

Terminal Evaluation of FSIP Project

2. Evaluation

Timing of the Terminal Evaluation Study

This terminal, or final, evaluation has been undertaken to assess the project achievements and performance, and to provide recommendations for possible follow-up support. It follows normal procedures in development cooperation evaluation, wherein a final evaluation is done within, i.e., either before or after, six months of project completion.

The evaluation is being conducted a bit early, i.e., 4-5 months before the completion of the project, for two reasons. First, JICA has expressed its willingness to consider providing DOF with support for a follow-on project, after FSIP ends on 30 September 2010. Ideally, DOF and JICA would like to start such support immediately thereafter, i.e., on 1 October 2010. In order to do so, however, information is needed on the likely achievements of FSIP, strengths and shortcomings, identification of needs for follow-up support, and recommendations on how such follow-up support could best be delivered.

Second, Sida is in the process of phasing out its entire programme of development assistance to Lao PDR, and will be closing its country office on 9 July 2010. Sida is also undertaking a major review of its overall development cooperation to Lao PDR over the years. Therefore, it is timely to undertake this assessment now.

Purpose of the Terminal Evaluation Study

The final evaluation aims to assess the progress and performance of the FSIP project through May 2010, and its likely achievements by the end of the project on 30 September 2010. On the basis of the evaluation, then, recommendations are requested to guide design of a possible follow-on project.

The Department of Forestry, JICA, and Sida all agreed to this Evaluation and its Terms of Reference (Annex 1 of this report). This study is being conducted in line with normal JICA evaluation procedures, including the completion of standard JICA evaluation formats (Annexes 1 and 4 to the TOR) and guidelines (Annex 2 to the TOR). A preliminary draft concept note for a follow-on project was prepared in July 2009 (Annex 3 to the TOR), and is reviewed as part of this assignment.

As indicated in the Terms of Reference, the Evaluation Study has five key objectives:

- To provide the achievement status of FSIP Project Purpose/Objective and Outputs/Results by completing Annex 1 “Accomplishment Grid” through close check of annual work plans, progress reports and other project outputs;
- To provide in-depth analysis of FSIP achievement and performance from the points of view of its institutional set-up, planning/implementing/monitoring processes, main project focus and others;
- To provide analysis of evaluation factors, which are relevance, effectiveness, efficiency, impact, and sustainability based on Annex 2 “Major checkpoints in Terminal Evaluation Studies;”

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- To provide recommendations as to the design and implementation of the new project in terms of institutional set-up, planning/implementing/monitoring process and main focus of the project based on the project outline submitted to JICA in Annex 3; and
- To summarize the result of the study and fill in Annex 4 “Summary Sheet Template.”

Key Questions to be Addressed

The evaluation has focused on examining four key questions, as specified in the TOR.

First, the issue of sector management and monitoring, especially of the implementation of the *Forestry Strategy 2020*, is one of two major intended outputs, or results, of the project. Yet this element has not performed as initially planned and expected. Thus, an analysis has been undertaken the original design, other sectoral coordination efforts, and existing institutional factors, to provide recommendations for improved sector management for the forthcoming project.

Second, the overall project approach, design, preparation and implementation of the work plan was reviewed, including an assessment of counterpart capacity and institutional arrangements. The aim was to identify strengths and weaknesses, and provide recommendations for the future project on the basis of these lessons learned.

Third, the REDD support activities of FSIP were reviewed, with a particular focus on FSIP’s coordination and cooperation with others working on these new issues, such as the Sustainable Forest Management and Rural Development (SUFORD) Project, which is supported by the World Bank and Government of Finland (GOF), and the Lao-German Program on Climate Protection through Avoided Deforestation (CliPAD), which is supported by GTZ and KfW. Recommendations for future support are provided regarding roles, types of activities, inputs and cooperation for further development of REDD initiatives.

Fourth, the effectiveness and efficiency of having two donors, JICA and Sida, to support implementation of FSIP are assessed, in considering the roles of the donors in planning, implementing, and monitoring support, and providing support through two different, but complementary, financial mechanisms. Lessons learned from this experience are used to provide recommendations and suggest options for future support.

Methodology of the Terminal Evaluation Study

The MTR Study has been undertaken by one consultant, during a period of five weeks (19 April to 21 May 2010). The international consultant, Dr. Paula J. Williams, has considerable project design and evaluation experience, prior experience in Lao PDR and familiarity with the forest sector there (several short-term missions from 1998 to 2002), and more recent experience with a similar program for sector support in Vietnam, where she served as Chief Technical Advisor to the Forestry Sector Support Partnership Coordination Office (FSSP CO) from September 2003 through January 2008. From 17 April to 7 May 2008, she and a professor from the Faculty of Forestry, National University of Lao PDR, Associate Professor Bounthene Phasiboriboun, conducted the Mid-Term Review (MTR) Study of FSIP. Then in August 2008, she returned to work with the FSIP project, to facilitate a redesign of the project’s design matrix (logical framework), which had been recommended in the MTR.

The consultant undertook the Terminal Evaluation Study through a review of the project records and reports, and extensive consultation with a wide range of stakeholders (see

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Annexes for details). The consultant held an inception meeting with DOF, JICA, and Sida on 22 April, and then a meeting with the Forestry Strategy Secretariat members or their deputies on 6 May. The consultant also attended a launch workshop for the Participatory Land Use Planning (PLUP) Manual on 23 April, a meeting of the REDD Task Force on 26 April, and a meeting of the Forestry Sub-Working Group on 14 May. On 10 May 2010, she visited the Ban Kok Gniew, the pilot village outside of Luang Prabang, to meet with smallholder teak farmers, and held other meetings with stakeholders in Luang Prabang. A presentation and discussion of the key elements of the work were presented at a Debriefing Meeting held on 17 May, involving the key Department of Forestry, donor representatives and project advisors. A video (TV) conference was held on 19 May, to discuss the evaluation findings and ideas for a follow-on project with the project planning team in Japan.

Project Design

The FSIP project design has changed over the years. The project design matrix (logical framework) was revised in August 2008, following a recommendation of the MTR Mission, further revised slightly by the project management and then formally adopted by the Tripartite Steering Committee meeting in November 2008.

