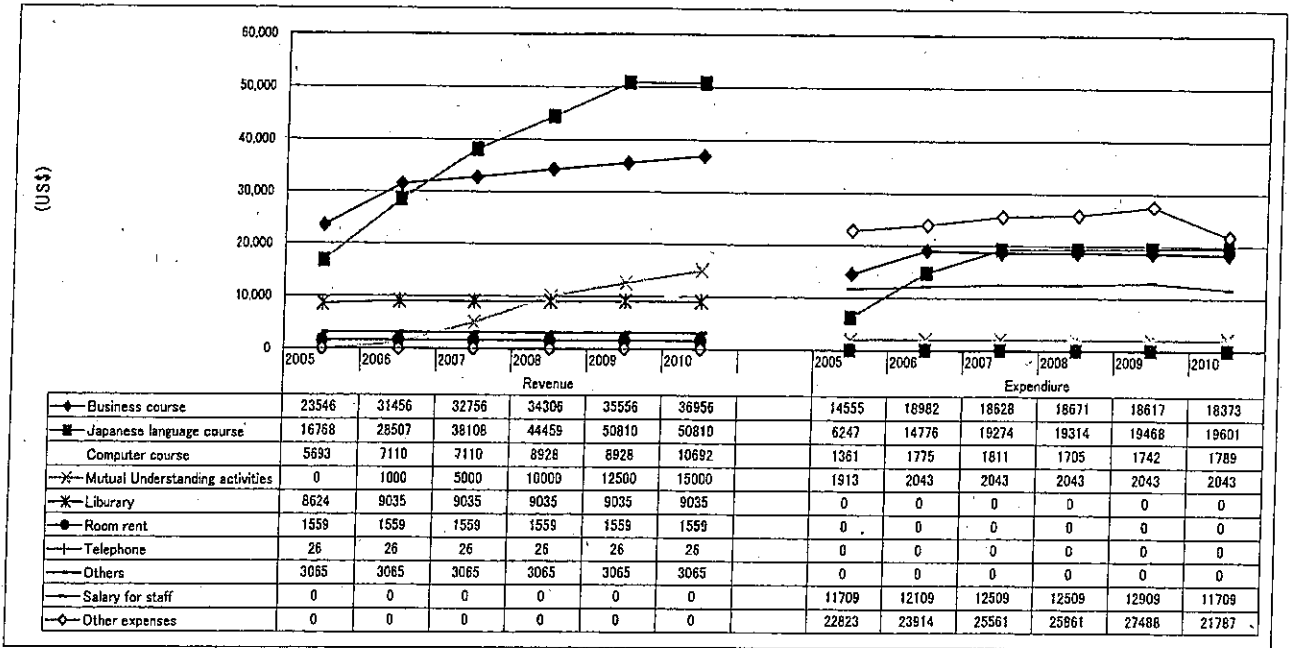
However, there is a risk to discourage the staff since the average income of public officials is moderate compared to the similar private organizations. Accordingly, the provision of benefit and revision of the salary scale are planned to be practiced in the Project.

6.5.2 Financial Status

The reduction of the aid dependency becomes the important task for the LJC to ensure sustainability. The LJC produces revenue from the tuition fees, and thus it is able to employ thirty staffs by its revenue. In this sense, the LJC has the means for potential financial independence. In order to realize the sustainable implementation, this direction towards the financial self-sustainability is confirmed among stakeholders during the Project planning.

In order to examine the possibility of the financial self-sustainability, the following section tries to simulate the financial status from 2005 to 2010. This projection is based on the Project Master Plan which is planned to introduce a variety of services in each of the Divisions. The yearly estimate of revenue and expenditure is drawn from calculation of the potential earnings and cost of each activity. The Figure below shows the shift of yearly revenue and expenditure by sources.

Figure 6-1 Projection of the Financial Status of the LJC/ Source-wide (FY2005-2010)



Source: Ex-ante evaluation mission team

According to the Figure above, revenue from the Business Area activities and the Japanese Language course grows year after year. This is induced by raising the tuition fees, installing the new courses and providing new services. As for the Computer Course, the simulation shows the difficulty to expect sharp growth due to the number of computers available at the LJC. Concerning the Mutual Understanding activities, the LJC intends to introduce a membership system which targets Japanese companies and schools interested in Laos as potential clients. The Japanese companies and schools are registered as 'LJC members' with the payment of annual registration fees, and they benefit from receiving privileged services such as discount of facility use, offer of customized information and introduction of exchange-/business- partners. Involving Japanese organizations helps the LJC finance by securing revenue.

As for the projection of expenditure of the LJC, it increases for first four fiscal years as the LJC introduces a variety of services. The major causes of the increasing expenditure are the increase of the honorarium for lecturers and teachers, costs for the development and revision of teaching and learning materials and expansion of overhead expenses. However, the increases of expenditure ceases when the investment for new projects completes.

The following Table shows the total financial status⁹ of the LJC.

⁹ The funds from the government of Laos and from JICA head quarter are excluded.

