

Ex post evaluation – Laos

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Sector: Vocational Training (CRS Code 114330)
Project: CP Vocational Training I & II – BMZ No.: 2004 66 169* & 2006 65 588*
Programme-/Project executing agency: Department of Technical and Vocational Education, Ministry of Education and Sports



Ex post evaluation report: 2014

		Phase I (Planned)	Phase I (Actual)	Phase II (Planned)	Phase II (Actual)
Investment costs (total)	EUR million	5.40	5.40	4.80	4.80
Counterpart contribution	EUR million	0.90	0.90	0.80	0.80
Funding	EUR million	4.50	4.50	4.00	4.00
of which BMZ budget funds	EUR million	4.50	4.50	4.00	4.00

*) Random sample 2014

Description: FC funds were used in 6 provincial capitals to finance school buildings, workshops, student residencies, public administration buildings and technical/educational training facilities for roughly 500-600 students in each case. Parallel to this, labour-market oriented training courses (curricula) were developed as part of the TC while the project also supported management and teachers of individual trades at the given vocational schools. The programme was implemented as an FC/TC cooperation project with the GIZ (previously GTZ in cooperation with the DED).

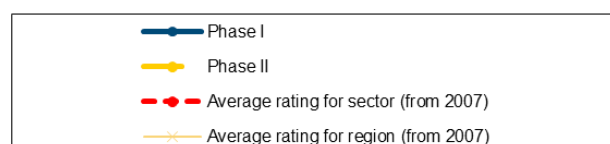
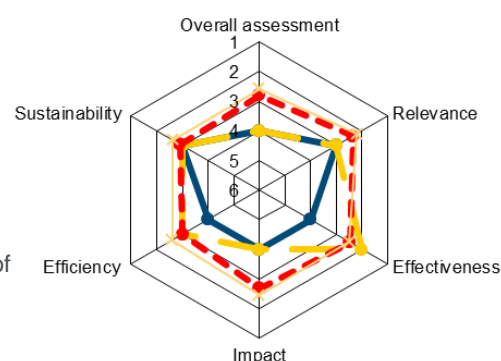
Objectives: The overarching objective of the BB I programme included promoting employment in selected vocational trades. It was thus designed to make a contribution to lowering unemployment and reducing poverty. The programme objective was to achieve basic and advanced training focused on labour market needs through the use of expanded and improved vocational school capacities. The overarching objective of the BB II project was to broaden the supply of skilled workers and thereby improve the development opportunities of companies, as well as enhance the employment and income opportunities of graduates. The programme objective was to bring about a qualitative and quantitative improvement in demand-driven basic and advanced training at the programme schools.

Target group: The target groups for BB I & II were primarily graduates of the general education system striving to obtain a vocational education.

Overall rating: 4

Rationale: The education on offer is not properly aligned with current demands in the private sector job market.

Highlights: In spite of vocational training being extremely relevant for the development of the country, particularly in view of the forthcoming economic integration of the Association of Southeast Asian Nations (ASEAN) in 2015, the six DC-funded schools are only used for practical vocational education to a minor extent. In spite of efficient implementation, a high standard of building and a certain sustainability of the financed infrastructure, we believe both projects are un satisfactory.



Rating according to DAC criteria

Overall rating: 4

Relevance

The projects were aimed at resolving a key development policy issue: the training of skilled workers for the labour market, which is particularly relevant given the forthcoming ASEAN Economic Community 2015. The project area in the six provincial capitals in northern Laos was relevant in terms of poverty at the time of the project appraisal, and still is now, because this is where many ethnic minorities survive on subsistence farming. The projects are aligned with national development strategies, in particular the TVET strategy, the "Strategic plan for the development of technical and vocational education and training from 2006 – 2020", and are consistent with a draft law for the TVET sector that should be adopted in 2014. Likewise, the development policy goals of the project conformed to the objectives and strategies of the BMZ with respect to vocational education.

The underlying logic that qualitative and quantitative improvements in labour market training (outcome) contribute to an increase in the supply of skilled workers for companies and to better earning opportunities for graduates (impact) was fundamentally plausible. However, there were problems with adapting the concept of vocational training to local circumstances:

- The training content and skills level delivered by schools does not meet the demands of companies as it does not include enough practical aspects or specialisation.
- Vocational training generated little interest from students and parents as it was comparatively expensive¹ and also selective given the entrance exam, while it promised much lower future earnings too and had a worse image than a university education. In practice, roughly one in every four students attending a vocational school opted to continue their education at the university level.²

The lack of donor coordination in vocational training represents another problem. Various donors introduced different vocational training models (competency-based approach and dual training system), instead of adapting their support to the country's school system (school-based training system) or agreeing on a joint strategy. This led to overlaps and the inefficient use of limited donor funds. This overlap was exacerbated by the fact that two ministries, the Ministry of Education and the Ministry of Labour and Social Welfare, share responsibility for vocational training.³ The problem was the lack of any strategic leadership role from the Laos government and its implementing organisation, who could have managed and coordinated donor financing.