With a revision of the project design matrix, the project purpose, overall goal/development objective, and super goal² remained the same, although there were some modifications in the indicators. The revision was undertaken to focus on two major elements of the project – building capacity for sector planning and management, and supporting some key forest sector (FS 2020) priorities. The project purpose, or objective, of the FSIP Project was defined to be:

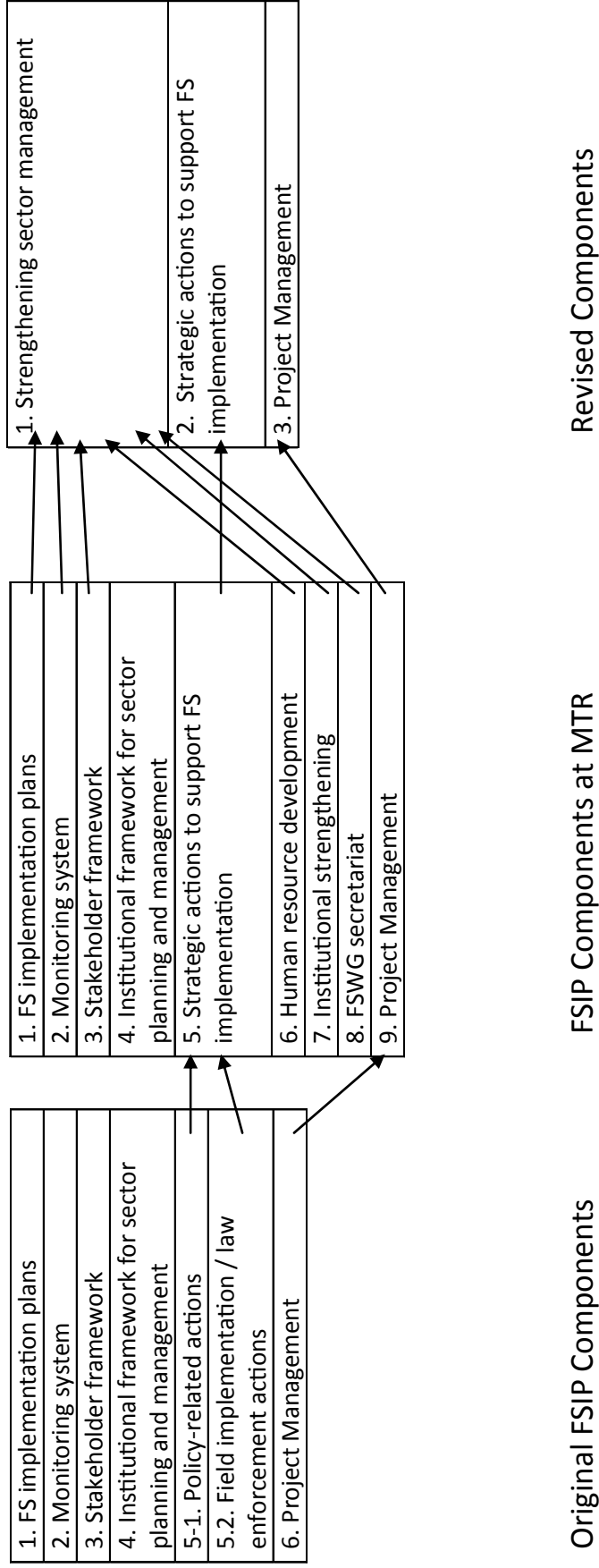
Capacity of forestry sector on planning and management is developed through formulation and monitoring of implementation plans, dialogues with stakeholders and addressing policy related priority actions for the initial five year period of FS 2020 implementation.

The original project design had one component for each output (result), plus an additional component for project management. As indicated in Figure 1, the project was originally designed with 6 components, including one component (#5) that was split into two sub-components (5-1 and 5-2). But as the project was implemented, other activities were added as separate components, so by the time of the Mid-Term Review, in April-May 2008, the project was being implemented on the basis of nine different components, with the two sub-components 5-1 and 5-2 having been merged into one component, but with many actions supported under this component. Following the recommendations of the MTR, the project design was restructured into three major components, each with a number of actions.

To achieve the project objectives, the project strategy had emphasized four elements: institutional and human resource capacity building, stakeholder engagement, linkages with education and research, and a phased approach to implementation, starting with a six-month inception phase for more detailed planning, then a full implementation phase for four years.

² The Overall Goal/Development Goal is assumed to be achieved within 3-4 years after project completion, whereas the Super Goal is a broad sectoral development objective that is assumed to be achieved over a much longer time frame. These two long-term goals were adopted for use in the FSIP logical framework as a compromise between two slightly different approaches and terminology used by JICA and Sida.

Figure 1. Overview of FSIP Project Structure by Components.



3. Project Implementation and Performance

Project Inputs

The FSIP Project has provided a range of different inputs to support the project activities. In addition to the two long-term JICA advisors, considerable short-term technical assistance has been provided for various activities, through contracts with both national and international consultants. In the latter stage of the project, support has also been provided to the DOF Planning Division, through contracting three staff. The project has supported human resources development in terms of training, as well as support for participation in regional and international meetings, conferences, and workshops. Funding has been provided for purchase of vehicles, computers, other office equipment, and field equipment, such as GPS units. Other support has been provided for various operational costs, travel, and so forth.

The project has not monitored participation in various activities. Thus, although it has directly provided training (categorized as Human Resource Development in the budget), many activities, such as development of the participatory land use planning (PLUP) manual and support to teak smallholders, have also provided considerable training. No information is available on total number of training events, participant-days of training, or training by type of participants (staff, villagers, women, men, etc.). Similarly, inputs such as equipment have been provided not only under the project management budget category, but also under individual activities supported.

In looking at the project expenditures by project components (Table 1), more than half of the budget has gone to support priority activities in the forest sector and/or Forestry Strategy 2020. Originally, however, it was assumed that such activities would comprise two-thirds of the budget. Actual expenditures for project management have been higher than planned, part of which can be attributed to greater purchases of equipment than originally planned, including 4 vehicles. The expenditures on capacity-building have also increased, with major support provided for participation in regional and international meetings, especially related to forest carbon and REDD issues.

