



ASSESSMENT OF DEVELOPMENT RESULTS

EVALUATION OF UNDP'S CONTRIBUTION

LAO PDR

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FOREWORD

This is an independent country-level evaluation conducted by the Evaluation Office of UNDP in Lao People's Democratic Republic (PDR). The evaluation, titled an Assessment of Development Results (ADR), assesses the relevance and strategic positioning of UNDP's support and its contributions to the country's development over a given period of time. The aim of the ADR is to generate lessons for strengthening country-level programming and to contribute to the organization's effectiveness and substantive accountability.

Lao PDR is unique for its ethnic and environmental diversity. In recent years, Lao PDR has achieved impressive economic growth, which has been amongst the fastest in Southeast Asia. Despite the rapid economic development and the significant advances in human development that have followed, Lao PDR still stands amongst the ranks of the Least Developed Countries (LDCs). It faces several challenges related to inequalities among regions and gender. A landlocked country, it also remains highly dependent on its rich natural resources. A specific challenge relates to the legacy of the Indochina war and the fact that it is the most heavily bombed country in the world. Given that as many as one-third of the bombs dropped did not explode, the remaining unexploded ordnance (UXO) still affects the people's lives in the villages, posing not only human security but also development constraints.

Lao PDR was established in 1975 and has been ruled by the Lao People's Revolutionary Party since then. After a decade of socialist policies, the country introduced the New Economic Mechanism in the mid-1980s resulting in gradual opening of the economy. Political decision making remains in the hands of the Party and broader participation is limited. Regional and economic integration in South East Asia is moving at a rapid pace and influences Lao PDR intensely, providing both opportunities and challenges. The government is acutely aware of the issues. The Sixth National Socio-Economic Development

Plan focuses on growth with equity, articulating a poverty reduction strategy while promoting economic development and regional integration.

The evaluation found that UNDP has contributed significantly to policy development and dialogue, including incorporation of the Millennium Development Goals (MDGs) and pro-poor concerns into national planning. Through the National Human Development Reports and other initiatives, UNDP has contributed to capacity development in the government to carry out high-level policy and strategic research on key issues, such as regional integration and human development. In the important field of governance, UNDP has gained the status of a trusted partner of the government. However, there are still areas where UNDP can assist the government, such as in the field of democratic governance and participation. In the areas of environment and sustainable development, UNDP has supported the country's efforts to fulfil its obligations to the international environmental agreements it has ratified. Given the importance of natural resources to the Lao economy, more could be done to incorporate related issues into policy dialogue in order to optimize the sustainable use of natural resources for the benefit of the country. UNDP has also succeeded in establishing more efficient planning for operations related to UXO, thus ensuring continued international support to the effort.

One of the key roles that UNDP has played in Lao PDR has been assisting the government in coordination through the Round Table Process. This process has facilitated constructive dialogue on key development agendas between the government and its development partners. The evaluation strongly recommends that UNDP continue its efforts in this field. As governance reforms will continue to be an essential precondition for sustainable development and poverty reduction, the evaluation recognizes the importance of UNDP's continued engagement in priority areas where national ownership and commitment can lead to significant results. The

governance reforms should proceed in parallel with the development of national capacities and alignment of external partners with national systems in order to enhance development effectiveness.

Overall, the evaluation recommends that UNDP maintain the focus and profile of its current programme, but move beyond policies and frameworks to ensure that these policies are actually implemented and contribute to poverty reduction. Otherwise, there is a risk that development efforts promoting growth may result in growing inequalities. UNDP can also support the government in minimizing risks related to regional integration.

A number of people contributed to this evaluation, particularly the evaluation team composed of Gabriela Byron, team leader, Gareth Porter, team specialist, Ana Gabriela Guerrero Sárdan, locally-recruited team member, and Juha Uitto, the Evaluation Office team member and task manager. We would also like to thank Elizabeth K. Lang for her background research and Kutisha Ebron and Anish Pradhan for their administrative support.

The research and preparation of the evaluation was also completed thanks to the collaboration and openness of the staff of the UNDP Country Office in Lao PDR, led by Resident Representative Finn Reske-Nielsen and, after his departure, by interim Resident Representative Setsuko Yamazaki. I would

also like to thank the Regional Bureau for Asia and the Pacific, particularly Director Hafiz Pasha and the Chief for North East Asia and Mekong Division Romulo Garcia.

This report would not have been possible without the commitment and support of the Government of Lao PDR. In particular, the evaluation team would like to thank the Director General, Department for International Cooperation in the Ministry of Foreign Affairs, Bountheuang Mounlasy, for his time and insights as the government focal point for the evaluation. The team is also indebted to those representatives from civil society and non-governmental organizations, donor countries and the United Nations Country Team, including those from the international financial institutions, who generously gave their time and frank views.

The overarching national goal of Lao PDR is to leave the ranks of the LDCs by 2020 and to achieve the MDGs, which include halving the occurrence of extreme poverty by 2015. These ambitious goals can be achieved with significant effort and UNDP, as a long-term partner, can assist the government in achieving them. I hope that the findings and recommendations of this report will assist UNDP in responding to the country's challenges and provide broader lessons that may be of relevance to UNDP and its partners internationally.



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Director, Evaluation Office

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ACRONYMS AND ABBREVIATIONS

| | |
|----------------|---|
| ADB | Asian Development Bank |
| ADR | Assessment of Development Results |
| AFTA | ASEAN Free Trade Area |
| AHI | Avian/Human Influenza |
| ASEAN | Association of Southeast Asian Nations |
| CBD | Convention on Biological Diversity |
| CCF | Common Country Framework |
| CCM | Country Coordinating Mechanism |
| CEDAW | Convention on the Elimination of all forms of Discrimination Against Women |
| CHAS | Centre for HIV/AIDS/STI |
| CITES | Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| CPC | Committee for Planning and Cooperation |
| CPD | Country Programme Document |
| EO | Evaluation Office |
| EU | European Union |
| FDI | Foreign Direct Investment |
| FS2020 | Forestry Strategy to the Year 2020 |
| GDI | Gender Development Index |
| GDP | Gross Domestic Product |
| GEF | Global Environment Facility |
| GFP | Gender Focal Point |
| GPAP | Governance and Public Administration Reform Project |
| GRID | Gender Resource and Information Development Project |
| IFAD | International Fund for Agricultural Development |
| LBA | Lao Bar Association |
| LDC | Least Developed Country |
| LPRP | Lao People's Revolutionary Party |
| LWU | Lao Women's Union |
| M&E | Monitoring and Evaluation |
| MAF | Ministry of Agriculture and Forestry |
| MDG | Millennium Development Goal |
| MOF | Ministry of Finance |

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| MoFA | Ministry of Foreign Affairs |
| MEA | Multilateral Environmental Agreement |
| NAS | National Accounting System |
| NBSAP | National Biodiversity Strategy and Action Plan |
| NCAW | National Commission for the Advancement of Women |
| NCCA | National Committee for the Control of AIDS |
| NERI | National Economic Research Institute |
| NEX | National Execution Modality |
| NGO | Non-governmental Organization |
| NGPES | National Growth and Poverty Eradication Strategy |
| NHDR | National Human Development Report |
| Norad | Norwegian Agency for Development Cooperation |
| NRA | National Regulatory Authority |
| NSC | National Statistics Centre |
| NSEDP | National Socio-Economic Development Plan |
| NTFP | Non-timber Forestry Products |
| ODA | Official Development Assistance |
| OSPP | Office of the Supreme People's Prosecutor |
| PDR | People's Democratic Republic |
| POPs | Persistent Organic Pollutants |
| PP | Pandemic Preparedness |
| PPP | Purchasing Power Parity |
| PRSP | Poverty Reduction Strategy Paper |
| RC | Resident Coordinator |
| RTM | Round Table Meeting |
| Sida | Swedish International Development Cooperation Agency |
| SME | Small and Medium sized Enterprise |
| STEA | Science, Technology and Environmental Agency |
| STI | Sexually Transmitted Infection |
| SWAP | Sector Wide Approach |
| UNCDF | UN Capital Development Fund |
| UNCCD | UN Convention to Combat Desertification |
| UNCT | UN Country Team |
| UNDAF | UN Development Assistance Framework |

EXECUTIVE SUMMARY

PURPOSE OF EVALUATION

This report presents the findings of the country-level evaluation, Assessment of Development Results (ADR), undertaken by the UNDP Evaluation Office in 2006. The ADR is an independent evaluation of UNDP's relevance and contribution to a country's development over a given period of time. The goal of the ADR is to generate lessons for strengthening country-level programming and to contribute to the organization's effectiveness.

The Lao ADR was timed to contribute to UNDP's strategic positioning by providing timely and relevant information for the preparation of the Country Programme Document (CPD) presented to the Executive Board in September 2006. The evaluation took place in parallel with the preparation of the new United Nations Development Assistance Framework (UNDAF). The evaluation focused on the period covered by the 2002-2006 Country Cooperation Framework (CCF) but also drew on results from the 1997-2001 CCF.

The ADR evaluates results in the following thematic areas: Poverty Reduction and the MDGs; Fostering Democratic Governance; Energy and Environment for Sustainable Development; Crisis Prevention and Recovery; and HIV/AIDS Response. It also assessed UNDP's roles in the Round Table Meeting (RTM) process and in brokering partnerships amongst donors, as this has been a particularly important area of UNDP's country strategy. Other important crosscutting concerns addressed in the evaluation included capacity development and the incorporation of a gender equality perspective.

Given that UNDP actions take place in a broad development context, a major purpose of the ADR is to assess credible links between UNDP efforts and national development results. Nevertheless, it is also important to assess the individual activities of the UNDP, both as a reality

check and as a means of assessing various "links" in the results chain. The ADR therefore called for a methodology that ranged from examining 'big picture' country strategies to a 'bottom up' sampling of activities and results.

DEVELOPMENT CHALLENGES

Lao People's Democratic Republic (PDR) was constituted in 1975, but the country can trace its history back to the mid-14th century when it was unified as the Lan Xang kingdom. The United Nations includes Lao PDR in the list of Least Developed Countries (LDC) based on its low income, limited human resources and economic vulnerability.

In 1986, Lao PDR embraced economic reform, beginning to decentralize power and encourage private enterprise. In 2003, the Government of Lao PDR adopted the National Growth and Poverty Eradication Strategy (NGPES) intended to eradicate poverty through sustained and equitable economic growth. Its principles were recently enshrined in the Sixth National Socioeconomic Development Plan (NSEDPlan).

Lao PDR is a small, landlocked country with a human development index ranking of 132 out of 177 countries. Approximately 80 percent of its 5.7 million people live in rural areas; 72 percent live on less than USD 2 a day. Inequalities are further heightened by ethnic and geographic diversities. The Government of Lao PDR is committed to the Millennium Development Goals (MDGs) and has achieved impressive results in some areas. While the government's development strategy relies heavily on private investment for development, it recognizes that growth alone will not reduce poverty without special measures to support those less able to participate. Therefore, the government has identified 72 districts as poor, of which 47 have been targeted for priority assistance.

To achieve its goal of moving out of the ranks of the LDCs, the Government of Lao PDR is encouraging growth through private-sector investment and beginning to integrate with most of its neighbours in the Association of South East Asian Nations (ASEAN). Although it is a communist country, Lao PDR development of a market economy since the introduction of the New Economic Mechanism in 1986 has resulted in impressive economic growth. The most recent strategy includes joining the ASEAN Free Trade Area (AFTA), which poses both opportunities and challenges for the Lao economy. Lao PDR hopes to exploit the advantages of being 'land linked' to five countries in the region. Already, the borders are areas of concentrated population and economic growth. The competitive disadvantages faced by Lao PDR include a poorly educated and very disperse population, an agricultural economy still geared primarily to subsistence, limits to economic expansion due to continued unexploded ordnance (UXO) contamination, and bureaucratic obstacles to the establishment of businesses. Among its advantages is a rich natural resource base that will generate income through hydropower sales, mining, agro-industry and tourism, as long as the base for these activities is maintained through sound environmental management.

Lao PDR also faces challenges in improving governance to ensure effective service delivery to its population; to develop sound fiscal/revenue collection systems; and to ensure a stable, transparent and predictable environment for national and international investment. Good governance will also help to maintain donor confidence, which is important given that aid accounts for 18 percent of gross domestic product (GDP) and more than 80 percent of public investment.

UNDP RESPONSE

The United Nations has a long history of cooperation with Lao PDR, as the country joined the world organization in 1955. UNDP supports the government in moving towards its overarching national goal of lifting the country from the ranks of LDCs by 2020 and achieving the MDGs, which include halving extreme poverty by 2015. UNDP has partnered with the national government, the

private sector, civil society, and other bilateral and multilateral partners to establish a framework to meet the MDGs. Much of its work is focused on strengthening national capacities, fostering an enabling policy environment, seeking innovative local solutions and promoting gender equality.

UNDP had completed five country programmes by 1997, when it began to operate under CCFs. The first CCF (1997-2001), based on the government's request, was organized around the themes of integrated rural development, governance, and the environment and natural resource management. During this period, UNDP administered a total of almost USD 64 million, of which almost USD 20 million was core funding. An assessment of the first CCF in preparation for the second CCF identified the need to strengthen national planning and implementation capacity as well as support to coordination at the sectoral and project levels, including national programmes, sectoral programmes, and UN system programmes. Apart from greater attention to these issues, the overall thrust of the first CCF was endorsed as the strategy for the second CCF (2002-2006), which was to provide a sharper focus and greater coordination and synergy within and between thematic areas.

As a result, the UNDP programme under the second CCF was based on the following strategies: 1) assuming a strong leadership role in donor coordination, both within the UNDAF and in the wider donor community, built on its reputation as a trusted, neutral partner; 2) supporting high-level policy research, development and dialogue, particularly in relation to poverty reduction and rural development; 3) promoting the advancement of women and gender equality through proactive gender projects, mainstreaming gender in all projects, and supporting mainstreaming efforts in government programmes and ministries; 4) fostering good governance at all levels, an area where UNDP's reputation for impartiality and consensus building is an important asset; 5) supporting decentralized governance reform closely tied to development in the poorer districts; 6) encouraging environmental policy and management, particularly the government's capacity to comply with global environmental conventions, regulatory regimes and funding mechanisms; and

7) supporting two select national programmes, the UXO programme and HIV/AIDS. In all of these areas, the UNDP strategy has been consistently the development of national capacity to plan and manage programmes.

To date, expenditures for 2002-2006 have reached USD 33,384,000 of a projected total of USD 51,374,000. Core resources have accounted for the greatest growth in the budget, quadrupling since 2002.

UNDP'S CONTRIBUTION TO DEVELOPMENT RESULTS

Donor coordination. Improved aid effectiveness through better donor coordination has had a significant impact, given Lao PDR's reliance on aid, and has been one of UNDP's major achievements. Lao PDR is one of only three Asian countries where the RTM is the principal mechanism for aid coordination, rather than the Consultative Group Meetings organized by the World Bank. On the donor side, there are more effective structures for dialogue and communication, including eight thematic groups that facilitate concrete planning. This has improved coordination with the government, which has recently formed its own thematic working groups to work with the donor ones. One of the significant development results is the increasing alignment of donor activities with national priorities. UNDP is highly respected for its lead role and all the major donors participate in the RTM, although some of the new donors in the region are not yet incorporated. International Non-Governmental Organizations (NGOs) have also been invited to participate through appropriate mechanisms. Within the UN system, the UNDP has provided leadership for a more focused, realistic UNDAF.

Achieving the MDGs and reducing poverty. Lao PDR's capacity for policy research and dialogue, particularly in relation to growth and poverty reduction, has been enhanced through UNDP support. This includes technical support to the development of the NSEDP, inclusion of the MDGs in the NGPES, consultation processes on policy issues, and consistent advocacy for the inclusion of pro-poor aspects in planning and research. This is a particularly important contribution in Lao PDR,

where an inadequate capacity for research or experience in policy dialogue has hampered the development of clear and well targeted policy and planning. The three National Human Development Reports (NHDRs) have focused on key national issues helping to shape planning at the highest level, including the most recent NHDR, which addressed issues related to Lao PDR's strategy of regional integration. Given the priority assigned to regional integration in Lao PDR's development strategy, the UNDP has also made significant contributions to government capacity to negotiate and participate effectively in this process. UNDP has also helped the government identify and develop plans for the poorest districts and has aligned its provincial governance/rural development efforts towards these priority districts.