At the time of selecting the project schools for BB I + BB II, Germany was the only donor engaged in financing the construction and equipment of vocational schools through FC, alongside Luxembourg and Vietnam. Subsequent phases saw the start of coordination with the ADB, which meant all schools in the country, received or still continue to receive funding in accordance with the national strategy.

¹ In recent years the MoES has significantly broadened its support of vocational training, and intends to make this training largely free of charge in the future, or subsidised by means of scholarships.

² A report by the MOES (2008) finds that demand from existing (and potential) students for training is decreasing in high-demand skill areas and areas where skill shortages are the greatest (such as carpentry, plumbing, sawing, and dress-making), while demand for training in less relevant skill areas (such as accounting, office management, and business management) is increasing despite the fact that graduates in these areas struggle to find employment. Technical Vocational Education and Training (TVET) schools in particular respond more to students' skill demands than employers' demands." World Bank. 2014. Skills for Quality Jobs and Development in Lao PDR. A Technical Assessment of the Current Context. Washington, D.C.

³ In a 2010 report by Planco Consulting: "The capacity of the Ministry of Education (MoE) and the Ministry of Labor and Social Welfare (MoLSW) to manage a reformed TVET system is weak, and the two ministries need to be more coordinated. A labour market information system (LMIS) is needed to identify areas of labour market demand and skill shortages; and support the TVET system in responding to labour market needs and offering potential students information on opportunities available in TVET." Lao Ministry of Education and KfW Development Bank. 2010. "Demand-oriented Vocational Training in Lao PDR Sector Analysis, criteria-based Evaluation of Training Institutes, and Design Recommendations for a new Program under Lao-German Cooperation. Vocational Training Program, Phase III. Planco Consulting GMBH.

Given the very relevant shortage of qualified labour in Laos, the inadequate labour market focus of the programme design and difficulties with coordinating donors, we rate the relevance for both projects as satisfactory.

Relevance rating: 3 (both phases)

Effectiveness

The targets/indicators for both of the vocational training projects were not achieved for Phase I, and achieved for Phase II.

Up to five schools were planned for Phase I, of which four were designed and three were built. The planned school in Bokeo received donor funding from Vietnam, and upon request from the government, FC funded an additional school in Phongsaly. According to the indicator, three years after the schools opened their doors, a total of 3,000 students should be trained each year and the ratio of those successfully completing their courses should be >90 %. Although enrolled students generally completed their studies, only 1,478 students studied at the schools in the 2013/2014 academic year (five years after starting up) according to official statistics, roughly half of the planned number. Based on published numbers in classrooms and administrative buildings, the actual number of students is even lower. Thus the indicator was not achieved.

For Phase II the indicator reads as follows: three years after the opening of the school at least 80 % of the established capacities are used. According to information provided by the individual schools to the evaluation mission, five years after the schools in Phase II started operating; capacity utilisation was at 84 %. This means the indicator has been achieved on average, even though utilisation varies from 34 % in Houaphan to 69 % in Louang Namtha and 147 % in Xayaboury.

The high utilisation of the school in Xayaboury is attributable to the large number of Business Administration students, which is a very popular subject with students in Laos and imparts important skills for managing small businesses or market stalls. Practical vocational training is found in the schools in Xiengkhouang and Xayaboury, while the other schools largely offer theoretical teaching.

The indicator regarding equipment in schools, which had to be used for education purposes for at least 60 % of the time, was also only met in two out of the five schools visited (in Xayaboury and Xiengkhouang).⁴ Much of the equipment was not adapted to local needs, and every school received the same equipment. Furthermore, some of the equipment could not be operated by either teachers or students and sometimes not be maintained either, as expensive spare parts had to be ordered from abroad but the school could not afford them. The equipment for all six schools cost EUR 1.87 million or 18 percent of the total project costs. In three out of five schools visited, tools were locked away, often still in their original packaging and unused.⁵ At the school in Phongsaly for example there was no power supply up until one week before the evaluation mission arrived, so the electric saws and cement mixers as well as 20 computers could not be switched on.

Given the low utilisation of vocational schools in Phase I and the currently inadequate and unused equipment in three out of the five schools visited, we rate the effectiveness for Phase I as unsatisfactory and for Phase 2 as good, since here the utilisation indicator of 80 % was met.