Table 1. Overview of FSIP Expenditures to Date.

Project Costs	Original Budget	Proposed Use of Funds	Expenditures 1 Apr 2006 – 31 Mar 2010	Actual Use of Funds
Capacity-Building for Sector Planning and Management	\$203,600	12.9 %	\$234,945	17.4%
Supporting FS Priority Actions	\$1,062,000	67.2%	\$784,238	58.7%
Project management (including translation costs, equipment, etc.)	\$187,800	11.9%	\$324,766	24.0%
Contingency	\$126,560	8.2%	\$0	0%
Total	\$1,579,960		\$1,353,949	100%

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A more detailed breakdown of the budget expenditures by project components and activities is provided in Table 2. Given that the budget is based upon the project structure (components and activities), which was revised in 2008, efforts have been made to summarize the expenditures from both budgets according to key activities.

Table 2. FSIP Expenditures to Date by Key Activities.

Project Costs by Budget Categories	Original Budget Categories	Revised Budget Categories	Expenditures 1 Apr 2006 – 31 Mar 2010	Actual Use of Funds
Capacity-Building for Sector Planning and Management			\$234,945	17.4%
• Forest Strategy Planning and Reporting	1	1.1	\$4,115	0.3%
• Forest (Strategy) Sector Monitoring	2	1.2	\$62,661	4.6%
• Stakeholder Consultations, including FSWG meetings	3 & 8	1.3	\$10,286	0.8%
• Human Resource Development	6	1.4	\$44,190	3.3%
• Regional and International Meetings	7	1.5	\$113,693	8.4%
Supporting FS Priority Actions			\$784,238	58.7%
• Forest policy, information, dissemination	5-1 & 5-2	2.1	\$168,563	12.4%
• Participatory land & forest use planning, participatory restoration of degraded forest	5-3 & 5-5	2.2	\$238,486	17.6%
• Village-level legal guidebook	5-4		\$27,800	2.1%
• NBCA System Review & revision	5-7		\$36,116	2.7%
• Plantation forestry, support to teak smallholders & NTFP piloting	5-9 5-10	2.3.1 2.3.2 2.3.3	\$208,590	15.4%
• Forest Carbon & REDD initiatives	5-11	2.4	\$84,173	6.2%
Project management (translation costs, equipment, etc.)	9	3	\$324,766	24.0%
Contingency			\$0	0%
Total			\$1,353,949	100%

Notes: The original budget categories were used 4/06-9/08, and revised categories 10/08-9/10. For further details on expenditures by budget categories, see Annexes 4 and 5.

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Project Funding and Financial Management

The Project is supported by the Government of Lao PDR, and two donors, the Japan International Cooperation Agency (JICA) and the Swedish International Development Agency (Sida). The Government provides contributions in-kind. JICA has provided two technical advisors, training in Japan, and some financial support to the project, which has been managed by the Japanese advisors. Sida financial support has been provided to the Government of Lao PDR (GOL), through the government budget system, with funds provided to the Ministry of Finance, which are then transferred to a bank account for the Department of Forestry.

Usage of Sida funds is based on the approved annual work plans and budgets, and is subject to both internal government and external audits. Since the project began, there have been problems with the flow of Sida funds, in terms of significant delays in requesting disbursements from Sweden, and also in the transfer of funds from the Ministry of Finance account to the Department of Forestry account. These delays have hampered project implementation. This issue has been mitigated somewhat by flexibility employed in whether a specific budget item was financed out of JICA or Sida funds. This issue was highlighted during the Mid-Term Review, but disbursement of Sida funds seems to have improved somewhat over the past two years. To date, two audits of Sida funds have been completed. A third audit is currently ongoing, for the period from October 2008 through September 2009. Two more audits are planned to cover the balance of the project.

Between 1 April 2006 and 31 March 2010, project expenditures – not counting JICA advisors and training costs in Japan -- have amounted to US\$ 1,353,949, or US\$ 338,487 per year for the first four years of the project. Sida funds covered US\$ 741,458, or 54.8 percent, of these costs and JICA funds US\$ 612,491, or 45.2 percent. Considerable additional expenditures are anticipated during the final six months of the project, as the final Swedish disbursement of SEK 900,000 is anticipated to be transferred to Lao PDR in June 2010.

Table 3. Sida Funds Available for the Final Six Months of the FSIP Project.

Sida Funds Not Yet Spent (as of 31 March 2010)	Swedish kroner (SEK)	Estimated US dollar (US\$) equivalent
Funds transferred from Sweden to Ministry of Finance (most of which has been subsequently transferred to DOF account in April 2010)	791,617.95	104,363.00
Funds in Department of Forestry account		2,232.17
Funds remaining in Sweden to be disbursed to Lao PDR in June 2010	900,000.00	118,652.00
Total		225,247.17

Rate of Exchange (as of 12 May 2010): 1 SEK = 0.13184 US\$ or 1 US\$ = 7.57669 SEK.

Source: www.oanda.com

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When the project was planned, it was agreed that the Sida contribution would be 9 million Swedish kroner (SEK), of which Sida would retain 440,000 SEK for project review, audit, and evaluation purposes. Thus, 8.56 million SEK was available to support project activities. In 2006, this amount was equivalent to US\$ 1,069,360. As the project has been implemented, there have been fluctuations in the currency exchange rate. (At the time of the MTR, in April 2008, the SEK bought 35% more US dollars than it did in April 2006.)

When the project document was prepared, the JICA cash contribution to the project was originally estimated to be US\$ 510,600, but the actual amounts were to be confirmed through annual negotiations. As of 31 March 2010, JICA contributions of US\$ 612,491 had already exceeded this initial planning figure. For this current (Lao) fiscal year, from 1 October 1009-30 September 2010, the JICA planned budget is US\$ 106,500, of which US\$ 74,450 had been spent by 31 March 2010, so US\$ 32,050 remains for the final six months of the project.

Table 4. Summary of Funds for Local Costs.