Gender equality. The Gender Resource and Information Development (GRID) project with the Lao Women's Union (LWU) has achieved notable results integrating gender into areas of policy (such as the NGPES and NSEDP) and data gathering (National Statistics Centre). However, gender is still a fairly new concept in Lao PDR. Despite reasonable equality in the law, many inequalities are evident in Laotian society, including most of the areas of MDG indicators. The NSEDP commits the Government of Lao PDR to mainstreaming gender equality in its ministries, prioritizing Agriculture, Education, Health and Transport. UNDP has contributed to gender equality at the programme level through its role in strengthening GRID's capacity in gender analysis and training. This capacity in GRID will help support the National Commission for the Advancement of Women in implementing gender mainstreaming in government ministries. In its own programmes, UNDP achievements in gender mainstreaming have been uneven. A recent analysis of institutional capacity has provided UNDP with recommendations that will enable it to significantly enhance its capacity for gender mainstreaming across all its activities.

Fostering democratic governance. Governance reforms are key to successful development and poverty reduction in Lao PDR, and form the cornerstone of UNDP's programme. UNDP has earned a level of trust with the government that is necessary for partnership, given the sensitive set of issues associated with the judicial system and the rule of law, the National Assembly, and civil

service reform. Progress in each of these three areas has been mixed and is linked more directly to the priority assigned by the government and Lao People's Revolutionary Party (LPRP) to those particular reforms, rather than to UNDP efforts.

Progress has been made in strengthening the role of lawyers in Lao PDR through support to the Lao Bar Association (LBA), although greater efforts need to be made to improve enforcement of court decisions. UNDP has contributed to progress in increasing the capacity of the National Assembly, especially in regard to its procedures. Support to public administration and governance reform initiatives, while robust, have been hampered by a weak commitment by higher levels of the Lao PDR government, as reflected in the lack of decisions by the Governance Coordination Committee and by the control of revenue collection by the provinces.

At the Governance and Public Administration Reform Project (GPAP) provincial level, where pilot projects are being implemented in poor districts of four provinces, the most notable accomplishment has been Luang Prabang's adoption of the National Accounting System to ensure proper financial transactions. This has a high probability of being replicable. Through training, important models for community participation in village development plans have been developed, which demonstrate participants' capacity for prioritizing local needs. However, it is unclear that such exercises will lead to empowerment of the entire village, including women. The programmes are still too new to provide evidence of improved service delivery to the poor, which is the ultimate objective.

Energy and environmentally sustainable development. UNDP has supported the government in fulfilling its obligations to the multilateral environmental agreements that it has ratified. In particular, the support to the National Biodiversity Strategy and Action Plan has resulted in its incorporation into national plans. UNDP has enhanced national ownership of the regional Mekong wetlands programme and helped to position it in the country by linking wetlands conservation and sustainable use to rural livelihoods and sustainable development models. However, despite the centrality of natural resources to the economy

and sustainable development of Lao PDR, UNDP has shied away from coordinating policy dialogue in this area, missing opportunities to incorporate environment and natural resources management more explicitly into the governance area. Given that 47 percent of the GDP and 80 percent of employment is directly related to the natural resource base, environmental management is critical to Lao PDR development.

Crisis prevention and recovery. Besides unacceptable and tragic human consequences, the UXO problem has severe economic repercussions, reducing use of agricultural and other resources that are critical to the national development strategy. The scope of the issue and the straightforward solution justify investments by UNDP. Through its ability to convene both donors and key Lao PDR officials, UNDP was able to resolve the funding crisis of UXO Lao in 2002, putting the national programme for UXO disposal on a solid institutional and financial basis. UNDP intervention succeeded in establishing a long-term strategic plan that has already resulted in more efficient planning of UXO operations and a stronger case for continued international support of the effort.

Responding to HIV/AIDS. As a low incidence, but high-risk country, the HIV/AIDS strategy emphasizes prevention. Based on the lessons learned and an evaluation of the previous Trust Fund Project carried out in 2001, UNDP has helped the government develop a new multisectoral strategy to meeting governance challenges poised by the epidemic. It is also helping the government reorganize and improve its management of HIV/AIDS, through the National Committee for the Control of AIDS (NCCA), regaining donor confidence, mobilizing resources, and re-establishing the important relationship between the government and the Global Fund. The relationship with the Global Fund is particularly important given that it also funds national programmes for tuberculosis and malaria, both of which are significant health problems in Lao PDR.

Capacity development. Capacity development and national ownership are consistent strategies running through all UNDP programmes, with the ultimate goal that the government be fully capable of planning, implementing and monitoring its

own programmes. Capacity development does not form a separate strategy, but instead is woven into other goals, such as policy development, as demonstrated in the example of the most recent NHDR. UNDP supported national leadership in developing capacity, re-enforcing both government capacity and national ownership. UNDP also supported the LWU in developing gender analysis capacity and training of trainers; helped develop the government office to liaise with ASEAN and host its Assembly; and supported the government's research, development and consultations on the NGPES. Increasing Lao PDR's contact with its ASEAN partners to see how other countries resolve problems has also proven effective in capacity development. The strategy of providing foreign advisors to work with government partners has achieved significant results, but could be further improved to ensure that the support is to optimum advantage. The advancement of the governance programme, particularly civil service reform, will help address structural obstacles to capacity development, such as inadequate job descriptions, low salaries, and complicated benefits.

UNDP PERFORMANCE

Effectiveness. The evaluation found UNDP to be generally effective in that it is well aligned with national priorities and has been instrumental in helping to develop national capacity for identifying and clarifying these priorities. In budget terms, the UNDP programmes have directed 39 percent to governance, 34 percent to UXO clearance, and 22 percent to poverty reduction and achieving the MDGs, an appropriate distribution given the importance of these elements to poverty reduction in the medium term. UNDP's shift in the second CCF from direct implementation of rural development programmes to a greater emphasis on policy and governance is likely to make its actions more effective through greater coverage, impact and sustainability, although direct, short term impact on poverty is less apparent. Its significant contribution to donor coordination, especially during the most recent CCF (2002-2006) has helped ensure aid alignment with national priorities, greater synergy among donors, and the most efficient use of international resources. The role played by the UNDP through the Resident Coordinator/Resident

Representative function was critical to government-donor negotiations to find acceptable management and monitoring systems for the UXO Lao and the national HIV/AIDS (NCCA) programme and has restored donor confidence and ensured these programmes receive adequate funding.

Relevance. The UNDP programme in Lao PDR has been highly relevant. It has addressed key issues in Lao development, including poverty, not only at the local or 'downstream' level but also at a policy and planning level. The UNDP Lao Programme is also highly relevant to UNDP's commitment to promoting and supporting the achievement of the MDGs. UNDP occupies a strategic niche in Lao PDR that enables it to support governance reforms and help develop government capacity to carry out policy planning and programme development. UNDP has also addressed key areas such as socio-economic development, UXO clearance, and HIV/AIDS in light of cross-cutting issues such as gender and Lao PDR's increasing integration into regional process and globalization.

Complementarity. Given the range and importance of donors in Lao development, complementarity involves not only relation to government strategies but also ensuring that donors neither duplicate nor leave gaps in the support that they provide. UNDP has maintained its niche in donor coordination and programme delivery through a strong emphasis on governance capacity. These areas are recognized as UNDP's strengths. UNDP chairs the donor working groups on Governance and Mine Action (UXO). While many pressing issues, such as education and health, are largely funded by aid, these areas are well covered and led by other donors and specialized agencies. Complementarity and coordination are evident in the most recent UNDAF, which is structured around three outcomes around which all UN agencies will coordinate their action programmes. The effectiveness of the UN country team and the highly successful donor coordination process, with its defined working groups mirrored by and connected to working groups in both the government and international NGOs, provide mechanisms for carrying out this process.

Sustainability. In recent years, UNDP moved away from less sustainable strategies, notably, rural poverty reduction programmes that depended on continued external funding and government capacity that did not exist.

UNDP now addresses sustainability through a strategy of promoting and supporting government capacity to carry out effective development programmes. This includes development of management structures, monitoring systems, and national implementation modalities such as national execution modality; research, planning and policy development; and capacity development of specific individuals and departments. However, all programming in Lao PDR is strongly influenced by the continued need for aid, given the government's difficulty in generating revenue and collecting taxes, along with the high levels of poverty and urgent development needs.

RECOMMENDATIONS

The ADR team found the overall programme strategy, objectives and implementation to be positive, effective and relevant. Several recommendations are proposed to reinforce positive results and improve the quality of some interventions. These recommendations range from programme-wide strategies to suggestions for specific project interventions.

UNDP should continue its role in aid coordination and the RTM process. Assisting the government in organizing the RTMs has become a primary function of the UNDP country office in Lao PDR supported through a specific project funded solely by UNDP. Through this project, UNDP helps the government to facilitate dialogue on key development agendas between the government and its development partners.

UNDP should maintain its current programme profile but pay greater attention to moving beyond policies and frameworks towards implementation. The programme is appropriate for the UNDP's mandate and resources, within the UNDAF framework, and highly relevant to the Lao PDR context and national priorities. Much emphasis has been placed to date in developing the policy, legal and management frameworks for reforms that form a solid and necessary base

for implementation. However, results, such as greater service delivery to the poor are necessary to demonstrate that reforms do not remain only on paper and contribute effectively to the government's capacity, in collaboration with other actors, to reduce poverty.

UNDP should play a stronger role in incorporating natural resource management into its programme through the governance window. Given that the National Strategy on Environment and the Forestry Strategy 2020 provide a framework for sustainable development and that the poorest in Lao PDR are highly dependent on sustainable resources, this strategy would fit well with the UNDP poverty reduction and governance priorities.

UNDP should fully implement the recommendations made in the Gender Assessment Report & Gender Mainstreaming Strategy. This study was very well done, and implementation of its recommendations would enable UNDP to address the weaknesses in gender mainstreaming identified in field visits. This could also put the UNDP in a leadership position of not only supporting gender equality work, but also showing how it could be done.

UNDP should promote south-south cooperation through ensuring the participation of neighbouring countries in donor coordination processes. In the rapidly changing landscape, south-south cooperation is becoming increasingly important. Although not part of the donor coordination process, the neighbouring developing countries of China and Vietnam cooperate extensively with Lao PDR, ranking among the top eight bilateral donors. Lao PDR also has close economic ties with Thailand.

UNDP should continue to develop national capacities to enhance development effectiveness. In line with the Paris Declaration on Aid Effectiveness and the UN Reform Process, UNDP should continue to strengthen Lao PDR capacities and to increase alignment with the national systems and procedures in order to reduce parallel systems and to improve effectiveness of aid delivery. To be effective, this will need to proceed hand in hand with governance reforms.

UNDP should revise its use of external advisors to ensure that the qualifications and modalities used best contribute to Lao capacity development.

This includes flexible designs for expert input, depending on each context, greater reliance on regional experts who are likely to have a better socio-cultural understanding of the country, and the development of local expertise through more initiatives such as the UNV programme in Luang Prabang. UNDP and its partners should create a strategy of capacity development for advisors that would include specific capacity development objectives and indicators to be monitored along with other project indicators.

UNDP should undertake a research project to assess various models and experiences in participatory planning. Given that people's participation is one of the four pillars of the Government of Lao PDR's governance policy paper, the experiments in participatory planning taking place throughout

the country by the government, UNV, and other organizations such as the GTZ and UNICEF could provide useful input into governance reform. The study should develop a series of lessons learned and good practices that would be available to the government to enhance its decentralization process.

UNDP should implement the proposed study on the use of lands cleared of UXO and ensure that the terms of reference are broad enough to assess development impact of land clearance. Apart from their essential humanitarian aspect, UXO have frequently been cited as major obstacles to development initiatives, such as the opening of new agricultural land and the development of mining operations. A land-use study would help assess both the planning capacity of local government (as UXO clearing is tied to local planning) and confirm the assumption that UXO clearance will promote pro-poor development.

Chapter 1

Introduction

1.1 PURPOSE

Lao People's Democratic Republic (PDR) was constituted in 1975, but the country can trace its history as far back as the mid-14th century when it was unified as the Lan Xang kingdom. The United Nations includes Lao PDR in the list of least developed countries (LDC) based on its low income, limited human resources and economic vulnerability. In 1986, Lao PDR embraced economic reform, beginning to decentralize power and encourage private enterprise. The reforms led to accelerated economic growth. In 2003, the Government of Lao PDR adopted the National Growth and Poverty Eradication Strategy (NGPES) intended to eradicate poverty through sustained and equitable economic growth. The principles of the NGPES have been recently enshrined in the Sixth National Socioeconomic Development Plan.

The United Nations has a long history of cooperation with Lao PDR, as the country joined the organization in 1955. The United Nations Development Programme (UNDP) supports the Government of Lao PDR in its goal of removing the country from the ranks of LDCs by 2020 and achieving the Millennium Development Goals (MDGs), which include halving extreme poverty by 2015. Much of UNDP's work is focused on strengthening national capacities, fostering an enabling policy environment, seeking innovative local solutions and promoting gender equality. However, Lao PDR still faces considerable development challenges in reducing poverty, achieving economic growth that benefits broad segments of the society, and promoting sustainable development of the natural resources based economy.

This report presents the findings of the Assessment of Development Results (ADR) undertaken by the UNDP Evaluation Office in 2006. The purpose

of an ADR is to provide an independent assessment of development results at the country level, with particular emphasis on assessing the relevance and effectiveness of UNDP's country programmes. ADRs are intended to benefit stakeholders at the country level and to allow UNDP to contribute to the development results of the country in a more effective and efficient manner.

The Lao ADR was timed to take place in parallel with the preparation of the new United Nations Development Assistance Framework (UNDAF) and the UNDP Country Programme Document (CPD) to be presented to the UNDP Executive Board in September 2006. In addition to evaluating the results of the thematic areas defined in earlier policy documents, the ADR assessed UNDP's role in the Round Table Meeting (RTM) process and UNDP's role in donor coordination. This has been a particularly important area of UNDP work in Lao PDR, which is one of only three Asian countries where the RTM is the principal mechanism for aid coordination, rather than the Consultative Group Meetings organized by the World Bank. Other areas of assessment included implementation capacity and capacity development, and the incorporation of a gender equality perspective.

1.2 METHODOLOGY

ADRs are conducted to provide strategic and in-depth assessments of UNDP's contributions to development results at the country level. They are undertaken towards the end of the country programme so as to contribute lessons to the design of the next programme. A major purpose of the ADR is to assess credible links between UNDP efforts and national development results. They also assess the individual programme and non programme activities of the UNDP. Therefore, this ADR used a

methodology that ranged from examining ‘big picture’ country strategies to a ‘bottom up’ sampling of project and non-project activities and results.

The evaluation employed a variety of data collection methods, including desk reviews, stakeholder interviews, focus group meetings, and site visits. In addition, the evaluation team reviewed a wealth of documents including one outcome evaluation, various project evaluations, recent country analyses (by the UN, international financial institutions and other donors), research papers and government documents.

A significant limitation of the evaluation was posed by the re-scheduling to allow for the ADR to contribute to the country programme planning cycle. Consequently, the duration of the scoping mission was shortened and the mission was undertaken by the Evaluation Office (EO) task manager without the participation of the team leader. This allowed for the identification of several key issues in the Lao PDR context and a sharpened focus for the evaluation. However, time was too short to identify gaps in information and organize special studies to

address them. A researcher was engaged in the EO to carry out background research and to identify key documents in a thorough and systematic manner.

Following meetings of the evaluation team with staff from the EO, Regional Bureau for Asia and Pacific, and UN Capital Development Fund (UNCDF) in New York, a three-week field mission to Lao PDR was undertaken. Six days were spent on project site visits in Luang Prabang and Xieng Khuang, with the rest of the time spent in meetings and interviews with various stakeholders in Vientiane (see Annex 2). At the end of the mission, preliminary findings were prepared and presented to key stakeholders.

The team attempted in the time available to base the analyses on the principle of triangulation: verifying perceptions with additional information including qualitative and quantitative data, and validating with other analyses and experiences. This process drew upon a wide range of informants from direct beneficiaries to government ministers, and included key informants with no direct involvement in UNDP activities. The key evaluation criteria are listed in Box 1.

Box 1. Key evaluation criteria

- UNDP relevance and positioning in relation to national priorities
- Extent of national ownership of development programmes
- Contribution of the UNDP to national capacity development
- Effectiveness of donor coordination and synergy
- Contribution of policy dialogue to poverty reduction
- Resource mobilization
- Appropriateness of shift from rural development to governance

Chapter 2

Country Context

Lao PDR is a landlocked LDC located in the heart of South East Asia, bordered by Cambodia, China, Myanmar, Thailand and Vietnam. It is similar in size to the United Kingdom. Lao PDR is categorized as a medium human development country, currently ranked 132 out of 177 countries¹ in the human development index. Although the country has one of the lowest population densities,² the population has increased by more than one million people during the last decade. The population is currently 5.7 million people, 80 percent of whom live in rural areas.