Effectiveness rating: 4 (Phase I) and 2 (Phase II)

Efficiency

The efficiency of the construction activities (**production efficiency**, input-output ratio) is rated unsatisfactory for Phase I, and good for Phase II. In Phase I the overall budgeted cost for the project (EUR 4.5 million) was overrun by EUR 0.91 million, which was then covered in Phase II. The reason for the higher

⁴ The evaluation mission documented the lack of tool use with photos of the tools still in the original packaging.

⁵ According to a comment from the project-management department, some of these could also be subsequent deliveries from the current Phase III or IV of the project.

costs was the decision not to finance a school in Bokeo, as originally planned (designs were already available), but a school in Phongsaly, the most northern province in Laos that borders China and added logistical challenges. The government also failed to provide some of its funding to finance the school building⁶.

The buildings were of good quality and the construction costs were efficient, also when compared to financing provided by other donors. The unit costs for single-level classrooms amount to USD 160 per m². The building costs for an agricultural vocational school financed by the Swiss Agency for Development and Cooperation (DEZA) totalled USD 242 per m² and for other DEZA-financed schools in Asia amounted to between USD 160 and USD 200 per m². The unit costs for the workshops were lower and amounted to USD 150 per m² for example for an electrical workshop (costing USD 0.045 million for the 300 m² area). A comparable workshop for welding that was built in Xayaboury by the private sector cost roughly the same at USD 43,824 (or KIP 350,000,000). Consequently, the costs for the high-quality, FC-financed workshops - including teachers' rooms and lockable storerooms for equipment - are appropriate and comparable with the private sector, while they are rather low compared to other donor-funded projects.

Allocation efficiency (input-impact ratio) is unsatisfactory for Phase I and satisfactory for Phase II, since the schools are not yet fully utilised and use of the workshops and equipment is low. Additionally, fewer young people are being reached than was assumed during project appraisal. Half of the students attending the school have no interest in starting work straight after the vocational training, and instead use the school as a means to enter university or other governmental institutions. Companies that hire students bemoan the lack of specialisation and practical skills among the graduates. This is also confirmed by GIZ tracer studies.

In conclusion we rate the efficiency of Phase I as unsatisfactory given the inadequate allocation efficiency and satisfactory production efficiency, but satisfactory for Phase II given the good production efficiency despite unsatisfactory allocation efficiency.

Efficiency-rating: 4 (Phase-I) and 3 (Phase-II)

Impact

The overarching developmental impacts of both programme phases were barely achieved. The quality, content and provision of the training courses are not in line with current demand on the labour market and in particular the private sector. The courses are split into 70 % theory and 30 % practice, which is standard for vocational schools. However, the vocational training in three out of the five schools visited in Laos leaned more towards theory and focused less on practice. This means that employers believe the added value of the training is only useful for public administration activities. During the evaluation mission, all four of the employers surveyed bemoaned the lack of specialisation and practical experience of graduates, but were enthusiastic about the motivation and social skills of the former students. A follow-up study by GIZ⁷, which surveyed 37 employers of graduates mainly in the provinces of Houaphanh and Xiengkhouang in 2014, came to the conclusion that employers primarily value the skills of higher-qualified graduates in public administration positions.⁸ This is also confirmed by an analysis of school leavers, where the GIZ follow-up study revealed that 90 % of those successfully completing the project schools are working in the public sector. According to the study, "When looking at school types the ratio becomes even more unbalanced as 90.2 % of graduates of IVET schools finding employment entered civil service."⁹ In terms of meeting targets, this means that the part of the ultimate objective which read: "Expand supply of

⁶ The own contribution earmarked from the Laos government totaling EUR 0,8 million was used to provide infrastructure (water and power supply, access roads, etc.), acquire land and give financial support to manage the programme.

⁷ Leuthvisay Keola, Michael Schultze, Somlith Virivong. 2014. Tracer Study. Vocational Education and Training in Lao PDR. Final Report 2014. Lao-German HRDME Program III. On behalf of Ministry of Education and Sports and GIZ. Vientiane, Lao PDR.

⁸ Some 30 % of the teaching staff at the school in Xayaboury for example are graduates from the same school.

⁹ According to information from the evaluated vocational schools in Laos, some 30 % of school-leavers (29 vocational schools) work in government administration positions around the country, while a World Bank study puts the figure at roughly 40%. World Bank. 2014. Skills for Quality Jobs and Development in Lao PDR. A Technical Assessment of the Current Context. Washington, D.C. and Leuthvisay Keola, Michael Schultze, Somlith Virivong. 2014. Tracer Study. Vocational Education and Training in Lao PDR. Final Report 2014. Lao-German HRDME Program III. On behalf of Ministry of Education and Sports and GIZ. Vientiane, Lao PDR.

skilled workers to improve development opportunities for companies" was not fulfilled. According to literature on Laos, while the civil service is considered to be a good income opportunity for graduates, it does not contribute to greater productivity for the country in the long run. Although three of the vocational schools visited cooperated with the private sector, the initiatives were small and offered no guaranteed jobs for graduates, in contrast to the Lao-German Technical School in Vientiane. On a positive note as regards target achievement, some 91 % of the graduates who had found a job and took part in the 2014 GIZ follow-up study earned more than the minimum wage, which meant the aspect of reducing poverty was met for the school-leavers who found a job and took part in the GIZ study.