Funding Source	Original Budget Estimates	Expenditures As of 31 March 2010	Funds Remaining for final 6 months	Total Funding (if all available funds spent by 30 September 2010)
JICA	\$ 510,600	\$ 612,491	\$ 32,050	\$ 645,541
Sida	\$ 1,069,360	\$ 741,458	\$ 225,247	\$ 966,705
Total	\$ 1,579,960	\$ 1,353,949	\$ 257,297	\$ 1,611,246

Project Institutional Arrangements

The Project has been managed by a Tripartite Steering Committee, which normally meets twice a year to review, discuss, and approve semi-annual and annual performance reports, annual work plans and budgets. In addition to representatives of the Government and two donors, this TSC meeting also includes the project management team and advisors, as well as representatives of collaborating partners. Normally the meeting also considers a review of overall progress in forest sector development. This review meeting discusses not only administrative issues, but also provides guidance on project implementation issues³.

It had been envisaged that the monitoring of FS 2020 implementation would be overseen by a Lao committee, the Forestry Strategy Secretariat. This committee was named by the Minister of Agriculture and Forestry. The original FS Secretariat, designated by the Vice Minister of MAF in January 2006, had 5 members, all from the Department of Forestry (Instruction No. 0042/MAF.06). In addition, it was foreseen that both the National Agriculture and Forestry

³ It should be noted that the Sida Counselor has a professional background in forestry issues, and a long experience in working in Lao PDR. The Japanese forester serving as the Project Chief Technical Advisor has a long experience of working in Lao PDR. They have collaborated with the Lao colleagues, including the current DG of Forestry and Head of DOF Planning Division not only on this FSIP project, but also on prior support to the development of the FS 2020. This long and good working relationship among key actors has been an important factor in the Project implementation, especially with respect to the flexibility agreed as the overall project context has evolved.

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Extension Service (NAFES) and the National Agriculture and Forestry Research Institute (NAFRI) would provide “focal points” for the Secretariat. In 2008, this committee was officially expanded to include a total of 10 members, with 6 DOF members and 4 representatives from outside of DOF, i.e., the Forestry Research Center (FRC) of NAFRI, NAFES, NLMA, and the Faculty of Forestry (FOF) at the National University of Lao PDR (NUOL) (MAF Decision No. 0651 of 13 May 2008). Due to changes in government personnel postings, only two members of the original committee were named in the revised committee. It was originally foreseen that the FS Secretariat would monitor overall implementation of the Forestry Strategy. Over the past four years, however, this FS Secretariat has primarily met to consider the annual work plan for the FSIP project. It has, for various reasons, never been able to function as originally planned.

Another idea was the project would work through FS Secretariat, and thus there would not be project staff per se. As the situation has evolved, however, the FSIP project is now supporting six contracted staff within the DOF Planning Division, and two additional contracted staff are being supported by the new CliPAD program. It is planned that over time these contracted staff will become regular government employees.

Future support to improving sector coordination and planning must clearly focus on capacity building for the DOF Planning Division.

4. Project Achievements

In undertaking this terminal evaluation, efforts have been made to assess the activities actually conducted as compared with the two versions of the project design matrix (logical framework) and annual work plans, as well as to assess the outputs, and achievement of the larger goals. This analysis has been based primarily on the annual progress reports and an interim progress report on the implementation of the 2009/10 work plan through 31 March 2010, as well as supplementary information provided through other project documentation and interviews with key resource persons. A field trip was taken to Ban Kok Gniew, a village outside of Luang Prabang, to assess activities with teak smallholders.

This analysis was summarized a set of worksheets, or accomplishment grids. Given that the project design matrix (logical framework) was changed mid-way through the project, one section of the accomplishment grid was prepared to deal with activities and outputs for April 2006-September 2008, and another section to deal with activities and outputs for October 2008 through March 2010. The project purpose, overall development goal, and super goal remain unchanged, although there has been some revision in the indicators: the respective accomplishments were then summarized. Given that the project has been implemented in a very flexible way, with some activities in the work plans not done, and other activities supported not originally in the work plans, rating of the project performance using the accomplishment grids gives only a partial picture of the project's achievements. Regarding the overall objective and super goal, some of the data needed for the indicators, such as recent poverty data, is not yet available.

Activities related to Strengthening Sector Planning and Management (Output 1)

In terms of support to planning for implementation of the FS 2020, reporting, and monitoring, an initial FS 2020 implementation plan was drafted in late 2007, and a Forest Sector Indicators report was prepared in 2006 and updated three times (2007, 2008, 2009). Reports on forest sector progress and performance have been presented in a variety of different fora. The implementation of the FS 2020 has been carried out through the normal government systems, in terms of priorities identified in the five-year plan, annual work plans and budgets of the MAF, DOF, and related agencies.

To support sector planning and management, the project has supported training and human resource development in a variety of ways. Some DOF staff members have been sent to Japan for short courses. In late 2006, two staff attended a course on sector planning. In 2007, two other staff attended a short course in Japan. In 2008/09 one staff member, and in 2009/10, three staff members, have been trained on forest rehabilitation issues. One DOF staff has been proposed to soon go to Japan for long-term training, for a M.Sc. course. Training has been provided to DOF staff in English, information technology and accounting. Provincial staff members have received training in report writing and project proposal preparation. For senior management, the project has supported their participation in a variety of important regional and international forestry meetings, especially related to issues of forest carbon financing and REDD. Additional on-the-job training and mentoring to DOF staff and collaborators has been provided by the project advisors. Many other people, both government staff and villagers, have received training through various activities supported by the project.

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In terms of promoting stakeholder dialogue, the FSIP project has supported one stakeholder consultation on the FS 2020, held in November 2007. It is proposed in the current project work plan to hold two stakeholder consultations this year to consider both FS 2020 and REDD issues. A stakeholder consultation on REDD issues is now being planned for 25-26 May 2010. FSIP has also served as the Secretariat for the Forestry Sub-working Group (FSWG), one of the sub-working groups under a larger Government-donor Working Group supporting the Ministry of Agriculture and Forestry. The FSWG held seven meetings and two online consultations between June 2006 and July 2007. Since that time, one meeting was held in September 2009 and another is planned for 14 May 2010. Through various other activities supported by the project, a variety of different forms of stakeholder collaboration and consultation have been promoted. In addition, the Government undertakes its own stakeholder consultations through its annual Agriculture and Forestry Conferences for Lao government staff and Lao collaborators. This year, two such meetings were being organized in May 2010, one for the northern provinces and the other for the southern provinces.