Ethnic and environmental diversity is unique in Lao PDR. There are 49 officially recognized ethnic groups³ divided into three major groups: *Lao Loum*, *Lao Theung* and *Lao Soung*.⁴ Approximately 85 percent of the population and 50 percent of the gross domestic product (GDP) relies on natural resources and the environment.

In recent years, GDP growth was one of the highest in South East Asia, surpassing 6 percent. In addition, there has been progress towards reducing poverty, with the percentage of people living below

the national poverty line decreasing from 45 percent in 1992 to approximately 32 percent in 2002 (see Table 1).⁵

Lao PDR is the most bombed country in the world. During the Vietnam War, approximately six million tons of bombs were dropped in the country. It is estimated that up to 30 percent of these did not explode. This currently affects 25 percent of the villages in the country⁶ and poses a huge challenge not only to human security but also to access to land for a population still dedicated to subsistence agriculture.

Regional and economic integration is moving at a rapid pace in Lao PDR. The country's geographic location, surrounded by three of the largest growing economies in Asia, provides both opportunities and challenges.

Given the diversity in the country, it is not surprising to find socio-economic disparities. The country has made great improvements in terms of income per capita, life expectancy and adult literacy rates. However regional and gender inequalities in income still exist.

1. National Statistics Centre, Committee for Planning and Investment, 'National Human Development Report for Lao PDR: International Trade and Human Development', Vientiane, 2005, p 21.

2. 20 inhabitants per square kilometre, according to the 2001 National Human Development Report.

3. Some scholars argue that the number could increase to more than 200, depending on the ethno-linguistic classification, according to the 2001 National Human Development Report.

4. People living on the lowlands, midlands and uplands, respectively.

5. Based on National Statistics Centre 2005 estimates. The national poverty line comprises of 2,100 kilocalories, equivalent to approximately 18 kg of rice per year.

6. Unexploded ordinance (UXO) estimates have traditionally been 2 million tons, but recent calculations reveal closer to 6 million tons were dropped on Laos. See section 3.4 for more detail.

Table 1. Lao PDR selected indicators

| Indicator | 2003 |
|---|----------|
| HDI | 0.545 |
| GDI | 0.54 |
| GDP per capita (PPP USD) | 1,759 |
| GDP (PPP USD billions) | 10 |
| Life expectancy at birth | 54.5* |
| Population Total (million) | 5.6* |
| Total fertility rate (births per woman) | 4.8* |
| Adult literacy rate (% ages 15 and up) | 68.7 |
| Net primary enrolment ratio (%) | 81.8** |
| Under-five mortality rate (per 1,000 live births) | 91 |
| Population below national poverty line | 33.5*** |
| Population living below USD 2 a day (%) | 73.2**** |

Note: HDI indicates human development index; GDI, Gender Development Index; GDP, gross domestic product; PPP, purchasing power parity.

Source: National Statistics Centre 2005 estimates and 2005 Human Development Report.

*2003

** 2002-2003

*** 2002

**** 1990-2003

2.1 POLITICAL PROFILE⁷

Lao PDR was established in 1975, after an eight-year war between the Pathet Lao, supported by the Democratic Republic of Vietnam and Laotian forces backed by the United States.

Lao PDR has a fairly centralized political system, based on the principle of ‘democratic centralism’ reinforcing the concept of bottom up consultation, but top down decision-making. To some extent, this has been balanced by a process of decentralization, devolving some authority to the provincial level. While policy is centrally determined, provincial governors, who are party members and share the same rank as ministers, have great autonomy in the administration and implementation of policy.

The Lao People’s Revolutionary Party (LPRP), led by an 11-person Politburo, is the only political party and policymaking body in the country. The dominant influence of senior military men in

the Party reflects the political legacy of wartime mobilization in the formative stages of the LPRP’s development.

The system of policymaking and implementation in Lao PDR is influenced by the fact that virtually all officials at the policymaking level and most candidates for the National Assembly are LPRP members, and that most senior officials are also members of the Party Central Committee. The country’s 16 provincial governors are appointed centrally, and in turn appoint district chiefs in a chain of administrative positions from the top down. Only the village head is elected, from a list of candidates drawn up by the district chief.

The LPRP has influence at all levels of government. It has party cells in each ministry and in all provincial administrations. This characteristic of Lao PDR politics and government often presents a challenge for timely and informed decision making.

7. Issues are addressed more specifically in the section on governance.

Fairly routine administrative or technical decisions are frequently seen as political and are referred to senior officials who are busy with many responsibilities.

In the 1980s, the New Economic Mechanism—the liberalization of economic management—resulted in significant loss of control by the central government over the provincial government. Currently, provinces are responsible for most tax collection, and the central government rarely receives a portion of remittances from the provinces due to a lack of effective tax collection monitoring. The constitution of 1991 abolished people’s councils and administrative committees at the local level, further reinforcing the power of the provincial governors and the officials they appointed at the district level.

Four official mass organizations function under LPRP direction: the Lao Front for National Construction, the Federation of Lao Trade Unions, the Lao Women’s Union and the Revolutionary Youth Union. The government has an official policy of

people’s participation, and there have been pilot projects in local participatory planning mechanisms. However, these initiatives are still incipient and there is little significant popular participation in policy issues to date.

The government is also predominantly male, with the only exception in the National Assembly, which is 25 percent female—a higher percentage than in a number of industrialized countries. The national average for women’s participation at all levels of government is 1.6 percent. On average, less than 5 percent of LPRP members are women, and there is only 1 woman in the 11-person Politburo (see Tables 2 and 3). Participation is particularly low at the local level. There are no women governors or vice governors, and only 145 women village heads (1.3 percent). This is an unusual and anomalous pattern given that, globally, women tend to have more opportunities to participate in government at a local level than at a national level. It raises the question of whether decentralization might actually undermine women’s political participation.

Table 2. Gender breakdown of LPRP committees

| Committees | Total Number of People | Number of Females | Number of Males | Percentage Female | Percentage Male |
|--|------------------------|-------------------|-----------------|-------------------|-----------------|
| Party Committee in ministries, equivalent organizations, and provinces | 501 | 39 | 462 | 7.78 | 92.22 |
| District Party Committee | 1,743 | 155 | 1,588 | 8.89 | 91.11 |
| Party Committee at grassroots level | 19,776 | 898 | 18,878 | 4.54 | 95.45 |
| Total | 22,020 | 1,092 | 20,928 | 4.96 | 95.04 |

Table 3. Gender breakdown of decision-making positions

| Positions | Total Number of People | Number of Females | Number of Males | Percentage Female | Percentage Male |
|---|------------------------|-------------------|-----------------|-------------------|-----------------|
| Minister and equivalent | 37 | 3 | 34 | 8.10 | 91.90 |
| Vice-minister and equivalent | 67 | 3 | 64 | 4.48 | 95.52 |
| Director of Department and equivalent | 416 | 37 | 379 | 8.90 | 91.10 |
| Governor of province, capital and special zone | 18 | 0 | 18 | 0 | 100 |
| Vice-governor of province, capital and special zone | 32 | 0 | 32 | 0 | 100 |
| Head of provincial cabinet | 18 | 1 | 17 | 5.56 | 94.44 |
| Vice-head of provincial cabinet | 55 | 0 | 55 | 0 | 100 |
| Chief of district | 141 | 3 | 138 | 2.13 | 97.87 |
| Deputy chief of district | 181 | 2 | 179 | 1.10 | 98.90 |
| Head of district cabinet | 141 | 0 | 141 | 0 | 100 |
| Vice-head of district cabinet | 213 | 2 | 211 | 0.94 | 99.06 |
| Chief of village | 10,944 | 145 | 10,799 | 1.32 | 98.68 |
| Total | 12,269 | 196 | 12,067 | 1.60 | 98.40 |

Source: Lao PDR National Strategy for the Advancement of Women, 2006 – 2010, Vientiane, January 2006, pp. 22-23

The commitment within the government and party leadership to bringing about greater transparency, responsiveness, rule of law and popular participation has produced limited results to date. Yet these reforms are critical to the government strategy for growth with equity through the private sector and regional integration, given the need of large and small economic actors for an environment of stability, fairness and predictability. There has been a growing recognition among Lao PDR officials that reforms are needed in order not only to provide confidence to investors, but also to make the government system more effective in providing services to people and to reduce abuses of power.

2.2 ECONOMIC CROSSROADS

The Lao economy has undergone massive change during the past two decades. Starting in 1986, it began to move from a centrally planned to a market economy. The New Economic Mechanism initiated at that time lifted price controls, unified exchange rates, opened the country to foreign trade and investment, and allowed for

private agriculture and manufacturing. Responding to these reforms and to increased official development assistance (ODA) and investment in infrastructure, the economy grew at an impressive pace, with real GDP growing at more than 6 percent per year throughout the 1990s. The base of the economy is still predominantly agriculture, accounting for approximately 47 percent of the GDP, with industry accounting for 27 percent.⁸ Eighty percent of the population is engaged in agriculture and lives in rural areas, generally divided between the irrigated, intensive farm systems along the Mekong, and the highland areas cultivated with slash and burn techniques.

Private-sector development, national and foreign direct investment, and trade are seen as the engines of growth. Growth enhancing investment is directed to exploiting the country's abundant natural resources—hydroelectric potential, mining, tourism, and wood and agricultural processing. The 2005 Nam Theun hydroelectric project on a tributary of the Mekong is a major showpiece, expected to start generating electricity in 2009 largely for export to Thailand.

8. NHDR, National Human Development Report, p 20; World Bank, 'Doing Business' Index 2005.

The overall 6.24 percent growth from 2001-2005 was led by industry and construction (11.3 percent), services (6.7 percent) and agriculture, forestry and fisheries (3.45 percent).

The encouragement of the private sector and foreign direct investment (FDI) has been one of the incentives for reform in Lao PDR. Lao PDR has only 61 laws and many of them are related to property and business themes. Nevertheless, national private enterprises without access to FDI have little access to credit, which would allow them economies of scale. In the whole country, there are only a few hundred manufacturing businesses that have more than 10 employees. Agricultural industries are generally classified as micro and the agricultural base of the economy is mostly geared to subsistence. One of the problems faced by both FDI and local businesses is the estimated 198 days it takes to set up a business in the Lao PDR compared to the regional average of 53 days.⁹

It has been recognized that growth in itself will not bring equity. The government's strategy is also directed towards more equitable activities, such as support to small and medium sized enterprises (SMEs), agro-processing, production of light industry, and handicrafts and the development of ecotourism.

Lao PDR is in the process of redefining itself as a 'land linked' rather than landlocked country, aiming to take advantage of its borders with five countries by developing major transportation networks linking China and Thailand, and Vietnam and Thailand. These routes would also facilitate

Lao exports to neighbouring countries. Already, more than half of the population of Lao PDR lives along the border areas and there is a very high level of trade, much of it informal and much of it carried out by women. Informal cross-border trade helps low-income Laotians by providing cheap consumer imports, and a market for their goods.¹⁰

In addition to cross-border trade, approximately 250,000 Laotians (10 percent of the workforce) work as migrant labourers in Thailand, providing approximately \$100 million in remittances annually.¹¹ Women, (55 percent of the total registered migrant workers), work in homes, hotels, restaurants, the garment industry and food processing, while men work in construction, agriculture, fishing and factories. This work has both positive and negative social consequences. It relieves social pressures of unemployment, but exposes workers to greater risk of HIV/AIDS, sexual exploitation and human trafficking.¹²

Tourism has grown extensively since Lao PDR opened up to the outside, bringing in almost USD 119 million dollars in revenue in 2004 and almost 900,000 tourists.¹³ The challenge will be to increase the opportunities that tourism provides for small operators and producers, while maintaining the pristine environment and charm that attracts tourists.

As part of the new strategy, Lao PDR joined the Association of Southeast Asian Nations (ASEAN) in 1997 and will join ASEAN Free Trade Area (AFTA) in 2008. ASEAN offers Lao PDR access to a significant regional market and concessionary measures as one of the poorest member countries.¹⁴

9. NHDR, National Human Development Report, p20; World Bank, 'Doing Business' Index, 2005.

10. National Statistics Centre, Committee for Planning and Investment, 'Draft of the Third National Human Development Report for Lao PDR: International Trade and Human Development', Vientiane, 2006, chapter 2, p 7.

11. Ibid, pp 38-39

12. HIV/AIDS rates are significantly higher in Thailand, which may affect women pulled into the sex trade and men who migrate, purchase sex abroad and return to infect their wives.

13. This includes 489,677 from Thailand and 168,645 from other neighbouring countries. Tourists from outside the region tend to stay longer (6.5 days) and spend more per day (USD 59) than regional ones. Although they represent only 27 percent of tourists, they account for 78 percent of tourist income. National Statistics Centre, Committee for Planning and Investment, 'Draft of the Third National Human Development Report for Lao PDR: International Trade and Human Development', Vientiane, 2006, chapter 2, pp 27-28.

14. Unfortunately the Asian financial crisis struck in 1997, greatly reducing the capacity of more dynamic members to support Lao PDR and other less developed members. In addition, the crisis struck Laos hard, reducing the value of the currency from less than 1,000 kip to the USD at the end of 1996 to almost 10,000 kip by June of 1999.

Nevertheless, Lao PDR needs to make changes in order to fully benefit from integration. Some of these changes have already been initiated, such as establishing administrative reforms and laws that increase investor confidence and trying to address internal treatment of small business, (Lao PDR ranks 147 among 155 countries in an index that ranks the 'ease of doing business' globally)¹⁵. Tariffs will have to be reduced to 0 to 5 percent in 2008 along with non-tariff barriers, an action that will facilitate trade but will lower government revenues.

Lao PDR plans to become a permanent member of the World Trade Organization (WTO) by 2010, requiring it to address major challenges including technical barriers to trade, services, intellectual property protection and the reduction of state support for trading enterprises and agricultural industries.¹⁶ Accession to the WTO is a two-way street, exposing Lao PDR to potential risks and opportunities for which the government and private sector are not yet prepared. Negotiations that give Lao PDR preferential treatment in some sectors, such more protection of agriculture and a more gradual liberalization process, would be extremely important in order to be prepared to compete in sectors such as in agriculture or textiles.¹⁷

Lao PDR normalized trade relations with the United States in 2004 with a bilateral agreement that could open market opportunities. However, it

would have to find its niche markets and compete with other U.S. partners.¹⁸

While the few years following the crisis were spent in stabilization and recovery, there is now considerable optimism for growth. However, Lao PDR faces a number of challenges:

- Imports have grown more rapidly than exports, by 57 percent and 27 percent respectively between 2000 and 2004.¹⁹
- 82percent of exports are to only three regions: Thailand (36 percent), the European Union (28 percent) and Vietnam (16 percent).²⁰
- Onethird of Lao PDR's merchandise exports are garments (mainly to Europe) and are under tremendous competitive pressure as the Multi-fibre Agreement (which is considered to most likely benefit India and China²¹) was phased out in 2005. Women make up 85 percent of the workforce in this sector.²²
- LaoPDR production is not very diversified. It has a sparse and dispersed population, many of whom live in subsistence outside of the market.

The main sources of government revenue in Lao PDR come from customs duties²³ and indirect taxes.²⁴ A significant portion of these taxes comes from imports of goods. Revenue collection

15. Cited in draft country programme document for the Lao People's Democratic Republic (2007-2011).

16. Lao News Agency, 'Laos to become permanent WTO member by 2010', 24 April 2006.

17. Under this process, Laos would also have to negotiate bilateral agreements with major trading partners or blocs that are not covered by the existing agreements.

18. Although there are several potential positive impacts, such as increases on FDI, tourism, and exports, there are also some negative impacts. Lao gave large concessions on intellectual property rights and on the liberalization of the service sector. If these are not renegotiated in 2007, other Lao trade partners will also try to get similar concessions. National Statistics Centre, Committee for Planning and Investment, 'Draft of the Third National Human Development Report for Lao PDR: International Trade and Human Development', Vientiane, 2006.

19. National Statistics Centre, Committee for Planning and Investment, 'Draft of the Third National Human Development Report for Lao PDR: International Trade and Human Development', Vientiane, 2006, p 2.