Table 6-1 Projection of the financial status of the LJC (FY2005-2010)

JFY	Revenue	Revenue-10%	Expenditure	Balance	expenses from LJC revenue	percentage of self-financing	10% of LJC revenue		
	A	B					C=(A-B)	JICA funds (e) US\$	Surplus f=(C+e) US\$
	in US\$	in US\$	in US\$	total in US\$	in US\$	%			
2002	33,002	33,002	300,813	-267,811	7,710	10.98%	292,904	25,293	25,293
2003	39,841	39,841	221,913	-182,072	2,143	17.95%	219,771	37,698	62,991
2004	52,425	52,425	250,100	-197,675	55,728	20.96%	194,372	-3,303	59,688
2005	59,282	53,354	252,981	-204,982	53,354	18.98%	199,627	5,928	65,616
2006	81,758	73,582	277,209	-210,985	73,582	23.89%	203,627	8,176	73,792
2007	96,659	86,993	285,405	-207,111	86,993	27.43%	198,411	9,666	83,458
2008	111,378	100,240	295,217	-205,001	100,240	30.56%	194,977	11,138	94,596
2009	121,480	109,332	299,783	-201,365	109,332	32.83%	190,431	12,148	106,744
2010	127,144	114,429	284,492	-181,505	114,429	36.20%	170,062	12,714	119,458

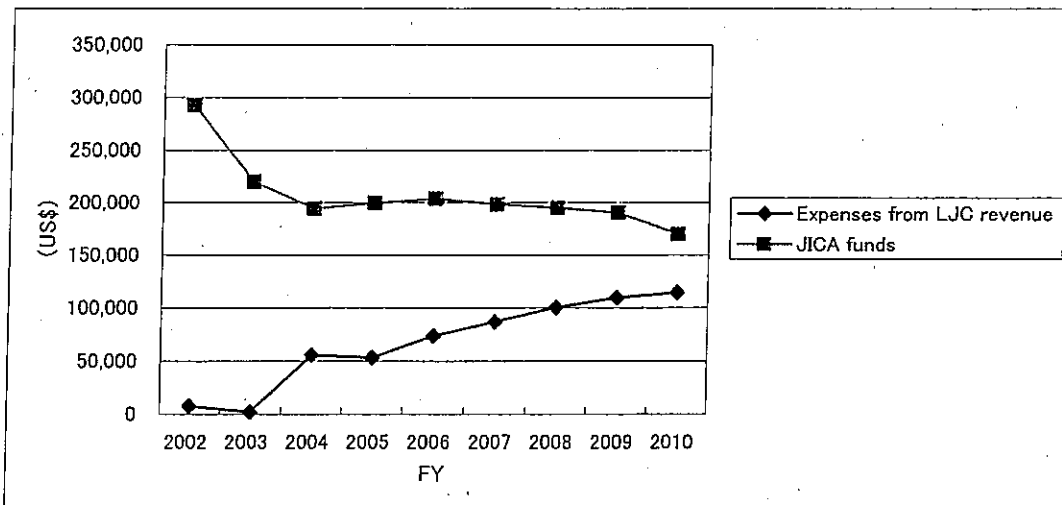
Note: The figures from FY2002-2004 are actual records.

The figures of FY2004 are used as a basis for projection from FY2005.

10% of the revenue is saved every year. Thus, 90% of the revenue is appropriated for the expenditure.

The estimate above indicates that the percentage of the financial self sufficiency rises constantly from FY2006, and it reaches 36.2% in FY2010. As the self sufficiency increases, the funds from JICA decrease after the necessary investment.

Figure 6-2 Projection of the LJC Expenditure and JICA Funds



Source: Ex-ante evaluation mission team

It is possible to assume that transitional tendency of the projection after FY2010 will likely to be the same as the one showed in Figure above, unless the socio-economic condition of Laos will envisage an unanticipated change. Consequently, it can be assumed that the goal of the self-sufficiency of the LJC will be fully met in long-term projection. As a result, the financial sustainability is justified.

7. Monitoring and Evaluation

Monitoring and evaluation activities are regarded as essential to improve the project implementation, and thus these are integrated into the Master Plan as activities in each division.

The LJC has occasionally practiced monitoring since the Phase1. The staff and Japanese experts conduct surveys of the courses and practice activities of 'Cleaning Committee' organized by the administration staff. The Phase2 strengthens the functions for monitoring in order to enable the LJC to conduct it regularly. It also needs to involve all Divisions and Sections in monitoring procedure to listen to users' voices and reflect them in the project implementation.

The methods of monitoring and evaluation are as follows:

- i) The LJC staff with the support from Japanese experts implements the baseline survey at the beginning of the Phase2 to set the indicators for monitoring and evaluation.
- ii) Based on the results of the baseline survey, each division designs the monitoring plan and conducts it regularly. The findings from the monitoring should be shared with all staff in each division and integrated into the project implementation.
- iii) The mid-term evaluation on the Project Phase 2 will be conducted jointly by JICA and the Lao authorities concerned at the middle of the cooperation term in order to examine the level of achievement.
- iv) The terminal evaluation on the Project Phase 2 will be conducted jointly by JICA and the Lao authorities concerned during the last six months of the cooperation term in order to examine the level of achievement.