Activities related to Supporting Implementation of Key Priorities in the Forestry Strategy 2020 (Output 2)

Key support has been provided by this project, along with others, to revision of the Forestry Law, preparation of the Wildlife Law, and preparation or revision of several other important regulations. Some efforts have been taken to raise public awareness on these policies, laws and regulations, which have included provincial visits by members of the National Assembly and DOF leaders, a video shown on Lao television, and theatrical performances. Publicity materials and events have been sponsored to raise public awareness on biodiversity conservation, focusing on the national Wildlife Day (13 July) and also publicity during the Southeast Asia games, when they were hosted in Lao PDR (late 2009). Some initial work was done in collaboration with the World Conservation Union (IUCN), but the most recent efforts have been done by the DOF alone.

FSIP has supported preparation of the *Guidebook on Village Rights and Responsibilities to Manage and use Forest, Forestland and Aquatic and Wild Animals*. Another donor, the Swiss Development Corporation (SDC), provided some support for printing 4000 copies of this manual. Further work to develop training materials based on this manual is now being done by Village Focus International through its project, Rights Link, also supported by SDC.

The project provided major support to preparation of the *Manual on Participatory Agriculture and Forest Land Use Planning at Village and Village Cluster Level*. GTZ provided support to help finalize and print the manual, as well as to sponsor the launching ceremony held on 23 April 2010. Work is now ongoing through other sources of support to develop training materials based on these two manuals.

The project has provided support to a number of actions related to forest plantations and rehabilitation, with development of a survey method to identify potential forest land for conversion, a consultancy report outlining a vision for plantation forestry, work on identification and mapping of tree seed sources, and drafting of a regulation on plantation investments. An activity to develop a Code of Conduct for tree plantations was transferred to the FAO National Forest Program Facility support. Another activity, to prepare a National Tree Plantation Development Plan, was dropped. Recent plantation work has been focusing on improving management of smallholder teak plantations in Luang Prabang (see Box 1), with organization and training of farmers in initially one pilot village and plans to obtain

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Box 1. Developing an Effective Stakeholder Platform – Supporting Smallholder Teak Farmers.

Luang Prabang Province has an estimated 30,000 hectares of teak plantations, most of which are smallholdings planted by local farmers. In the 1990s, the province had adopted policies to encourage the plantation of teak, such as the waiver of taxes on land converted to this use. Many farmers had responded to these policy incentives. Although teak is a valuable wood on the world market, the smallholder teak plantations in Luang Prabang have not generally been well managed, and most owners have gotten relatively modest incomes from selling their trees to local traders.

In 2008, the FSIP project agreed to provide support to establishment of a Luang Prabang Teak Platform (LPTP), with the aim of organizing teak farmers, assisting them to improve management of their plantations and to earn increased income from the sale of their trees, and to work towards certification of sustainable forest management, according to Forest Stewardship Council (FSC) standards. A memorandum of understanding (MOU) was signed among six parties – the Department of Forestry, the Provincial Agriculture and Forestry Office (PAFO), two international non-governmental organizations, the Tropical Forest Trust (TFT) and the WorldWide Fund for Nature (WWF), and the two donors supporting FSIP, JICA and Sida, to collaborate to support this initiative. This MOU was agreed to be effective through the end of the FSIP project, i.e., 30 September 2010. This initiative has been designed around the idea of working with one pilot village, Ban Kok Gniew, and then expanding to five additional villages.

A visit was made to Ban Kok Gniew on 10 May 2010, to meet with members of the Teak Farmers' group in the village, and then to visit the field crew working with farmers to map their teak lots. The activities had taken a while to get going, but from an initial group of 5 farmers, there are now 46 members. The group members are quite enthusiastic about the activities conducted to date. They have received training on group organization, financial management, teak thinning and harvesting, and how to measure the volume of their trees, so that they can negotiate sales in terms of cubic meters of wood, rather than selling standing trees. The group has been in direct contact with possible buyers, and has undertaken a study tour to visit sawmills and factories.

By negotiating directly with a factory, rather than working through traders (middlemen), the farmers have already realized significant increases in their sales income. For example, they noted that whereas in the past they might have received only 30,000 Lao kip (US\$ 4) for selling a standing tree of a 60 cm diameter, now they could harvest the tree themselves and sell it for 120,000 – 130,000 kip (US\$ 13-15). Some farmers reported that their teak sales last year had comprised a significant portion of their household income: one farmer reported earning 4.6 million kip (US\$ 560), from selling 12 trees or 6.6 m³, which was more than 30% of his family's annual income, and another reported selling 87 trees, or 19 m³, for 14 million kip (US\$ 1300), which was at least 60% of the household income. Ms. Bounchan, a group member, noted that they were very happy with the project. She stated that the farmers have realized that they have more bargaining power as a group. They hope to achieve FSC certification by late 2010, so that they can sell their wood for premium prices. A wide range of taxes that must be paid on the wood, and a study is underway to examine this problem and propose how it can be addressed.

A high-level workshop will be held in Luang Prabang Province on 3 June 2010, to discuss how this important initiative can be further supported. Plans are underway to expand the initiative soon to two adjacent villages, and then later three more villages.

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certification of sustainable management according to Forest Stewardship Council (FSC) standards. Modest support has been provided to the Forestry Research Center (FRC) of the National Agriculture and Forestry Research Institute (NAFRI) to pilot activities in 3 villages on village-level management of non-timber forest products, such as rattan and sugar palm, as well as to conduct some research on silvicultural treatments of teak. The project has supported DOF and IUCN to review the National Biodiversity Conservation Area (NBCA) system and prepare a manual to update management plans.

The FSIP Project has been instrumental in assisting the Department of Forestry to mobilize and coordinate support for REDD initiatives and funding. FSIP has aided in preparation of the Readiness Project Idea Note (R-PIN) and the securing of support from the World Bank Forest Carbon Partnership Facility, including a \$200,000 grant to prepare a REDD Readiness Preparation Proposal (R-PP). FSIP has funded an important study, *Analysis of Land Use and Forest Changes and related Driving Forces in Lao PDR*, as a contribution to the REDD Readiness Plan. Since mid-2008, a REDD Task Force has held 20 meetings, and FSIP has served as the secretariat for this task force.