20. Ibid, p 3.

21. Lao DTIS aide memoire of main mission, p 12. The Diagnostic Trade Integration Study, led by the World Bank, is undertaken in the context of the Intergrated Framework of Trade Related Technical Assistance to Least Developed Countries (IF). The IF is a multi-donor, multi-agency programme established by the WTO trade ministers in 1996 to promote the integration of the LDCs in the global economy. The participating agencies are: IMF, ITC, UNCTAD, UNDP, WTO and the World Bank.

22. Gender Resource and Information Development Project (GRID), 'A Country Gender Analysis and Profile of the Lao PDR', February 2004, p 31.

23. Customs duty rates vary from 5 to 40 percent. However, duty rates will be reduced as a consequence of regional integration and membership to ASEAN.

24. Turnover tax and excise tax are the main indirect taxes.

comprises around 11 percent of GDP, from which approximately 9 percent come from taxes. While increasing royalties and taxes on minerals and electricity provide brighter prospects for national revenue, the future reduction of tariffs when entering into AFTA and decrease of other kinds of royalties pose difficulties to increasing revenue collection. The government is currently preparing to introduce the value-added tax as part of sustaining macroeconomic stability. The government relies on FDI, the private sector, and ODA to finance development projects.

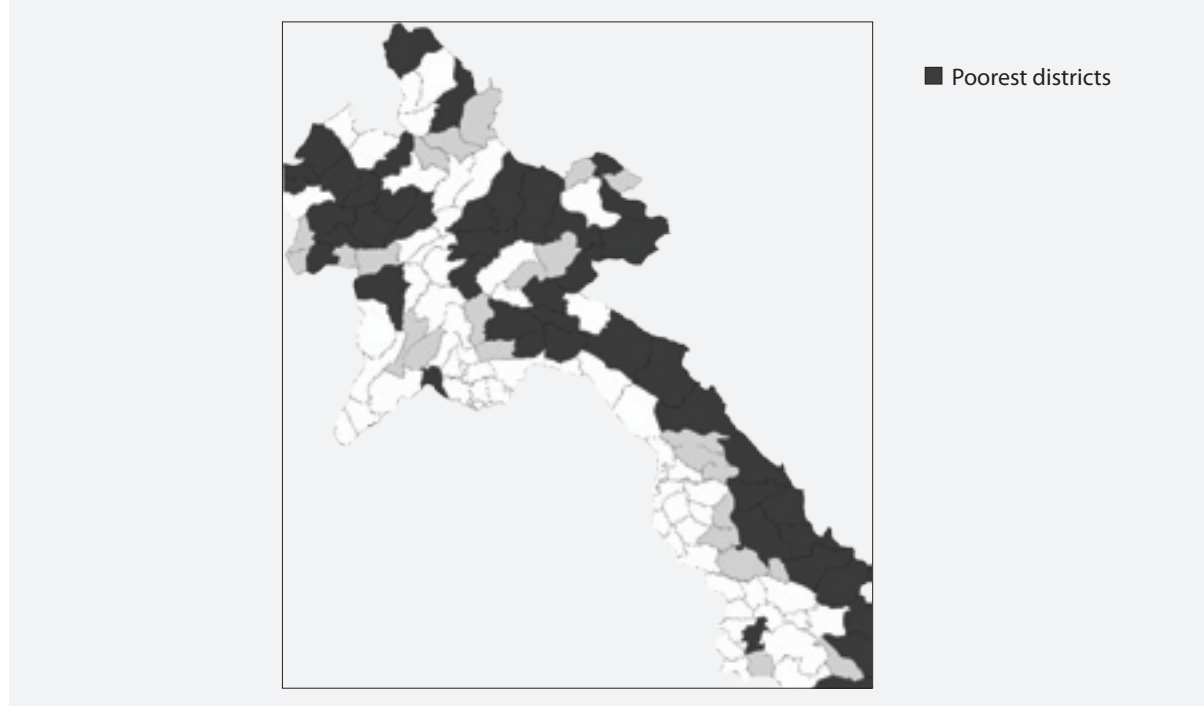
2.3 SOCIAL INDICATORS

Rapid social change is taking place with the opening up of the country, particularly in the urban

areas. However, despite significant progress, Lao PDR is still one of the world's poorest countries, ranked 133 of 177 countries on the human development scale. Approximately 73 percent of the population lives on less than USD 2 per day, and 25 percent on less than USD 1.²⁵ Eighty percent of the population lives in rural areas, many of which are distant and isolated from roads.

While poverty levels dropped from 45 percent in 1992 to 32 percent in 2002,²⁶ inequalities have increased, with the national consumption of the poorest 20 percent falling from 9.3 percent in 1992 to 8.5 percent in 2003²⁷ (see Figure 1). Private-sector growth will most likely benefit those who already have some advantage, such as irrigated land, better access to roads, or better education. The least advantaged are most likely to be left behind.²⁸

Figure 1. Poverty map of Lao PDR showing poorest districts



25. Lao DTIS Concept paper, p 7 in Lao PDR, p1. The poverty line is defined at USD 1.50 per day.

26. World Bank, 'Lao PDR Diagnostic Trade Integration Study Concept Paper', p1; Government of Lao PDR and United Nations Country Team, 'Millennium Development Goals Report Lao PDR', Vientiane, January 2004, p 6.

27. Kaspar Richter, Roy van der Weide and Phonesaly Souksavath, Committee for Planning and Investment, 'Lao PDR Poverty Trends: 1992/3–2002/3', draft report, National Statistical Centre and World Bank, March 2005, p 37; Government of Lao PDR and United Nations Country Team, 'Millennium Development Goals Report Lao PDR', Vientiane, January 2004, p 5.

28. The interim evaluation for the UNDP rural development project in North Sayaboury, for example, shows how even development projects can inadvertently favour relatively advantaged populations (lowland communities) through road building, irrigation and credit unless interventions were specifically aimed at generally poorer upland communities. van Gansberghe, Dirk, Olivier Evard, Kamphet Sengchanhoudon, Vilath Khamvongsa, Senthong Phothisane, 'Aide Memoir: Interim Evaluation of the North Sayaboury Rural Development Project', April 2004.

The government's poverty alleviation measures aimed at the 47 poorest districts have the potential to compensate somewhat for their disadvantages, as long as they are based on an understanding of the dynamics of poverty reduction.²⁹

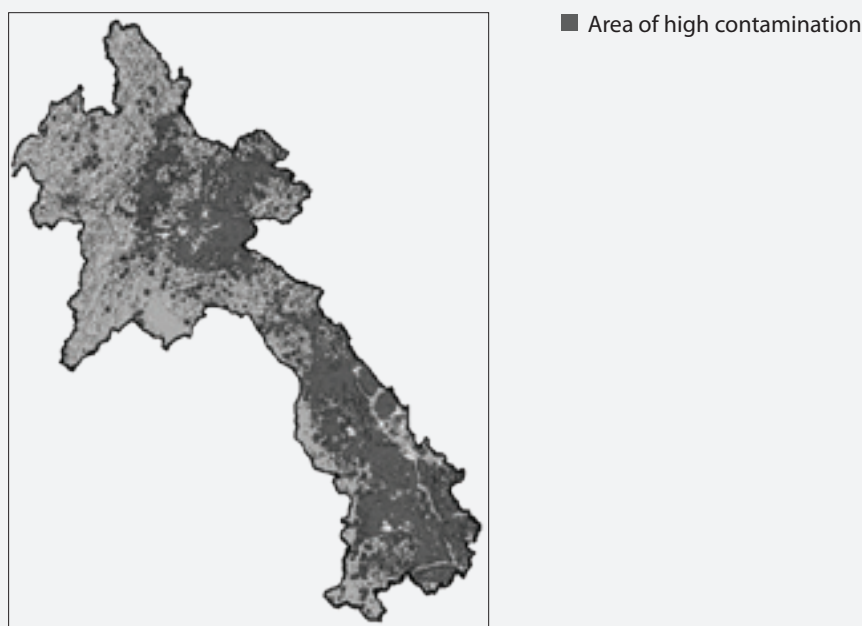
Lao PDR is characterized as a rural agricultural economy with almost 30 percent of food consumed by its producers. Rice farming is the most important economic activity and has been sufficient to meet national needs, although in recent years 24 out of 142 districts have experienced rice deficits.³⁰ Agricultural practices vary, with the uplands having a lower agricultural yield and the lowlands higher tendency to droughts. More than 10 percent of the country is cultivated under shifting practices.³¹ Government policies to eradicate these practices and group disperse populations closer to services through reloca-

tion projects are plagued with problems and often do not provide the promised benefits.

In addition to agriculture, livelihood strategies at the household level involve a variety of activities including fishing, hunting, and collection of non-timber forest products (NTFPs). These activities are increasingly threatened by population growth, the reduction of forests, and pressure on land.

Unexploded ordnance (UXO) continue to be a significant obstacle to development, making it difficult to open up new land or even farm existing areas, given the possibility of detonating a dormant bomb. Areas of high UXO contamination correspond with areas with high levels of poverty. Given the quantity of ordnance dropped and the failure rate, this is a major concern in most of the country.³²

Figure 2. UXO contamination map



29. Government of Lao PDR and United Nations Country Team, 'Millennium Development Goals Report Lao PDR', Vientiane, January 2004, p 9. The report suggests that government needs 'sharper policies' based on an understanding of poverty reduction that includes the inter-linkages with population growth, high fertility and gender inequality.

30. World Food Programme, 'District Vulnerability Analysis: Lao PDR', 2000 and 2005.

31. This can be pioneer or rotational. Food and Agriculture Organization, 'Lao PDR's Country Brief', January 2006.

32. The Sekong rural development project, for example, identified UXO and the slow rate of clearance as a major obstacle to development initiatives.

Lao PDR has made significant progress in some key MDG indicators, as seen in Table 4. Gains in school attendance for boys and girls have been made, although there are still enormous disparities among regions and ethnic groups. The educa-

tions system relies heavily on external financing (70 percent of financing comes from external sources) and faces a number of challenges including a shortage of schools, low professional level of teachers, language differences among ethnic minorities,³³

Table 4. Select MDG indicators³⁴

| | Indicator | Lao PDR Baseline | Most Recent Status | 2015 Target |
|------|--|---|---------------------------------|--------------------|
| 001a | Proportion of people living below national poverty line | 48% (1990) | 39% (1997) | 24% |
| 002 | Poverty gap ratio (incidence times depth of poverty) | 12% (1990) | 10% (1997) | 6% |
| 003 | Share of poorest quintile in national consumption | 9.3% (1992) | 8.5% (2003) | |
| 004 | Proportion of underweight children under five years old | 40% (1990) | 40% (2000) | 20% |
| 005 | Proportion of population below minimum level of dietary energy consumption | 31% (1990) | 29% (1998) | 16% |
| 006 | Net enrolment in primary school | 58% (1991) | 84% (2005) | 98% |
| 007 | Proportion of pupils starting grade 1 who will reach grade 5 | 48% (1991) | 62% (2001) | 95% |
| 008 | Literacy rate in the age group 15-24 years | 79% (2001) | 79% (2001) | 99% |
| 009 | Ratio of girls to boys in: Primary education Secondary education Tertiary education | 77% (1991) 66% (lower) 56% upper 49% | 84% (2001) 74% 68% 58% | 100% |
| 010 | Ratio of literate women to men, 15-24 years. | 81% (1995) | 90% (2001) | 100% |
| 011 | Share of women in wage employment, non-agricultural sector | 38% (1995) | 38% (1995) | |
| 012 | Proportion of seats held by women in the national parliament | 6.3% (1990) | 23% (2003) | 30% |
| 013 | Under 5 mortality rate (deaths per 1,000 live births) | 170 (1990) | 98 (2005) | 55 |
| 014 | Infant mortality rates (deaths per 1,000 live births) | 134 (1990) | 70 (2005) | 45 |
| 015 | Proportion of 1-year-old children immunized against measles (percentage of 12- 23 month old children surveyed) | 62% (1996) | 42% (2000) | 90% |
| 016 | Maternal mortality ratio (deaths per 100,000 live births) | 750 (1990) | 405 (2005) | 185 |
| 017 | Proportion of births attended by skilled health personnel | 14% (1994) | 17% (1999) | 80% |

33. Government of Lao PDR and United Nations Country Team, 'Millennium Development Goals Report Lao PDR', Vientiane, January 2004, pp 17-19, 23.

34. Sources: Kaspar Richter, Roy van der Weide and Phonesaly Souksavath, Committee for Planning and Investment, 'Lao PDR Poverty Trends: 1992/3 – 2002/3', draft report, National Statistical Centre and World Bank, March 2005, p 37; Government of Lao PDR and United Nations Country Team, 'Millennium Development Goals Report Lao PDR', Vientiane, January 2004, p 5; Lao PDR, 'National Socio Economic Development Plan (2006-2010)', draft, January 2006.

cost of school supplies, and loss of family income from child labour.

While under-five mortality and infant mortality rates have decreased from 170 and 134 respectively in 1990 to 98 and 70 in 2005, the rate of immunization for children fell alarmingly from 1996 to 2000, indicating that child health is still in extreme risk. This may be due to the poor infrastructure for health in rural areas, which also dramatically affects maternal health. The reduction in maternal mortality was attributed mainly to improved access to family planning and basic maternal health services. The percentage of births attended by skilled health professionals (17 percent in 1999) is still far less than the 2015 target of 80 percent.³⁵ Among the other major health issues, malaria and TB are significant, and HIV/AIDS represents a potential problem: rates are low, but vulnerability is high.

Given modest advances in maternal and child health, it is not surprising that gains have been equally modest in gender equality. Legislative support for equality is good, but change has been slow. While the ratio of literate women to men rose moderately, the general figures disguise more extreme gaps between women and men in rural and ethnic minorities, as well as a significant overestimation of literacy. Testing by the Lao National Literacy Survey revealed functional literacy at 60 percent for men and only 45 percent for women.³⁶ The most positive MDG indicator for gender equality is the 23 percent of women in the National Assembly, which is anomalous, given that it does not represent decision-making power at any other level of government or politics.

While there are a number of positive cultural traditions favouring women's equality, such as matrilineal families, and inheritance through women, trends in

modernization may increase women's inequality. For example, land titling tended to transfer ownership to men (until the Lao Women's Union [LWU] brought the issue to light), women's wages in the formal employment sector average 1.41 million kip compared to 2.66 million for men, and women dominate the lower paid more precarious informal sector. Women in SMEs tend to have significantly less education than their male counterparts, and are much more likely to use simple hand tools rather than power tools.³⁷ A farm family income study shows that women, in general, do a larger part of the agriculture work and most of the NTFP collection, while men are more likely to hold non-agricultural jobs of some sort.³⁸ An additional concern for women and girls is gender violence, including trafficking.

There is very little civil society activity in Lao PDR. Only the four mass movements—the LWU, the most active of the movements, the Lao Front for National Construction, Lao Federation of Trade Unions, and Lao Peoples Revolutionary Youth Union—are permitted by the constitution, along with private schools; organizations related to study, science, technology and cultural activities; and Buddhist organizations. Buddhism is deeply embedded in the culture and presents no threat to the regime, given that the concept of karma and the acceptance of one's lot in life reinforces the hierarchy and acceptance of the political order.³⁹

There is increasing scope for new organizations such as the Lao Bar Association and the Chamber of Commerce. However, the government distrusts non-governmental organizations (NGOs) often translated as 'anti-government organization'. The few existing NGOs are officially related to science and technology or education, and are often offshoots of international NGOs, still supported by their parent organization.⁴⁰ The lack of an

35. Government of Lao PDR and United Nations Country Team, 'Millennium Development Goals Report Lao PDR', Vientiane, January 2004, pp 35-37.

36. Government of Lao PDR and United Nations Country Team, 'Millennium Development Goals Report Lao PDR', Vientiane, January 2004, p 18.

37. GRID, 'A Country Gender Analysis and Profile of the Lao PDR', February 2004, pp 32-33.

38. Agrifood Consulting International, (for the UNDP), 'Macroeconomics of Poverty Reduction Project: Improving Farm Family Incomes in Lao PDR', Summary Report Vientiane, December 2005. This would include activity such as trading, transportation, construction, furniture production, salaried positions, etc.

39. Stuart-Fox, Martin, 'Politics of Reform in Lao Peoples' Democratic Republic, Political Economy of Development, Working Paper #1, Programme on Civil Society and Governance', the College of William and Mary, Williamsburg, VA, May 2004, p 4.