According to the GIZ 2014 follow-up study, 54.7 percent of the school-leavers surveyed found a job within three months, and 63.4 percent after six months. The Phase I indicator that states "at least 80 % of the successful vocational school graduates (i.e. after passing their school-leaving exam) shall find a job or become self-employed in an area that is consistent with their acquired qualification", is therefore not achieved.

According to information from the five schools visited during the evaluation mission, roughly one quarter of graduates found employment in public administration and the military, one quarter in the private sector, and one quarter decided to continue studying. There is no information about the last quarter. The relatively high numbers of school-leavers without a job and the high percentage of students continuing to study are also confirmed by the GIZ follow-up study (39.2 % of school-leavers continued their studies in Oudomxay and 44 % in Houaphanh).¹⁰ This means the Phase II indicator which stated "at least 75 % of graduates will find employment in line with their qualification within 12 months of leaving school" has therefore not been achieved.

Neither Phase I, nor for Phase II were the employment indicators for school-leavers met, even though the school-leavers who did find a job earn more than the minimum wage. Given that the GIZ follow-up study revealed that 90 % of school-leavers work in public administration, the part of the Phase II overarching objective which stated the project should contribute to company development opportunities was not fulfilled. Thus we rate the overarching developmental impact as unsatisfactory.

Impact rating: 4 (both phases)

Sustainability

It can be assumed that the schools will also be used in the future at least as secondary schools or colleges, albeit only to a lesser extent for practical vocational training. Structurally, the schools and workshops are all built to a high standard. However, the student residencies were largely neglected, not cleaned or maintained. Two residences in Oudomxay and Xiengkouang had water damage while the student-run hotel had been hit by lightning, though the rooms were repaired again.

The financing of operating and maintenance costs for the school buildings and equipment has not been resolved. Information regarding maintenance expenses in 2012/13 varies strongly from school to school, ranging from EUR 800 in Phonsaly up to roughly EUR 9,000 in Xayabouri based on data from the schools (see Appendix 5, Table 3). Furthermore, the available funds depend heavily on whether the school budget is financed by the central government, the provincial government, tuition fees from the students or other sources (see Appendix 5, Table 2).¹¹ For example, the FC-funded vocational schools in Phases I & II are financed to a lesser extent from the central government in Vientiane and to a larger extent by the provincial governments, tuition fees and the sale of school products, or by offering short-term courses for village residents. It is encouraging that the schools generate alternative sources of income, as long as they do not take teaching staff away from their normal teaching duties. Moreover, the funds available for maintenance largely depend on the capabilities of the school management, and are not stable. Maintaining machinery at schools presents a problem, because replacement parts are not available on the local market.

The availability of water was a problem for all of the schools visited. The design of the water systems is unsatisfactory. Only at the school in Xiengkouang was an additional water tank built and a pump installed

¹⁰ Leuthvisay Keola, Michael Schultze, Somlith Virivong. 2014. Tracer Study. Vocational Education and Training in Lao PDR. Final Report 2014. Lao-German HRDME Program III. On behalf of Ministry of Education and Sports and GIZ. Vientiane, Lao PDR, S. 36.

¹¹ Soulikhamkone Sisoulath, Siamphone Chanthaphone, Stefanie Krapp, Frank Pfänder. 2007. Public Technical Vocational Schools under the Ministry of Education in Lao P.D. R. GIZ and Vocational Education Development Center (VEDC), Vientiane, Lao PDR.

with the help of a local development worker and the students, thereby providing the school and agriculture with a continuous source of water in the dry season.

In light of the good quality of buildings, but the poor maintenance of student residencies and the uncertain maintenance budget we rate sustainability as satisfactory.

Sustainability rating: 3 (both phases)

Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance, effectiveness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

Level 1	Very good result that clearly exceeds expectations
Level 2	Good result, fully in line with expectations and without any significant shortcomings
Level 3	Satisfactory result – project falls short of expectations but the positive results dominate
Level 4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
Level 5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
Level 6	The project has no impact or the situation has actually deteriorated

Ratings level 1-3 denote a positive assessment or successful project while ratings level 4-6 denote a negative assessment.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Ratings 1-3 of the overall rating denote a "successful" project while ratings 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (rating 3).