Achievement of the Project Outputs and Project Purpose

The accomplishment grid for the two project outputs, as revised in 2008, and the project purpose are provided in Table 5, on the following pages.

Strengthening Sector Planning and Management (Output 1)

FSIP support has strengthened DOF's forest sector planning and management in several important respects. First, the project has supported preparation of forest sector plans and reports, through support to provincial consultations and preparation of forest sector reports shared with stakeholders, such as through the November 2007 stakeholder consultation, and meetings of the Forestry Sub-working Group. Second, FSIP has supported compilation of statistical data on the forest sector through a forest sector indicator report prepared in 2006, and updated in 2007, 2008, and 2009. Third, the project has supported some training courses and participation in numerous regional and international meetings, which have developed staff capacity to deal with various emerging issues in the forest sector, especially related to climate change and REDD. In addition, support to key activities in Forestry Strategy 2020 and/or forest sector, such as participatory land use planning, smallholder teak management and certification, and development of forest carbon and REDD initiatives, have also built coordination and collaboration among key stakeholders.

Supporting Implementation of Key Priorities in the Forestry Strategy 2020 (Output 2)

FSIP was also designed to support selected priority actions in the FS 2020, which were strategic priorities and which were not receiving adequate support from other sources. The initial list of 38 potential actions (out of 146 actions in the FS 2020) to be supported was proposed in the project document. It was then updated in each year's annual work plan prepared through consultation with a committee known as the FS Secretariat, and then discussed and approved by the Tripartite Steering Committee. This work was guided by the MAF and DOF five-year plan (2006-2010), annual work plans and budgets, as well as funding available from other sources, including the Forestry Development Fund (FDF).

As discussed elsewhere, the priority-setting for the forest sector is influenced by a number of factors and new emerging issues, not just guided by FS 2020, which was prepared a number of years ago. Thus, the policy and implementation activities supported by the project could

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more accurately be described as forest sector priorities. In some cases, some FSIP activities have been relatively modest, and perhaps not key strategic priorities for sector development.

Capacity Building in Forest Sector Planning and Management (Project Purpose)

In general terms, the project has contributed to building of capacity in forest sector planning and management. The project has done so in collaboration not only with the Forestry Department, but also with related departments and also other development partners, such as other donor-funded projects and NGOs. In support of this capacity-building, the FSIP project has supported various types of stakeholder dialogues and policy-related priority actions.

The original objective of supporting formulation and monitoring of implementation plans for the Forestry Strategy 2010, however, was attempted, but never carried forward. It became apparent that the normal government planning system, i.e., the five-year and annual work plans and budgets, was the operational means for implementation – and periodic updating – of the longer-term strategy. As there was, then, no specific FS implementation plan, there was also no monitoring of such an implementation plan. In the final year of activity, the FSIP project has assisted DOF to improve its five-year plan evaluation and planning process, through support to provincial-level consultations. This process has, however, been so far strictly an internal Lao process, focusing on consultation among Lao stakeholders. The draft documents have not yet been translated into English nor yet shared with the international colleagues.

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Table 5. FSIP Accomplishment Grid - Terminal Evaluation: Accomplishment of Outputs and Project Purpose (as of May 2010)

Category	Indicators	Accomplishment (Grade: 3=satisfactory; 2=moderate; 1 = not satisfactory)	Grade
<p>Outputs</p> <p>1. Improved capacity of FS Secretariat and Div. of Planning, DOF to plan, manage, monitor and evaluate forest sector development and implementation of the Forestry Strategy.</p>	<p>1. Annual update on FS implementation matrix discussed with implementation partners and finalized by FS Secretariat by early October of each year.</p>	<p>1. Initial draft review of FS implementation matrix prepared for stakeholder consultation in November 2007. No further update on FS implementation matrix prepared. No involvement of FS Secretariat in this effort.</p>	1
	<p>2. Annual report on overall sector development – including FS implementation and updated analytical report on sector indicators-- ready by early October of each year.</p>	<p>2. Report on overall sector development prepared for Sept. 09 meeting with Forestry Sub-working Group. Report does not discuss FS implementation. Forest Sector Indicators Reports prepared in 2006, updated in 2007, 2008, and 2009, but no updated planned for 2010 – this report is not widely circulated.</p>	2
	<p>3. Regular (3-4 per year) meetings with Forestry Sub-Working Group.</p>	<p>3. Between June 2006 and July 2008, seven FSWG meetings were held and two online consultations. Then one meeting was held on 29 September 2009, and another on 14 May 2010. Thus 3-4 meetings per year were held during the first two years, then only one meeting per year over the past two years.</p>	2
	<p>4. Annual Dialogue with FS stakeholders held in October (or November) of each year.</p>	<p>4. Only one Forest Strategy stakeholder consultation has been held, in November 2007, but DOF has organized various other stakeholder consultations. The FSIP work plan for 2009/10 proposes two joint stakeholder consultations on REDD and FS issues, but it seems that the first consultation (25-26 May 2010) will focus on raising awareness on REDD issues, and not FS issues.</p>	2
	<p>5. Training, workshops, study tours, and/or seminars (measured by participant person-days) related to: (i) improving sector management, including development and deployment of indicators and monitoring systems; and/or (ii) strategic FS 2020 priorities being support by FSIP.</p>	<p>5. Considerable support has been provided since Oct. 2009 for participation in regional and international workshops and seminars, especially related to the topic of REDD. Training is being provided in English, IT, and some training to provincial staff on reporting. No training has been provided related to development and deployment of indicators (except work with the FS Secretariat on redesign of the FSIP project design matrix, or logical framework, in August 2008). Considerable training has also been provided in various activities. The project has not compiled data on participant days of training, study tours, and/or seminars.</p>	2
	<p>6. Increased financial support for forest sector secured by 2010 as compared with 2005</p>	<p>6. In 2005, the Department of Forestry had no external donor support. In 2010, it has support from SUFORD US\$ 20 mil., FSIP US\$1.6 mil. +, GTZ US\$ 5.2 mil., several Japanese projects US\$ 15 mil., FAO NFP Facility, US\$ 03 mil., World Bank FCPF REDD Readiness plan grant US\$ 0.2 mil. and others, i.e., WWF, WCS, IUCN, TFT, with more support, especially REDD, in pipeline. Estimates for current total REDD and REDD-related support range up to US\$ 50 million.</p>	3