40. According to an interview with an SNV representative, there are 17 NGOs, including ones formed by the Quakers and the Catholics.

organized civil society results in little counterweight to government policy and the loss of an opportunity for an indigenous civil society sector that can help promote local planning and community economic development. An encouraging recent development is that the government is drafting a new law to enable national NGOs to be established, most likely based on similar experiences in China and Vietnam.⁴¹

2.4 ENVIRONMENTAL CHALLENGE

The Sixth National Socio-Economic Development Plan (NSED) recognizes the importance of sustainable environmental and natural resources management for the development of Lao PDR. It establishes that economic growth must be linked to social progress and equity, cultural development and environmental conservation.⁴² The NSED and the National Strategy on Environment⁴³ both embrace the MDGs, linking economic well-being and social development to environmental sustainability. The goal of the National Strategy is to ensure proper environmental management and sustainable use of natural resources through public participation in informed environmental management. However, the principles in these policy documents are not yet uniformly implemented.

The economy of Lao PDR is dependent on natural resources. Agriculture and forestry accounted for 47 percent of the GDP and more than 80 percent of the employment in 2004.⁴⁴ However, arable land is limited and access to farmland is further constrained by extensive contamination by UXO. Consequently, the areas where farming is possible are quite densely populated. In the Mekong and other river valleys, arable land is used intensively for rice cultivation. Traditionally, people have com-

bined agriculture with forest-related activities. NT-FPs play an important role in the rural economy and may contribute to more than half of rural incomes.

Because of the dominance of the Mekong and its tributaries, and an average annual rainfall of 1,780 mm, the country has ample water resources. Most of the water use occurs in the agriculture sector. Due to the relatively low level of urban and industrial development, water pollution is not yet a major problem. Nevertheless, pressures for the development of water resources for hydropower and irrigation put strains on the water environment.

Hydropower is seen as a key resource for the development of the economy of Lao PDR. It is estimated that it has the potential to produce 23,000 MW, only 5 percent has thus far been exploited.⁴⁵ This will change once new hydropower installations, notably Nam-Theun 2, are completed.

Apart from hydropower, the government foresees extensive development of the country's abundant mineral resources. Both of these resource-based economic sectors run the risk of producing significant negative environmental impacts unless safeguards and environmental monitoring are put in place.

Approximately 10 percent of the GDP comes from forestry, which also accounts for approximately 25 percent of export earnings.⁴⁶ Forest cover in Lao PDR is still high by global comparison, but it is shrinking rapidly. According to the government's Forestry Strategy to the Year 2020 (FS2020), forest cover has decreased from 47 percent in 1992 to just 41 percent today. FS2020 further recognizes the direct causes of this deforestation as forest clearing and burning by unsustainable shifting cultivation, uncontrolled logging, and conversion to agriculture and other land uses, rapid population increase and

41. Through the Civil Society Organization Division, the UNDP recognizes the importance and the unique role of civil society organizations in monitoring the MDG and in providing people centred alternatives to policies and poverty reduction strategies.

42. Committee for Planning and Investment, Lao People's Democratic Republic, 'Sixth National Socio Economic Development Plan (2006-2010)', Vientiane, January 2006 (draft).

43. Science, Technology and Environment Agency, Prime Minister's Office, Lao People's Democratic Republic, 'National Strategy on Environment to the Year 2020 and Action Plan for the Years 2006-2010', Vientiane, 2004.

44. Operations Evaluation Department, Asian Development Bank, 'Sector Assistance Program Evaluation for the Agriculture and Natural Resources Sector in the Lao People's Democratic Republic', SAP-Lao 2005-17, Manila, December 2005.

45. National Strategy on Environment.

46. Government of Lao PDR, Ministry of Agriculture and Forestry, 'Forestry Strategy to the Year 2020 (FS2020) of the Lao PDR', Vientiane, February 2005.

weak law enforcement. Although slash-and-burn agriculture is prevalent especially in northern Laos, much of the deforestation is attributed to the entry of large-scale logging operations in the 1980s.

Recognizing the threat that logging and timber trade posed to the sustainability of forests and the economic situation of the poor rural populations, the government took measures to control the situation starting in 1986. In 1988, a total ban on exports of logs was introduced but this was lifted in 1989. In 1991, a new forest harvesting plan was introduced that created a nationwide logging ban and ordered the Ministry of Agriculture and Forestry (MAF) to ensure that management, logging, processing and trade followed regulations.⁴⁷ Initially, the logging ban was well implemented. However, many provinces continued to harvest above their allocations.

In 1994, the Prime Minister issued an order to cease timber permits that were not approved by related ministries and the government.⁴⁸ In practice, this consolidated timber export to the three state owned enterprises. This system continued until 2000, when the Prime Minister issued an order to return to the previous system in which harvest and logging plans were allocated to the provinces.

FS2020 prepared under the leadership of MAF was launched in 2005. Its formulation was initiated in 2000 as part of the policy dialogue in the 7th Round Table Meeting process. It presents the objectives of the forestry sector development and a set of policies, programmes and actions in the sector. FS2020 is set within the overarching objective of poverty eradication. It specifies three major sector objectives that must be achieved to contribute to poverty alleviation:⁴⁹

- To maintain a healthy and extensive forest cover as an integral part of rural livelihood support system, including stable water supply and mitigation of natural disasters

- To generate a sustainable stream of forest products for domestic processing and consumption (many of them for eventual export generating adequate household incomes), contributing to the country's foreign exchange resources and fiscal revenue, and increasing direct and indirect employment
- To preserve the existence of many species and unique habitats, which are threatened with extinction

FS2020 is clear on the importance of forests not only for the rural poor who depend on forest products for their subsistence and livelihood, but also for the national economy. Watershed management is important for essential economic sectors, including sustainability of hydropower and tourism. Adequate forest cover is essential also for sustaining the national water resources and for the continued operation of hydropower installations. The still pristine nature is equally one of the main attractions for tourism, which is an important foreign currency earner for the country.

Sustainable management of natural resources can bring tangible economic benefits to the country and play a key role in poverty alleviation. The National Strategy on Environment calls for strengthened international and regional cooperation for sustainable management of natural resources and the environment. It also mandates that all development projects and operations must have social and environmental assessments.

2.5 LAO PDR COUNTRY PRIORITIES

2.5.1 PRIORITIZING THROUGH PLANNING

Planning systems were a priority in Lao PDR both before and after the revolution.⁵⁰ Lao PDR's first Five-Year Plan was prepared in 1980. Since then, there have been four Five-Year plans. The first plan (1981-1985) tackled issues related to the reconstruction of the country after the war.⁵¹ The second plan

47. Decree on Ceasing Logging Operation. Prime Minister's Office Decree No: 67/PM (1991).

48. Order on Forestry. Prime Minister's Office No. 04/PM (1994).

49. Government of Lao PDR, Ministry of Agriculture and Forestry, 'Forestry Strategy to the Year 2020 (FS2020) of the Lao PDR', Vientiane, February 2005.

50. Laos gained independence in 1955. Post-revolution first plan was the Plan for Reconstruction developed in 1976-77.

51. Formation of the Lao PDR's was in 1975.

(1986-1990) introduced the New Economic Mechanism and raised questions about the liberalization of production systems. The third plan (1991-1995) continued the perusal of major reforms and stabilization of the economy. The fourth Five-Year Plan (1996-2000) aimed to continue with structural reforms and liberalization of the economy, but was affected by the Asian Crisis, which impacted the Lao economy in 1997-1998.

Vision 2020 for Lao PDR was developed in the late 1990s within the ASEAN framework, setting the goals for the government's overall development objectives in the coming year.⁵² The fifth Five-Year Plan (2001-2005) was guided by this long-term vision and aimed to recover from the crisis and to stimulate economic growth and reduce poverty. The government's main goal is to lift the country from the rank of LDCs by 2020 through a strategy of growth with equity and the eradication of basic poverty by 2010.⁵³ In pursuance of these national objectives and as part of the Poverty Reduction Strategy Paper (PRSP) process, the government has also prepared the the NGPES which was approved in 2003.⁵⁴

2.5.2 FRAMEWORKS

The NGPES presents a framework and strategies for growth, development and poverty reduction. Emphasis is placed on developing the private sector, promoting foreign direct investment, and facilitating trade. The main strategy for poverty reduction is to concentrate development efforts on the poorest districts in the country (72 poor districts and 47 'core poor' districts). The government has recently developed, with the support of UNDP, action plans for 10 pilot districts. The NGPES strategies are focused on four primary sectors for development: agriculture and forestry; education; health; and infrastructure, transport and communications.

The NGPES also includes cross-sectoral issues related to UXO, drug control, governance, gender, and natural resource management.

The recently prepared National Socio-Economic Development plan 2006-2010 promotes growth and equity. It incorporates many of the NGPES priorities and proposed programmes. The MDGs have also been represented and mainstreamed throughout the plan. In some cases, the government's targets are more ambitious than the global MDG targets, for example, the eradication of poverty by 2010.

The overall strategy of the current plan is to promote a 'market economy with a socialist-orientation'. It aims to accelerate and sustain economic growth and improve people's quality of life, strengthen socio-economic infrastructure, increase international and regional integration of the country, improve human resources and education, manage natural resources in a sustainable manner, and maintain political stability and social cohesion.

The preliminary estimates for the total investment requirements would be USD 6,811 million.⁵⁵ The estimates are high and do not include the debt burden⁵⁶ nor potential shocks. The government plans to increase the investment from the domestic budget from approximately USD 230 million to USD 553 million between 2006 and 2010. The financing gaps are intended to be covered by domestic resource mobilization, private sector, ODA and FDI.

Some donors have expressed concerns regarding the balancing of resources between recurrent and capital expenditures, in particular, to the poor allocation of resources to social sectors, which require larger amounts of recurrent expenditures. While the government acknowledges this, it also argues the need to develop social infrastructure for access to education and health.

52. The Heads of State/Government of the Association of Southeast Asian Nations reaffirmed in 1997 in Kuala Lumpur their vision to promote regional cooperation in Southeast Asia in the spirit of equality and partnership and thereby contribute towards peace, progress and prosperity in the region. www.asean.org

53. Other important issues such as Elimination of Poppy Cultivation and Elimination of Shifting Cultivation were 2005 targets. The government's short term targets and objectives are specified in the Five-year Socio-Economic Development Plans (current 2006-2010). The medium term targets are specified in the 10 year plans (current 2001-2010) and the long term objectives are specified in the vision 2020. There are also plans developed for each of the sectors.

54. The NGPES is equivalent to the Poverty Reduction Strategy Paper (PRSP).

55. Exchange rate 10,850 Kip per USD.

56. In 2004, external debt service accounted for 14.3 percent of government revenues.

Table 5. Selected targets and indicators in Lao PDR

| No. | Indicator | 2005 | 2010 Target | Lao MDG Target 2015 |
|-----|--|--------|-------------|---------------------|
| 1 | GDP growth rate per annum (%) | 7.3 | 8.2-9 | |
| 2 | GDP per capita (USD) | 491 | 827 | |
| 3 | Average annual population growth rate (% and million) | 2/5.61 | 21.91 /6.22 | |
| 4 | Proportion of population below national poverty line percent | | 25 | 24 |
| 5 | Number of people employed (million) | 2.73 | 3.33 | |
| 6 | Number of new jobs to be created in Sixth Plan period (thousand) | 504 | 652 | |
| 7 | Agriculture (% of GDP) | 45.4 | 36 | |
| 8 | Industry (% of GDP) | 28.2 | 36.4 | |
| 9 | Services (% of GDP) | 26.4 | 27.6 | |
| 10 | Net enrolment ratio in primary education, both sexes (%) | 84.2 | 90 | 98 |
| 11 | Literacy rate of 15-24 year-olds, both sexes (%) | 79 | | 99 |
| 12 | Ratio of girls to boys in primary education (%) | | 89 | 100 |
| 13 | Proportion of seats held by women in National Assembly (%) | | 30 | |
| 14 | Maternal mortality ratio (per 100,000 live births) | 405 | 300 | 185 |
| 15 | Infant mortality rate (per 1,000 live births) | 70 | 60 | 45 |
| 16 | Under-five mortality rate (per 1,000) | 98 | 70-80 | 55* |
| 17 | Prevalence of underweight children, under five years of age (%) | | < 30 | 20 |
| 18 | Condom use rate of the contraceptive prevalence rate (%) | 90.7 | 95 | 55 |
| 19 | Condom use at last high risk sex, women (%) | | | 70 |
| 20 | Total population with sustainable access to an improved water source (%) | | 75 | 80 |
| 21 | Women aged 15-24 years with comprehensive correct knowledge of HIV/AIDS (%) | 86 | 93 | 70 |
| 22 | Population in malaria-risk areas using effective malaria prevention measures (%) | | | 100 |
| 23 | Total population with access to improved sanitation (%) | | 60 | 70 |
| 24 | Land area covered by forest (%) | | 53 | |
| 25 | Roads, total network (km) | | 2,300-2,400 | |

* The Figure applies to general contraceptives, not only condoms

Source: National Socio-Economic Development Plan 2006-2010.

2.5.3 DEVELOPMENT TARGETS

The national development targets to be achieved by 2010 include average annual GDP growth rate of 7.5 percent, annual average population growth rate of 2.4 percent, and the proportion of people below the poverty line equal to one quarter of the

population.⁵⁷ Other targets included are in the areas of education, health, environment and transport (see Table 5).

Lao PDR's economy has grown with absolute poverty rates decreasing. However, there are concerns about the increasing imbalances in development,

57. The targets outlined in the NSEDP are guided by the goals set at 7th Party Congress. In March 2006, the 8th Party Congress was held.

including inequalities related to income, rural-urban development and gender. Poverty reduction is complicated and requires not only a long-term vision of sustainable growth with equity but also adequate corrective measures and the capacity to respond to shocks or concurrent problems.

2.6 DEVELOPMENT ASSISTANCE CONTEXT

Development assistance plays a major role in the development of the country. The government acknowledges its importance and relies on ODA for the financing of the National Socio-Economic Development Plans.⁵⁸ As a land-locked LDC in transition to a market economy, Lao PDR receives aid from the OECD and neighbouring countries in the region. ODA flows to Lao PDR have increased significantly during the past years. The amount is significant as a percentage of the GDP, surpassing 21 percent in 1998 and the highest among countries of the Mekong region (see Table 6).

In 2004, ODA was almost USD 390 million and accounted for approximately 18 percent of GDP⁵⁹ and more than 80 percent of public investment in the country. On average, development assistance accounted for USD 283 million a year between 1998 and 2003. A significant increase occurred in 2004

when new multilateral agreements were signed.⁶⁰ The majority of ODA (52 percent) has traditionally come from multilateral donors except for in 2003 when bilateral assistance surpassed multilateral flows (see Figure 3). UN organizations accounted for approximately 30 percent of multilateral funds. Three major donors account for more than 60 percent of the total ODA: the Asian Development Bank (ADB), World Bank and Japan.

2.6.1 BILATERAL AND MULTILATERAL DONORS

Among bilateral donors, Japan is the largest contributor, accounting for nearly 50 percent of ODA bilateral flows (see Figure 4). In 2004, Japan's disbursements were equivalent to USD 85 million. France, Sweden, Germany, and Australia account for another 30 percent. Recently, some donors have changed priorities. For example, from being one of the main donors in 1998, Norway reduced its aid to almost nothing by 2004, while Australia, France, Vietnam and most recently, China have increased their aid.⁶¹ New donors, such as Switzerland and India, have also started to focus on Lao PDR.

Multilateral assistance includes grants and loans, with loans representing more than 40 percent of the total. Since 2004, this amount has increased considerably due to new loans for investments in the

Table 6. ODA in Mekong region as percentage of GDP

| Country | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004* |
|----------|------|------|------|------|------|------|-------|
| Cambodia | 11.7 | 8.9 | 12.5 | 12 | 12.2 | 12 | |
| China | 0.3 | 0.2 | 0.2 | 0.1 | 0.1 | | |
| Laos | 21.8 | 20.5 | 16.4 | 13.8 | 16.6 | 14.1 | 18 |
| Thailand | 0.6 | 0.8 | 0.5 | 0.2 | 0.2 | -0.7 | |
| Vietnam | 4.7 | 5 | 5.4 | 4.4 | 3.6 | 4.5 | |

Source: Human Development Reports 2000, 2002, 2004 and 2005.

*Based on estimates from Department of International Cooperation, Ministry of Foreign Affairs.