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Category	Indicators	Accomplishment (Grade: 3=satisfactory; 2=moderate; 1 = not satisfactory)	Grade
<p>Outputs</p> <p>2. Key selected strategic priorities in the FS 2020 are supported, which further strengthen overall Forestry Strategy implementation and sector management.</p>	<ol style="list-style-type: none"> 1. Support to policy formulation, information and dissemination (number of new policies/legislation, consultations, etc. supported by FSIP). 2. Number of awareness-raising sessions conducted. 3. Information on key sector issues provided by mass media, i.e., number of TV emissions, newspaper articles, etc. 4. Number of key methods developed and piloted by FSIP, which have broad potential replicability, institutionalized and approved by MAF and broader-scale implementation started, e.g., Participatory Land and Forest Use Planning and Allocation, smallholder forest certification, village-based quota for NTFP management, etc. 5. Development and coordinated implementation of FCPF Readiness Plan for Lao PDR and other REDD related activities 	<p>1. Support to revision of Forest Law and adoption of Wildlife Law in 2007. Since October 2008, work supported on:</p> <ul style="list-style-type: none"> o MAF Guidelines on Salvage Logging in Nov 2008 o MAF Reg. on Forest Rehabilitation (revision) in Mar 2009 o MAF Reg. on Feasibility Study of investment proposals (DOF draft) <p>Printing and distribution of two laws to concerned stakeholders, NA members and DOF leaders disseminated two laws to the three regions.</p> <p>2. Awareness-raising about biodiversity conservation for school children and other stakeholders were conducted every year. Two elementary school campaigns, national biodiversity conservation day 13 July each year, national tree planting day each year, posters and notebooks for school children on wildlife conservation.</p> <p>3. Some information on key sector issues has been provided through TV emission(s) and other events. A short video produced on FS 2020 implementation, and two video scripts regarding forest land use planning. Newspaper articles on community teak management and rattan management plans.</p> <p>4. Key methods developed and piloted by FSIP that have been institutionalized and approved by MAF and broader-scale implementation started include:</p> <ul style="list-style-type: none"> o Participatory Land Use Planning (PLUP) manual and approaches being used by many projects including Land Management and Registration Project (NLMA/GTZ) for all villages in Sayaburi and Bokeo Provinces' o Village Manual on forestry and wildlife laws being used by Rights LINK project (NLMA/SDC/VFI) o Participatory restoration of degraded forest areas (being tested by DOF in Vientiane Province) <p>Work has been ongoing, but not yet completed regarding:</p> <ul style="list-style-type: none"> o Smallholder teak certification (slow start, now looks very promising) o Village-level NTFP quotas (very slow and delayed, but pilot quota was issued and villager ales done). WWF working on FSC certification) <p>5. Considerable work has been done to develop and coordinate efforts to prepare the FCPF Readiness Plan for Lao PDR, which is expected to be ready by 16 August 2010. The FSIP project has played an instrumental role in supporting these activities and coordination of various partners, through support to the R-PIN and the application for the Readiness Grant, serving as the secretariat for the REDD Task Force, supporting key studies (such as the forest and land use change study, the quick forest cover assessment study), and assisting DOF to mobilize additional support, including several types of additional support from Japan.</p>	<p>3</p> <p>2</p> <p>2</p> <p>3</p> <p>2</p> <p>3</p>

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Category	Indicators	Accomplishment (Grade: 3=satisfactory; 2=moderate; 1 = not satisfactory)	Grade
<p>Project Purpose <i>[to be achieved by the time of Project Completion, i.e., 30 September 2010]</i></p> <p>Capacity of forestry sector on planning and management is developed through formulation and monitoring of implementation plans, dialogues with stakeholders and addressing policy related priority actions for the initial five year period of FS 2020 implementation.</p>	<p>An institutional framework to promote effective inputs to FS 2020 implementation by stakeholders is established and operational, by:</p> <ul style="list-style-type: none"> • developing the collaborative relationships among different relevant stakeholders; • providing more comprehensive information and monitoring on forest sector collaboration, issues and developments; and • mobilizing more financial resources to support forest sector development. <p>FS implementation is supported through:</p> <ul style="list-style-type: none"> • policy and legislative framework, • broad public understanding and support, • pilot efforts to increase rural smallholder and community incomes from forestry, and • coordination of efforts to respond to climate change, through Reduced Emissions from Deforestation and Forest Degradation initiatives. 	<p>The Department of Forestry has developed collaborative relationships with a number of different stakeholders on different issues, such as the Forestry Sub-Working Group (with donors), the national REDD Task Force (among concerned MAF departments, NLMA and WREA), with support from technical advisors from different donor-assisted projects, development of the Participatory Land Use Planning (PLUP) manual (working with NMLA), and several partners supporting development and certification of teak smallholders in Luang Prabang. Through these various collaborative relationships, relevant information is shared. More funding has been mobilized for the forest sector, focusing on climate change, forest carbon, and Reduced Emissions from Deforestation and Degradation (REDD+) initiatives.</p>	<p>2</p>
		<p>The FS implementation and improved forest sector planning is supported through an improved policy and legislative framework, with revision of the Forestry Law in December 2007, adoption of the new Wildlife Law in 2007, and other key regulations. Efforts to increase public understanding have been undertaken, including provincial visits by national lawmakers, preparation of a village manual on the policy and laws, development of TV programs, and other public awareness efforts. Efforts to increase smallholder and community incomes from forestry have been piloted with teak and NTFPs, and the teak efforts seem quite promising. Considerable efforts have been made by FSIP to support the DOF in coordinating REDD initiatives since late 2007, with ongoing REDD Task Force meetings, some key background studies and current preparation of the REDD Readiness Preparation Proposal.</p>	<p>3</p>

5. Key Evaluation Criteria

Relevance

The FSIP project activities have been relevant, i.e., in line with the priorities of the Government of Lao PDR and those of the two donors, Japan and Sweden. The project activities have aimed to contribute to establishment of a more conducive policy environment and building sector capacity for sustainable forest management. Some activities, such as support to the village-level legal manual, participatory land use planning manual, smallholder teak plantations, and non-timber forest products, have been more specifically targeted at reaching rural people who rely upon forests in their daily lives, and in some cases, to improve incomes and thus address rural poverty.