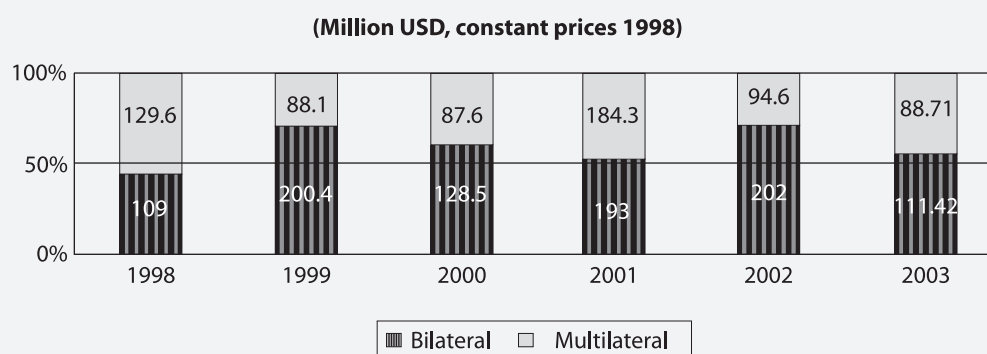
58. The government also expects aid flows to substantially increase during the period 2006-2010 and to contribute to the implementation of the plans.

59. National Socio-Economic Development Plan 2006-2010 and National Growth and Poverty Eradication Strategy, 2005.

60. This increase is mainly related to IDA/WB agreements related to NT2.

61. Some argue that aid flows from Vietnam and China have been substantial. The problem is that data from China has not been appropriately recorded or reported.

Figure 3. ODA Agreements 1998-2003



energy sector (see Figure 5). The ADB used to provide the largest amount of multilateral assistance but has now been surpassed by the World Bank. UN assistance has also risen in the past years. UNDP and UNICEF provide 35 and 21 percent respectively of the UN total. Contributions from International NGOs are estimated to be approximately USD 16 million.⁶²

2.6.2 ODA AREAS OF FOCUS

ODA disbursements target different sectors at the national and provincial levels (see Table 7). There is also a common agreement from the majority of donors to align with the national priority sectors as specified in the National Growth and Poverty Eradication Strategy and Five-Year Plan. Before 2003, a large part of ODA focused on facilitating economic growth while a smaller amount targeted social sectors.⁶³ In recent years, allocations to education and health have increased slightly to 20 percent. The majority of current disbursements focus on the transport and development administration, education and social development.

Approximately 65 percent of aid disbursements go to national-level projects, with the remaining 35 percent for provincial levels. The UN and international NGOs mainly focus on national level

programmes, while the main aid to the provinces comes from the IFIs and bilateral donors.

ODA also stimulates other sources of capital flows such as FDI and private investment. In 2005, FDI flows increased substantially in the energy sector parallel to the investments in Nam Theun 2. Neighbouring countries such as Thailand, Vietnam and China are increasing their aid flows similar to their investments in infrastructure, dams, energy and tourism.⁶⁴

2.6.3 AID COORDINATION

Given the importance of aid and the number and variety of donors, there is increasing recognition by both donors and the government of the importance of coordination and harmonization. On the donor side, there has been highly effective coordination through the RTM process led by the UNDP. As a result, the government has increased interest in improving its mechanisms for streamlining aid coordination. The government made institutional adjustments for aid coordination in 2004, transferring the function to the Ministry of Foreign Affairs. The Department of International Cooperation will also be strengthened in its role of monitoring ODA. A Country Action Plan on Harmonization and Alignment is under preparation and

62. International NGO disbursements have just recently been incorporated in the Foreign Aid Report.

63. The foreign aid reports do not separate technical assistance from the rest of the ODA.

64. Background papers for the NDHR 2006.

Figure 4. Bilateral ODA disbursements in 2003/04

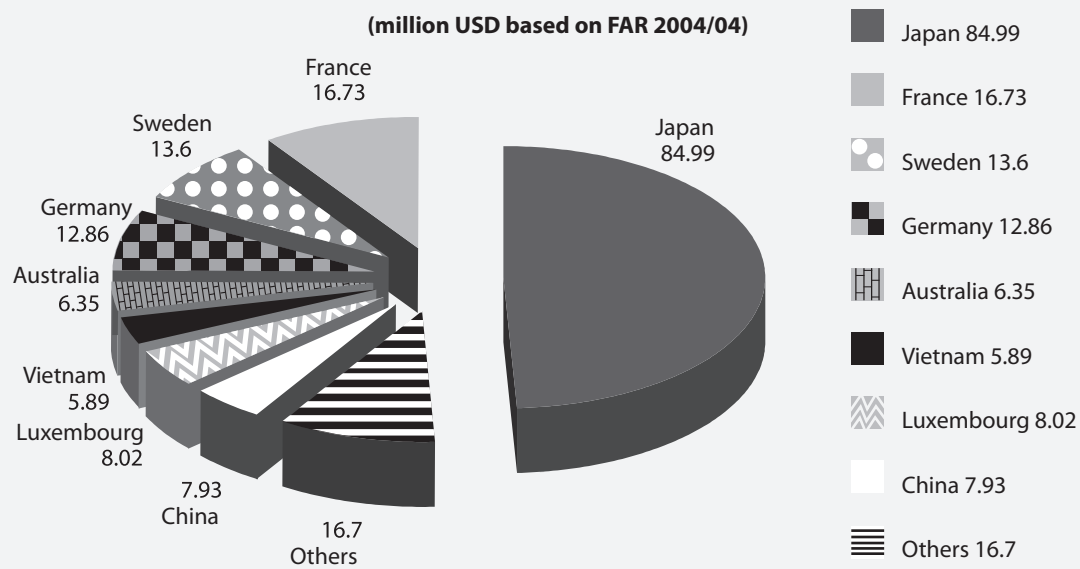


Figure 5. Multilateral ODA disbursements in 2003/04

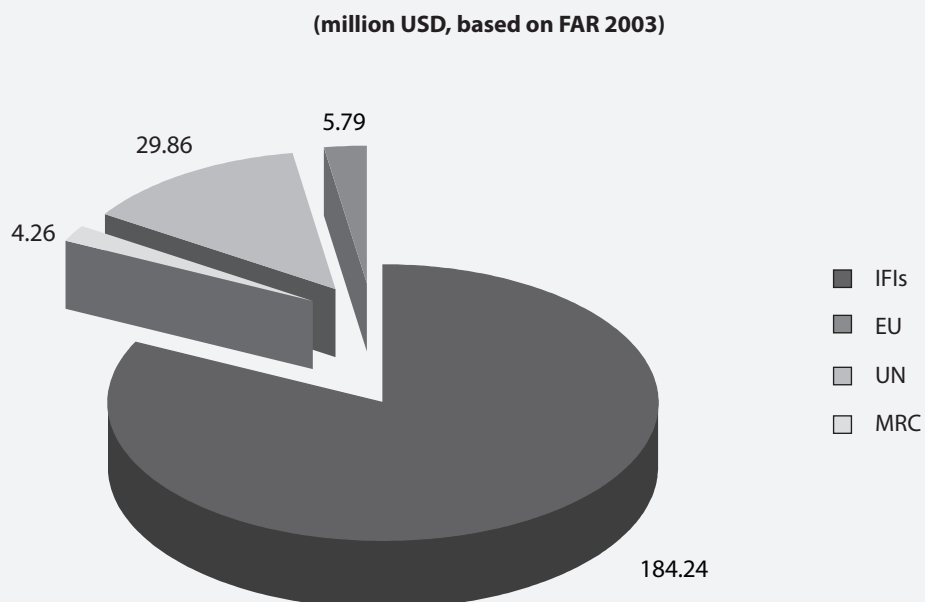


Table 7. ODA areas of focus

| | | |
|--------------------------------------|---------------|---------------|
| Transport | 81.47 | 21.23 |
| Development administration | 54.97 | 14.32 |
| Education/Human Resource Development | 48.73 | 12.70 |
| Social development | 43.73 | 11.39 |
| Area and rural development | 33.77 | 8.80 |
| Health | 30.7 | 8.00 |
| Agriculture, forestry and irrigation | 29.13 | 7.59 |
| Energy | 24.88 | 6.48 |
| Economic management | 16.17 | 4.21 |
| Communications | 6.79 | 1.77 |
| Natural resources | 6.34 | 1.65 |
| Disaster preparedness | 6.25 | 1.63 |
| Domestic trade | 0.86 | 0.22 |
| Total | 383.79 | 100.00 |

Source: Foreign Aid Report 2003/04.

a first joint review was conducted by the Government with the ADB, World Bank and Sida.⁶⁵ The government recently established a parallel structure to the donor working groups in the form of sector working groups to facilitate better aid coordination at sector and thematic area levels.

2.6.4 ODA CHALLENGES

ODA efficiency in Lao PDR needs to be improved. Although efforts have been made to improve management and mainstreaming of ODA, challenges that may hinder the effective use of ODA for development still exist.⁶⁶ These include:

- Interconnections of ODA allocations and the national plans and contribution of ODA to national priorities
- Donor driven versus nationally driven development agenda

- Implementation of ODA projects and balance between recurrent and capital expenditures
- Implementation of mechanisms for aid coordination and institutional capacity
- Aid dependency and diversification sources of funding
- Existence of different modalities among donors and impacts on government allocation of time and human resources

Moreover, monitoring and reporting ODA figures is currently based on a database system that has limitations in coverage, timeliness and accuracy.⁶⁷ The data is used to produce the Foreign Aid Reports. The government intends to develop an improved ODA database system that will improve both the accuracy of data and the aid coordination process and policy dialogue.

65. The Joint Portfolio Effectiveness Review was conducted in November 2005.

66. From round table meeting discussions in 2004, 2005 and 2006.

67. Three foreign aid reports have been produced so far (2000-01, 2002-03, and 2004-05). They are published with UNDP financial assistance and based on a database system established through ADB support. The government intends to develop an improved ODA database system through a UNDP support project in the near future.

Chapter 3

Development Results

3.1 OVERVIEW

The UN is committed to assisting the government in reaching its goal of eradicating poverty and lifting Lao PDR out of the LDC category by 2020. The development of the NGPES has provided a solid framework for the UN system to plan and coordinate its assistance. In 2005, the UN in collaboration with the government undertook a second Common Country Assessment (CCA) (based on the first one developed in 2000) to identify the most important development challenges within the framework of the MDG and national priorities, along with their root causes.

UNDP has a long history in Lao PDR. In 1997, it implemented its first Country Cooperation Framework (CCF) (1997-2000) followed by the second CCF (2002-2005). The first CCF was based on the government's request for assistance in the priority areas of rural development and human resource development, with emphasis on strengthening national capacity for development and assisting in aid mobilization and coordination. The CCF identified UNDP's strengths as its neutral trusted position and its emphasis on national ownership, capacity development and aid coordination. These factors remain a key aspect of the UNDP's role today.

An assessment of the first CCF endorsed its overall goal, but identified the need to address weaknesses in the use of the national execution modality (NEX) and to strengthen UNDP support to coordination at the sectoral and project levels. This would be facilitated through more systematic formulation of national policy, programmes and sectoral strategies to provide the needed frameworks for interagency and interdepartmental coordination. This has been reflected by emphasis on policy development and programme planning capacity, and in the non-programme area of donor coordination.

The newest CCA identifies gaps and government achievements in recent years, including a steady improvement in development indicators. It incor-

porated a rights based approach, although this was a new concept to the government and required a lengthy process of dialogue with the government. Both the new CCA and the UNDAF attempt to address the problem of lack of strategic focus identified in a mid term review of the UNDAF.

While the UNDP programme is evolving in response to Lao PDR's needs, the areas of focus for the period under consideration include:

- MDGs and poverty reduction, with increased focus on downstream areas—helping the government prioritize planning for the poorest districts and carry out effective research to improve and inform. This includes mainstreaming a gender perspective in planning. The shift is directed to making poverty alleviation, closely related to rural development, more sustainable and effective.
- Fostering good governance, central to the UNDP programme, and responding to the bottlenecks and inefficiencies of government that form an obstacle for development programmes, including the ability to benefit from increased globalization.
- UXO, which still impedes development and threatens human security in more than half the country.
- HIV/AIDS, which to date represents only a threat, but given the opening up of the economy and the prevalence of contamination in neighbouring countries, is an immediate and critical area for preventing a national disaster.
- Programmes for environmental protection and sustainable use of natural resources, directed principally to international agreements.

The UNDP programme in Lao PDR covers five areas (see Figures 6 and 7). Resources are concentrated in three areas: the Fostering Good Governance Programme, which accounted for 39 percent

(USD 3,596 million) of expenditures in 2005; the Crisis Prevention and Recovery Programme, 34 percent (USD 3,141 million); and Achieving the MDG and Reducing Poverty, 22 percent (USD 2,045 million). Two other programmes, Energy

and Environment for Sustainable Development, and Preventing HIV/AIDS account for less than 10 percent together. As of 2005, UNDP expenditures for the 2002-2006 programme totalled USD 33.384 million, of a projected USD 51.374 million.⁶⁸

Figure 6. UNDP performance: Target expenditures against delivery⁶⁹

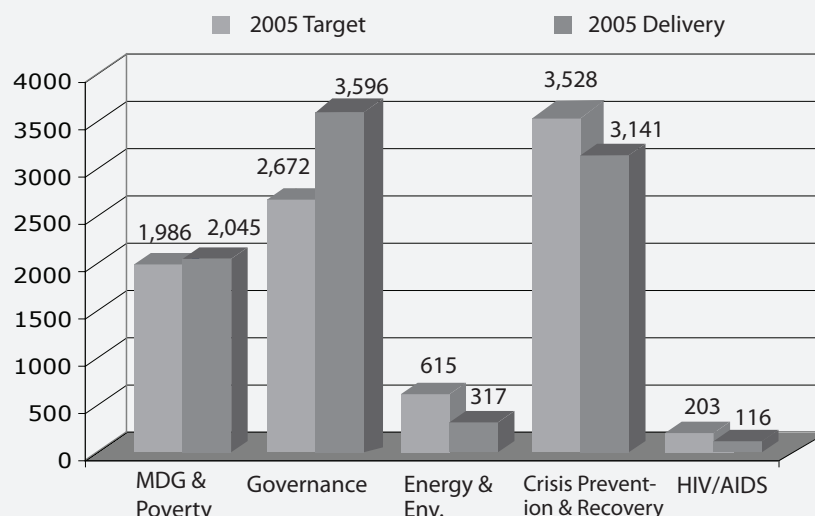
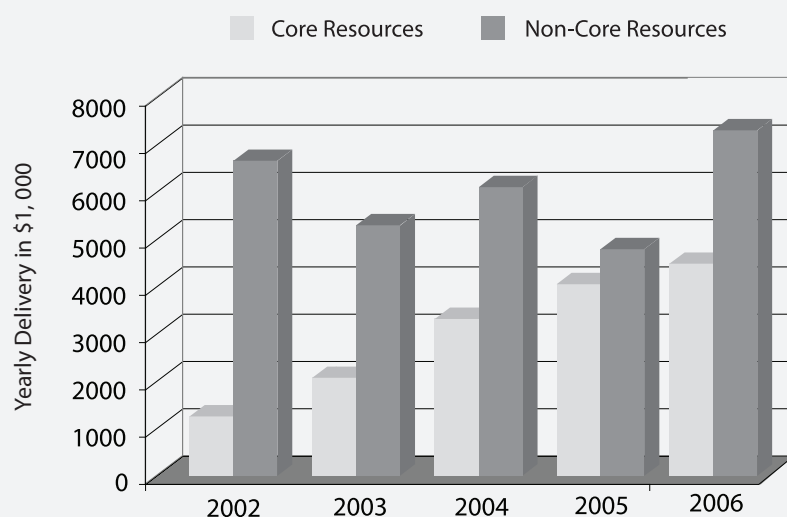


Figure 7. UNDP core and non-core funding



68. United Nations Development Programme, 'Annual Review Presentation 2005', Vientiane, March 2006, financial section.

69. Expenditures listed in the Atlas programme are significantly different from those calculated in the country annual review. For example, Atlas shows energy at 23.17 percent of expenditure instead of approximately 6 percent, governance at 23 percent, crisis prevention at 23 percent, and MDG at 19.76 percent. It was not clear to the ADR team why there are such discrepancies or how this affects the UNDP monitoring process.

The principal partner of the UNDP is the government of Lao PDR. It also works closely with other multilateral and bilateral partners towards broad national development goals, and has played a leading role in donor coordination.

3.2 POVERTY REDUCTION AND MDGS

UNDP has moved away from stand-alone rural development projects as a means to reduce poverty and instead focused on policy initiatives and addressing the capacity of government to provide pro-poor services through the governance programme. Achieving the MDGs and reducing poverty has been redefined at the programme level to address macro issues, such as improved aid effectiveness through donor coordination, MDG country reporting and poverty monitoring, pro-poor policy reform to achieve MDG targets and globalization benefiting the poor.

3.2.1 DONOR COORDINATION

UNDP has been active in promoting coordination among UN members as well as the donor community at large, encouraging greater dialogue and harmonization with Lao government priorities. The resident representatives/resident coordinator's achievements in this area have been recognized by donors and government alike. For a modest input of resources, these contributions are likely to have a longer term effect of improving aid effectiveness and coordination, better targeting of ODA and government support to agreed priorities, greater national ownership of development projects, and better monitoring and evaluation of development efforts.

3.2.1.1 Round table process

In Lao PDR, UNDP has established a reputation of being a neutral, flexible and trusted partner for the government. It has helped mobilize resources for priority areas identified through NGPES and the NSEDP and align the priorities of the UN system and donors with those of the government.

As a long-time co-chair of the RTM with the government, UNDP has helped create an effective forum for dialogue between the government and the international community.

Initially organized in Geneva as pledging meetings for donors, the RTMs were moved to Vientiane to ensure broader participation, increase national ownership, ensure the presence of the local donor community, and enable donors to better understand development needs. In May 1998, the government, supported by UNDP, organized three issue-oriented RTM meetings in Vientiane. This was the beginning of a long-term partnership between the government and the donor community on support for the target of poverty eradication by 2020.⁷⁰ The RTM process has been strengthened to provide a forum where real issues pertaining to development trajectories and policies can be discussed frankly. The value of the RTM process to the country can be verified by the government's commitment to maintaining the current arrangement for the RTM process under UNDP's leadership.

The RTM has evolved into a process that involves discussions on broad policy and development issues on an ongoing basis. An important innovation in the process has been the institutionalizing of quarterly informal meetings and eight informal thematic working groups amongst the development partners. These working groups reflect the jointly identified development priorities:

- Education and gender
- Health and HIV/AIDS
- Infrastructure
- Macro-economic issues and private sector development
- Agriculture, rural development and natural resources management
- Governance
- Drug prevention
- Mine action

UNDP chairs the working groups on Governance and Mine Action. In addition, it is a member of the Health and HIV/AIDS; macroeconomic issues and private sector development; and agriculture, rural development and natural resources management. In addition to the UN agencies, international financial institutions, most donors,

70. 'An Evaluation of the Contribution to Policy Reform and Resource Mobilization of the Round Table Mechanism (RTM) in Lao PDR: Government of Lao PDR Perspective', Vientiane, April 1999.

and international NGOs have nominated representatives to the theme group meetings.

The government's initial concerns about organizing the donor community into thematic working groups have dissipated. At the Semi-Annual Round Table Process Information Meeting in June 2005, the Lao government announced the establishment of its own working groups to mirror the eight donor groups and to enter into direct dialogue with the donors. The composition of the Government Sectoral Working Groups was formally communicated to UNDP by the Ministry of Foreign Affairs in February 2006. They contain broad participation from various government entities in the purview of each of the working groups, including the Prime Minister's Office, Committee for Planning and Investment (CPI), 10 ministries, the National Assembly, Bank of Lao PDR, Lao Women's Union, National Regulatory Authority for UXO and other organizations. It is foreseen that this development will further enhance dialogue and coordination.

The transformation of the process has improved dialogue and led to more effective information sharing and more complementary efforts amongst donors and international organizations. It has also streamlined communication between the government and development partners.

A central outcome of this improved coordination is the alignment of the UN system and donor support with the government priorities.⁷¹ The Sixth NSEDP articulates a poverty reduction strategy that incorporates the priorities identified in the NGPES and the MDGs. It also includes crosscutting issues, such as good governance, gender, and the environment. UNDP's policy dialogue with the government has contributed significantly to this outcome, and the new UNDAF is designed to support the implementation of the NSEDP.

3.2.1.2 Donor harmonization and alignment

In February 2005, a one-day workshop on Harmonization and Alignment bringing together the government with donors was organized and a draft Country Action Plan on Harmonization and

Alignment is being formulated.⁷² The government has agreed to a number of goals aimed at increasing portfolio management amongst the various development partners. There is also discussion about introducing Sector Wide Approaches (SWAp) that would harmonize donor policies and procedures, and increase coordination. The education sector has been identified as a potential test case for a SWAp.

An important achievement has been the ability to bring most bilateral donors, including the five largest ones (Japan, France, Sweden, Germany and Australia), to coordinate their plans and support through the thematic working groups. UNDP as the UN Resident Coordinator (RC) can claim credit for this achievement.

It is worth noting that in the rapidly changing landscape, south-south cooperation is becoming increasingly important. The neighbouring developing countries of China and Vietnam cooperate extensively with Lao PDR and are among the top-eight bilateral donors. In addition, close economic ties exist with Thailand. Yet, these bilateral partners (with the exception of Singapore) are not included in the regular aid coordination mechanisms. Including these partners in the development dialogue is important.

UNDP has helped ensure participation in the donor coordination process of the international NGOs, which have generally had a low profile in Lao PDR due to the government's general distrust of NGOs. International NGOs have established their own coordination group, with working groups reflecting the donor working groups. The UNDP has invited international NGO representation, with the chair of each international NGO working group participating in the parallel donor working group, and two representatives and the international NGO coordinator in the quarterly informal donors meeting.

3.2.1.3 UN system coordination

As resident coordinator in the country, UNDP is highly regarded both by the government and other agencies. The resident coordinator has strengthened coordination within the UN Country Team

71. Ministry of Foreign Affairs of Lao People's Democratic Republic, 'Report of the Round Table Process Annual Information Meeting, Vientiane, 19 January 2006', Vientiane, February 2006.

72. Government of the Lao PDR, 'Background Document, Round Table Process Information Meeting, 19 January 2006', Vientiane, January 2006.

(UNCT) considerably in recent years. In addition to the UN agencies, UNCT now also includes the World Bank and ADB. This is a major strength of the UNCT, which can thus draw upon the intellectual resources of the IFIs for technical and document assistance in the preparatory processes for the RTM.

Coordination within UNCT to establish joint programmes and activities has been strongly supported by UNDP. The adoption of LaoInfo by the National Statistics Centre as a tool to monitor the MDGs is an important step towards joint programming activities. In addition, the establishment of the Lao Development Journal *Juth Pakai*, which intends to improve dialogue and share knowledge, is a promising activity.

UNDP has demonstrated its ability to facilitate quick, coordinated responses of the UN system, as in the cases of the rapid development of the Avian and Human Influenza (AHI) pandemic preparedness (PP) by the government and the donors. A UN Influenza Working Group (consisting of the RC, WHO, FAO, UNICEF, UNDP, ADB and the World Bank) provided technical support to the government in preparing its plan, which was presented in the Beijing conference in January 2006. The government acknowledges the UN's coordinating role in AHI preparedness and has proposed the establishment of an AHI/PP Coordination Unit within the government, which would incorporate the UN Influenza Coordination Unit within its structures.

The UNDAF 2002-2006 was considered too broad in its scope to be truly useful as a programming document for the UN system in Lao PDR. A mid-term review in 2004 called for a prioritization of the UNDAF areas to make the implementation of the remaining period more feasible.⁷³

The new UNDAF now being finalized for the period 2007-2011 is much improved. The RC has played a key role in finding the right balance in focus and inclusiveness. The new UNDAF is based on the analysis contained in the UN CCA completed in 2006, which identifies the key entry points for

the UN system to assist Lao PDR. These include governance and human rights; poverty, food security and growth; education; health; and HIV/AIDS. The draft UNDAF is structured around three outcomes around which all UN agencies will coordinate their action programmes: poverty, food security and livelihoods; increased and equitable access to and utilization of social services; and governance. While the draft UNDAF has consolidated core areas around which the UN system can cooperate, it does not pay sufficient attention to other areas that are nevertheless essential. A case in point would be environment and sustainable management of natural resources which is currently subsumed under the first UNDAF outcome.

3.2.1.4 Governance programmes

With the Strategic Results Framework 2000-2003, UNDP began shifting its poverty reduction approach to support decentralization, a key element of the government's policy. Past experience with integrated rural development had uneven results and led to the decision to scale down UNDP interventions and orient them less towards the provision of goods and services at the grassroots level (see Box 2). UNDP support to the National Rural Development Programme was redesigned to be in closer coordination with the Governance and Public Administration Reform (GPAP) Programme and the UNCDF.⁷⁴

The Northern Sayaboury project, carried out with International Fund for Agricultural Development (IFAD), was the first rural development project UNDP undertook in the new de-centralized government context. An Interim Evaluation, carried out in 2004, observed that "decentralization was not necessarily accompanied with a phased approach allowing (for the development of) local capacity before really planning, managing and implementing rural development projects." The project suffered significant initial delays due to this lack of capacity. The evaluation concluded that the project needed more human and financial resources, a technical backstopping to local government (provided by MAF), and better local capacity.⁷⁵

73. UNDP/UNFPA Executive Board, 'Report on the Field Visit to the Lao People's Democratic Republic', Annual Session 2005 DP/2005/CRP.7, New York, 13-24 June 2005.

74. United Nations Development Programme, 'Strategic Results Framework (SRF) 2000-2003', pp 2-3.

75. Van Gansberghe, Dirk et al, 'Interim Evaluation of the North Sayaboury Rural Development Project', Vientiane, April 2004, p 11.

Box 2. Lessons from rural development projects

- Projects need to be integrated into the plans of local governments: in the Sekong project, a major drawback was that project activities were secondary to government official's work, and plans were not synchronized with provincial and district plans.
- Integration into government planning requires a fully articulated delegation of responsibilities to provincial and district governments. The process of de-centralization needs to be clear.
- Capacity development needs to be built into projects, starting with a full institutional assessment of provincial and district government capacity levels.
- Without clear targeting, projects may increase the gap between the relatively poorer upland and the lowland populations. For example, irrigation rehabilitation helped those who already had infrastructure, new roads were built in the lowlands, credit was more easily accessed by those with resources already.
- It is important to choose interventions that will help the poorest. Schools and health dispensaries, for example, tend to benefit communities that don't already have them. Another example is irrigation on a family scale with gabion weirs appropriate for the uplands or projects that address women's workload, such as water, sanitation, and rice mills.
- Community development models include some form of participatory planning, often with strategies that are highly successful—within the limits of a non-representative political structure—but very resource intensive when carried out at the village level.

UNDP also contributed to the provincial GPAR programme, designed to address poverty issues by improving government capacity to plan and deliver programmes to the 47 poorest districts. These reforms would hopefully contribute to poverty reduction by improving the administrative, fiscal, pro-poor planning and human resource capacity of the provincial and district governments in order to provide effective and transparent services to their populations. These results are long term and may not be immediately apparent, nor do they result automatically from improvement of government capacity. A national computerized monitoring system has been established (LaoInfo) but it is not clear whether it will be able to monitor this level of impact. UNDP is supporting GPAR pilots in five areas: Sekong, Luang Prabang, Xieng Khuang, Khammouane and Saravane (see Box 3).

3.2.2 MONITORING THE MDGS AND PRO-POOR POLICY DIALOGUE

Lao PDR endorsed the MDGs in 2000. The first progress report was published January 2004 by the National Technical Working Group and the UNDAF theme groups, and was endorsed by both the government and UNCT. The report showed significant progress in a number of areas but reach-

ing the targets by 2015 and leaving the ranks of LDCs by 2020 will take more work.

The MDG Report includes an assessment of the tracking process for each target, addressing strengths and weaknesses in data collection capacity, quality of recent survey information, statistical tracking and analysis capacity, monitoring and evaluation (M&E) mechanisms and capacity to incorporate statistical analysis into policy, planning and resource allocation. The ability to execute statistical analysis and incorporate that analysis into planning were identified as weaknesses. This provides a starting place for developing a capacity development programme.

The role of the UNDP in Lao PDR is to support the government in achieving the MDGs by improving socio-economic planning and promoting pro-poor policies. This is carried out through high-level dialogue, the provision of technical advisors, and capacity development of public institutions to support research, data gathering and public dialogue. UNDP is also working with the National Statistics Centre (NSC) under the CPI to collect and disseminate data on MDG achievement through an electronic database called LaoInfo, software that monitors local MDG targets and other national development indicators.

Box 3. Lessons from GPAR pilots

Luang Prabang;

Phase I of the Luang Prabang project was recently completed and Phase II is about to begin. The only village visited by the ADR team had been involved in participatory planning with the project for more than a year, and had been relocated several hours from its previous site in 2000. The team saw little evidence of poverty reduction, although, the time line has been very short.

At the time of relocation, villagers were provided with land on which to build their homes, but not enough land for fruit trees or vegetable gardens, and a poorly engineered water system that did not survive the first rainy season. Seventy percent of the villagers return regularly to their old lands and continue to practice slash and burn techniques, raise livestock and collect non-timber forestry products. Forty-four percent of the households do not have enough rice to eat every year. Only a few of the wealthier villagers have been able to buy local paddy land, and/or buy river powered generators to provide electricity.

According to villagers, improvements in the socio-economic situation of community members were due primarily to: 1) proximity to the road, which provided opportunities for trade, access to education and health facilities, mobility and contact with the city of Luang Prabang; 2) proximity to the district capital, which provided the opportunity for 50 members of the community to work for the government; 3) a local rice mill that helped to save time for women; and 4) a functioning Village Development Fund allows villagers to buy livestock. Although the project did not create the funds, it has improved their functioning through support and training to village committees.

A long list of projects has been identified and costed through a participatory planning process, but there is little likelihood of adequate funding to cover these fully in the near future. There were some significant differences in the priorities: Women tended to prioritize water and sanitation, while men preferred livestock and the building of a bridge. Participatory planning has raised expectations among the community: Without concrete results, community members may not be willing to participate in the future.

Xieng Khouang:

This new project has an antipoverty strategy and overarching goal to “strengthen the capacities of selected government institutions at the provincial and district levels to contribute to poverty reduction and equitable growth.” Its close functional link to two Swiss Agency for Development Cooperation projects: SADU (Small Scale Agro-Enterprise Development for the Uplands) and LEAP (Lao Extension for Agriculture Project) may ensure greater impact on poverty. The first of these promotes and supports greater linkages between agricultural production and marketing, and the latter increases the capacity of District Agriculture and Forestry Office extension workers. The project also proposes support for the organization of Village Development Funds. It is too early to assess the impact of this project as it is still in its first year.

The project inception report noted “projects bring in large budgets for intensive localized activities, primarily provide a pool of lessons, but do not offer a cost effective model for routine activity by government departments”. The project seeks replicable models for scaling up government activities.

The Xieng Khuang model may show that without engaging directly in poverty reduction, the particular role the UNDP can play is to make other rural development interventions more effective and sustainable. Given that project outcomes are related to government functioning, there are no impact indicators on poverty that would demonstrate this contribution. It should be noted however that the project will be conducting a baseline assessment (survey) incorporating the feedback from the client (citizens) on the quality of service delivery in 2006

Another UNDP initiative is support for the formulation of the latest PRSP, the NGPES. The first PRSP process was initially developed for the donor community. However, the government took ownership of the process over the years between the initial PRSP and the NGPES, deciding to use this process for national planning. The NGPES was government led, involving the four line ministries, CPI and the Ministry of Finance. While the process took a long time, the results are generally considered very good, and there is significant government commitment to the NGPES (although adequate resource allocation and domestic revenue generation remains weak).

The UNDP, along with other key donors such as the World Bank, the ADB and Sida, provided technical support to the government. UNDP helped facilitate dialogue both through the RTM and by helping the government disseminate the country's draft NSEDP through workshops and consultations. This has set a precedent and has importantly signalled a trend of growing trust and constructive dialogue between the government of Lao PDR and the development players. Gender concerns were also incorporated through the support of UNDP and other donors for a gender workshop organized by the NGPES committee and the Lao Women's Union prior to the preparation of the document. UNDP supported the CPI in planning this process as well as more specific planning for the 47 identified poorest districts, and in the development of participatory planning approaches. This includes a detailed and costed plan for 10 targeted districts.⁷⁶

The NGPES (and through it the MDGs) was incorporated into the country's NSEDP. The NSEDP is the single key national planning document. UNDP supported the government in the preparation of plan.