Effectiveness

Overall, activities to support key sector priorities (or FS priorities) may have generally been more effective than some of the activities intended to strengthen sector planning and management capabilities. It should be noted that although the project has been administered in a flexible and process-oriented way, and has built sector planning and management capacity, it has not implemented some of the key activities or institutional arrangements as originally planned. For example, it was foreseen that FSIP would support an annual stakeholder consultation on the implementation of the Forestry Strategy 2020, but only one such meeting has been held. The project has, however, assisted DOF to hold numerous other types of stakeholder consultations and build collaboration on a number of key activities. Moreover, government work in the forest sector is guided much more by the five-year plan, annual work plans, and budgets than by the long-term (15-year) strategy. Nonetheless, this activity – annual stakeholder consultation on the FS 2020 – continues to appear in each year's work plan.

Among the most effective activities have been support to revision of the Forestry Law, preparation of the Wildlife Law and some other regulations, and preparation of a number of manuals, methods and approaches that have been piloted, such as work on the village legal guidebook, PLUP manual, and methods for identifying forest land for rehabilitation. Many activities aimed to develop methods or policies (or regulations) to guide future implementation of certain activities. Their long-term effectiveness, thus, depends upon whether or not the policies or methods were not only adopted, but actually supported and implemented.

Effectiveness could have been enhanced with greater information sharing among project collaborators. For example, those working with the smallholder teak farmers do not have information about the teak research that is being done by the Forestry Research Center, nor have they seen the village legal manual, both of which might be useful for their work.

Efficiency

The efficiency of project activities has been somewhat variable. Many activities have taken much longer than originally planned to be implemented, such that a number of activities were carried forward in the work plan for the following year (or two). Various reasons exist for the delays in implementation, including limited staff capacity and delays in processing paperwork and funding. For example, the Forestry Research Center has been supported to undertake a relatively modest pilot study in non-timber forest products in 3 villages, which has not yet been completed, although it has been ongoing for 3 years. For some activities,

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project management may have been overly ambitious concerning how much could be in what they planned to be done within a given year.

Impact

The long-term impacts of the project refer to the achievement of the overall goal, or development objective, and in the case of this project, the super goal, as well as any other positive or negative impacts from the project. At this point in time, it seems that the project has made positive contributions to improving the institutional framework for sector planning and management, through support to mobilization and coordination of stakeholder inputs to support the sector and implementation of some elements of the Forestry Strategy 2020.

It is clear, however, that some elements of the FS 2020 remain unaddressed. No one has really been working, for example, on addressing certain elements in the FS 2020 action plan, such as some of the cross-cutting issues like gender. Nonetheless, forestry projects supporting other key elements of FS 2020 may have also addressed gender issues, through providing training to women as well as men, and encouraging their participation in project activities. Much work remains in many areas, such as securing funding for the sector, and moving some interventions beyond pilots in a few villages to broader national programs, such as work on non-timber forest products.

Sustainability

The sustainability of many activities supported by the project, or benefits derived from those activities, is promising, but remains fragile. The forest sector now has a good policy and legal framework in place, but awareness, implementation, funding, and monitoring to enforce this framework will be challenging. For example, the Forestry Law clearly identifies seven sources of possible funding for the Forest and Forest Resources Development Fund, but to date revenues have only been secured from one of those sources, and the Fund does not even receive the full amount of funds each year. The project has developed many methods, approaches, and manuals, but their use will continue to rely upon major development assistance, given limited government funding and human resources.

Factors promoting better sustainability and impact

Planning.

The project design recognized the need for capacity building in sector planning and management, and was designed to make important contributions in that regard. It also was developed with the idea of providing flexible support, to be decided on an annual basis, to some key strategic priorities in the Forestry Strategy 2020, or forest sector. This process-oriented and flexible approach thus enabled the project management team to adapt the project to meet the needs of the sector and the Department of Forestry, as conditions and other sources of support evolved over time.

Implementation.

The flexibility in implementation, and the good collaboration among the Department of Forestry and two donors, has supported the sense of “ownership” among the Department of Forestry, and a number of its collaborators, on many of the key activities. The collaborative efforts undertaken by the project to work with other partners on several of the key activities has ensured that such activities, or use of products developed under the project, will be continued by the partners.

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Factors inhibiting better sustainability and impact

Planning.

The project was planned around the premise that it would support implementation of the Forestry Strategy 2020. Although it was considered, more attention should have been given to how the support to promote implementation of the strategy would interface with the government planning system that relies upon the five-year National Socio-economic Development Plan and related 5-year plans of ministries, departments, and provinces, as well as the annual work plans and budgets, for operational planning and implementation.

The project design also did not adequately consider that a 15-year sector strategy would gradually become outdated, as new policies, institutional arrangements, and emerging issues change the overall operating context for the sector.

The project was planned to be implemented with active input of a committee, the Forestry Strategy Secretariat. This committee named by MAF, included several senior staff in the Department of Forestry – and later also NAFRI, NUOL, NAFES, and NLMA. Given that these individuals were all extremely busy with their normal government duties, they did not have much time to devote to the committee – and basically just provided some input on the FSIP annual work plan, rather than monitoring implementation of the FS 2020.

Implementation.

Capacity for sector planning and management, and knowledge to deal with new emerging issues, such as forest carbon and REDD, has built, especially in a few key senior staff members. This achievement may be threatened, however, if these personnel leave their positions due to training, illness, or reassignment to other positions. Therefore, it is essential to further build up and broaden the capacities in the sector, especially among younger staff members.

Although efforts were made to update the project design matrix and focus the project support on fewer activities following the Mid-Term Review in 2008, many recommendations of the MTR were not followed up.