The NGPES provides a framework around which donors can coordinate their efforts especially at the level of UNDAF. As part of the emphasis on coordination, the government shared the draft NSEDP with donors, mass organizations and the private sector. Thematic working groups are able to start focusing on concrete, productive coordination, to the increased satisfaction of both the government

and donors. Areas where most success has been made include education, where there is early discussion of the possibilities of a SWAP.

Another important achievement is the National Human Development Report (NHDR) which has been an important tool in developing national policies for the poor. The first two NHDRs were prepared by the UNDP. The first, the State of Human Development in Lao PDR-1998 included disaggregation of the HDI by region and addressed the importance of translating economic growth into human development. The second NHDR in 2001 addressed the theme of Advancing Rural Development, important given that 80 percent of the population is rural. The report assessed different kinds of agricultural systems throughout the country, the impact of opium and UXO in rural development, and the strength and weaknesses of government policy, concluding that decentralization would be important.

The third report, about to be released, focuses on the theme of International Trade and Human Development. In contrast to the previous two NHDRs, the preparation for this report was handled primarily by the CPI and NSC (with support from UNDP), which indicates a trend in the preparation of demand-driven NHDRs and increased government commitment and national ownership.

The third NHDR provides concrete policy options to ensure that growth and trade liberalization benefit the poor. It identifies exports with a high potential for human development, especially those that create employment such as textiles, wood products, processed food, agricultural products, handicrafts and eco-tourism. The study also identifies the pros and cons of international trade and policy options to enhance the latter. Given that the NHDR process has been led by the CPI, there is a significant likelihood that these policies will be seriously considered by the government.

As part of the policy dialogue, UNDP supported other key studies including the Service Delivery and Resettlement: Options for Development Planning Project (2004) and the Macro Economics of Poverty Reduction. This study was carried

76. Funding has not been assigned to these projects, but it is hoped that the plan would be the first step in mobilizing additional resources, such as ODA.

out by the National Economic Research Institute (NERI) under the Committee for Planning and Cooperation (CPC)⁷⁷ in eight villages in three districts. It was designed to contribute to the development of methods for practical rural development planning through the further development of the concept of Livelihood Systems. Another study, Improvement of Family Farm incomes in Lao PDR (2005) was carried out to provide a better understanding of socio-economic characteristics of upland and low-land farm families. These studies have also made a serious effort to integrate a gender perspective into both data collection and analysis, consistently identifying differences in the situation of women and men.⁷⁸ These studies were particularly important to Lao PDR, which has few resources for research and analysis.

In an innovative move to foster a development dialogue, the UNDP also produced the first development journal *Juth Pakai* (New Thinking) in Lao PDR, “To stimulate dialogue on development in Lao PDR through disseminating existing knowledge, serving as forum where analytical and critical thinking on development issues can be shared”. Six issues have been published to date, in hard copy and on the Internet. Contributions have come from a wide range of government, practitioners, academics and others with a particular invitation to Laotian writers.

3.2.4 GLOBALIZATION AND POVERTY

One of the most notable features of the Lao economy is its rapid liberalization and opening up to the outside world, and its redefinition from landlocked to land linked. With this comes membership in ASEAN and eventually in the WTO, bringing with them both opportunities and challenges. Helping Lao PDR assess the impact of these memberships on the population and to negotiate on their behalf is an important area for international cooperation.

Opening the economy of Lao PDR has made globalization and poverty a cross cutting issue. The NHDR, for example, focuses on the potential

impact of trade liberalization on human development. The GPAR project in Xieng Khouang emphasizes service delivery in agro-forestry and developing agricultural export market linkages. In other areas, the HIV/AIDS approach takes into account the impact on the poor of greater mobility and the construction of highways linking Lao with its neighbours.

Lao PDR is in the process of accession to WTO. UNDP in collaboration with AusAID has supported the process through, i.e., preparation of documents, capacity building for government officials and the creation of public awareness on WTO and the holding of the first Working Party Meeting on the accession to the WTO of Lao PDR. Additionally, UNDP, within the ambit of a WTO-assistance project to the Ministry of Commerce, has collaborated with the global Integrated Framework mechanism, and the World Bank-led Diagnostic Trade Integration Study to mainstream trade priorities into Lao’s national development plan and to assist in the coordinated delivery of trade-related technical assistance. The WTO project has also fostered sectoral research on the impact of domestic policy changes required by WTO rules and regulations within the Lao context.

The UNDP supports the government in its integration into ASEAN, which has become an important instrument for progressive reforms in Lao PDR. Study tours to other ASEAN countries have provided useful learning for Laotian officials. In addition, many of its economic and legal reforms reflect Lao PDR’s interest in further integration with ASEAN.

The UNDP project in support of ASEAN integration has two objectives: 1) Support the government’s ASEAN department as the secretariat responsible for Chairing ASEAN for 2004-2005 and hosting the summit; 2) Support further integrations of the Lao PDR into ASEAN with a focus of improving understanding within the Government of Lao PDR’s responsibility as a member, the development gap within ASEAN and between ASEAN

77. Now the CPI. The study was supported by the UNDP and ECHO.

78. The Service Delivery and Resettlement Study (NERI) has a gender section in each chapter and also addresses issues at the sub-household level, such as marriage and divorce, that touch on important issues in gender relations. The Farm Family Income Study also goes to the sub-household level, describing the activities, roles and contributions of male and female members of the household. The NHDR assesses differing potential impacts on women and men, as well as rural, urban, and other issues.

and other blocs, and economic integration through AFTA.⁷⁹ UNDP support to the ASEAN summit held in Vientiane was appreciated.

Successful integration with ASEAN provides many opportunities, such as increased tourism, improved transport options for Lao goods for export, and income from traffic on the transport corridors. However it requires financial soundness, including enhanced tax collection. Integration also introduces new challenges. Increased traffic through the corridors may pose an environmental burden and the tariffs for through-traffic must be set at adequate levels to cover infrastructure maintenance.

UNDP and other partners, especially ADB, play a facilitating role in regional integration. While UNDP has supported Lao PDR's firm commitment to integrate into ASEAN, it is important to prevent the widening of the development gap between the six older members of ASEAN and four new members (including Lao). In this regard, UNDP's work ties in with ADB and World Bank investments to ensure that safeguards for vulnerable groups and the environment are incorporated. Capacity development for government officials who participate in ASEAN negotiations has been an important contribution of UNDP.

3.2.5 GENDER AS A PRO-POOR STRATEGY

The Lao PDR constitution of 1991 guarantees both men and women equal rights in the political, cultural and social fields and in family affairs. In 2003, a constitutional amendment affirmed efforts "supporting the progress of women and to protecting the legitimate rights and benefits of women and children". Lao PDR is also a State Party to the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) and has joined the global consensus on the Beijing Declaration and Platform for Action.

The NSEDP addresses the following key issues:⁸⁰

- Support to poor women's economic activities and access to basic services. This includes increasing the participation of girls in school, improving literacy rates, access to health services, and access to small business and agricultural extension services.
- Greater involvement of women in decision making at the local level.
- The development of strategies and action plans in all ministries, through the Lao National Commission for the Advancement of Women (NCAW), to promote gender equality at all levels of government. The government has prioritized four sectors for specific action: agriculture, education, health and transport.

The National Action Plan for the Advancement of Women 2006-2010 is based on a rights-based and gender mainstreaming approach and promotes women's participation in the implementation of the NPGES, equality in education, improved health care services, increased number of women in decision making, and strengthening the national machinery for women.

Neither document addresses the issue of gender violence, although a Country Gender Analysis carried out by Gender Resource and Information Development project (GRID) with support of the World Bank identified it as an underreported issue and recommended raising awareness about it.⁸¹

The two main actors advocating for women within Lao PDR are the LWU and NCAW, created in 2003. NCAW's role is to assist the government in policy and strategy formulation for promoting the advancement of women and to be the focal point for local authorities and international donors in the implementation of government policy. The LWU, as a mass organization, has the capacity to reach women in most villages in the country. Given the absence of feminist or women's NGOs, inde-

79. Government of Lao PDR MoFA and UNDP, 'Enabling more Effective Integration of Lao PDR into ASEAN', Annual Project Report (August 2004-December 2005), February 2006, p 3.

80. 'National Socio-Economic Development Plan, 2006-2010', draft, January 2006, p vii, 75-78.

81. Gender Resource and Information Development Project (GRID), 'A Country Gender Analysis and Profile of the Lao PDR', February 2004, pp 52 and 71. The study also reveals that in a survey of young people (1998) more than half, including a majority of young women, thought it was OK "for a man to hit his wife if she makes some mistakes" (p 52). The Committee on the Elimination of Discrimination against Women, Thirty-second session, 10-28 January 2005, also raised concern on the issue of violence and the attitudes towards it (report date: 15 February 2005, p 7).

pendent civil society organizations, or significant representation in government, LWU is the only organization capable of doing this. It has been described as the “closest thing Laos has to a genuine pressure group bringing women’s issues to the attention of the party”.⁸² A significant part of the LWU’s work has been income generation—helping improve the agricultural capacity, management and SMEs of women. In some cases, they have been successful in defending women’s rights, such as prevention of trafficking of women, violence against women, and HIV/AIDS prevention. LWU also brought to light the practice in land titling of putting property in the man’s name, even when it came to the family through the woman’s inheritance.⁸³

UNDP’s main project contribution has been support to the GRID project. GRID is a project within the LWU established to address the shortage of information and expertise on gender, and to support gender mainstreaming into government processes.⁸⁴ According to a July 2004 mid-term evaluation, the programme has contributed to mainstreaming gender in the NGPES and NSC—especially evident in the most recent Lao Expenditure and Consumption Survey.⁸⁵ Five regional centres have also been established, providing support to the government at the provincial level with varying degrees of success. It has also trained approximately 100 gender trainers, who have, in turn, trained more than 3,000 others, according to the LWU. The mid-term report suggests it might be better to train fewer numbers with more depth. There will be increasing demand for gender training, given the role assigned to GRID to develop the capacity of the NCAW and the Sub-Committees for the Advancement of Women.⁸⁶

GRID has also helped to develop a level of awareness and commitment to mainstreaming in the NSEDP, where gender will be integrated into four priority sectors: agriculture, education, health and transport.

UNDP intervention moving forward should demonstrate results on the ground, keeping in mind that mainstreaming is a strategy to achieve gender equality, not an end in itself.⁸⁷ Consequently, a follow up proposal tentatively approved focusing on mainstreaming at the central level, and also within two GPAR projects where there are GRID regional centres. It will support improved planning guidelines and processes, and tie into existing training cycles of the CPI at the central level and in Luang Prabang. Also in Luang Prabang, the project will strengthen capacity of the fiscal department for gender analysis and gender sensitive accounting tools with GPAR. At the provincial level, the project would assess the experience of small grant funds to find best practices from a gendered perspective. The project would work closely with the Village Development Fund and provide small grants for projects identified through gender sensitive participatory planning.⁸⁸ The new project will work with both NCAW as the national office and the LWU to strengthen GRID centres, especially their capacity to provide gender mainstreaming services to government and other development partners.

A significant advantage of the new proposal is that it will integrate gender into the GPAR work already being undertaken by the UNDP. This is important, given that attention to gender has been sporadic. For example, while the GPAR

82. Stuart-Fox, Martin, ‘Politics of Reform in Lao Peoples’ Democratic Republic, Political Economy of Development, Working Paper #1, Programme on Civil Society and Governance’, the College of William and Mary, Williamsburg, VA, May 2004.

83. Gender Resource and Information Development Project (GRID), ‘A Country Gender Analysis and Profile of the Lao PDR’, February 2004, p 41.

84. Sala, Maija, Somphavanh Seukpanya, ‘Gender Resource Information and Development (GRID) Project, Mid Term Evaluation’, July 2004, p 5.

85. Ibid, July 2004, p 10.

86. Lao PDR, ‘National Strategy for the Advancement of Women, 2006-2010’, January 2006, pp 26-27. Sub-CAWS have been established in ministries and government administration at all levels.

87. Sala, Maija, Somphavanh Seukpanya, ‘Gender Resource Information and Development (GRID) Project, Mid Term Evaluation’, July 2004, p 22.

88. Government of Lao PDR and UNDP draft proposal ‘Gender Empowerment for Poverty Reduction: Building Capacity for Stronger Policy and Practice’, March 2006. The project will also undertake strengthening NCAWs mandated advocacy role with support to studies, policy analysis, statistics and sex disaggregated data; and improving the sex disaggregated data collection and use (with NSC and LWU).

BOX 4. COMMUNICATION

There is no word for gender in Lao. It is generally translated as ‘men and women together’. Apparently there is also no word for “mainstreaming”. Gender mainstreaming was translated in one document as “women and men together in some sort of big river” (Interview, Sida).

LP II proposal is very weak on gender,⁸⁹ the ADR team was told that at least 5 of the 10 UN volunteers (UNVs) planned in the project will be women, compared to 5 out of 27 in the first phase. The Xieng Khouang project is six months into its three year cycle and has yet to hire a gender consultant to address gender issues, which are only briefly indicated in the proposal. There has been significant focus on involving women in participatory planning at the village and *kumban* levels, including separate meetings with women and with men to analyze and prioritize village needs. However, there has been little attempt at a gender analysis in the background documents.

A disadvantage at this point is that the GPAR projects are further ahead in implementation than the gender proposal. The further a project is in planning and implementation, the fewer opportunities there are for integrating gender in a meaningful way. Gender thinking should begin with the situation analysis and the concept paper. As a strong proponent of gender equality, UNDP must be able to take this capacity into its initial planning with partners. This need has been identified in an internal study in the UNDP and there are plans to address it.⁹⁰

The following conclusions can be drawn regarding UNDP’s contributions to MDGs and pro-poor policies:

- Donorcoordination, under the leadership of the UNDP has helped to shape the NGPES and

subsequently the NSEDP to incorporate the MDGs and pro-poor policies.

- UNDP’s technical support has helped the government to form, articulate and consult on issues of national development and poverty reduction relevant in the formulation of the NGPES and the NSEDP.
- Policy dialogue and research, such as the NHDR and contributions with DTIS have helped to better prepare Lao PDR for negotiating its eventual entry into regional organizations and treaties, while beginning to adapt the country for such changes.
- Rural development projects were redefined and redesigned as provincial governance projects, in order to address shortcomings that had been identified. While this took the UNDP a step away from direct poverty reduction, it will likely increase development sustainability and replicability in the long run through better institutionalization and capacity development. To date, however, the contribution to poverty reduction has not been adequately assessed in concrete terms, and more attention will have to be paid in the future programme period to monitor impact on the poor.
- A significant contribution of the UNDP to gender equality was support to the establishment and strengthening of the GRID programme, to build capacity in gender analy-

89. The Results and Resources Framework for example makes only two references to gender equality under ‘activities’ and one output: special services available to women entrepreneurs. The background notes to the project suggest only that “there was room for affirmative action in key areas, such as improving participation of girls in secondary school”. The inclusion of gender was somewhat strengthened at the stage of the Task Force and Stakeholder Workshops. Attention to gender and gender experience are absent from the job description, and from the TOR for the baselines survey, which treats the Household as a unit.

90. Gary, Kelley, Outhaki Khamphoui, and James Lang, ‘Gender Assessment Report & Gender Mainstreaming Strategy for the UNDP Lao’, Vientiane, December 2005. As part of the process of developing a gender strategy, two case studies were examined, including GPAR Luang Prabang. The results analyze the gender shortcomings in project planning and evaluation. Conclusions of the case study are included in the Annex.

sis and training in Lao PDR, mainly for the purpose of incorporating and mainstreaming gender issues in government. This has achieved results in areas of policy (NGPES, NSED, NSC) but there is still much to be done, as recognized in the new project that will continue to build both the capacity of GRID (through the LWU) and the NCAW to further mainstream gender in government ministries and provincial administrations.

3.3 FOSTERING DEMOCRATIC GOVERNANCE

During the period under evaluation, UNDP's country programme in Lao PDR concentrated on governance reform, with primary emphasis on support for the rule of law and more effective public administration. Work in this thematic area involves a number of projects carried out in recent years involving the National Assembly and popular participation, justice and human rights, public administration reform, decentralization and local governance.

3.3.1 RULE OF LAW

Lao PDR has pursued a programmatic approach to strengthening its legal system, implementing the rule of law and improving access to justice for nearly a decade, based on a needs assessment carried in 1996-1997. UNDP has been the main partner of Lao PDR in that effort. In the first phase of the programme, UNDP focused on the implementation of the rule of law, judicial reform and strengthening the Office of the Public Prosecutor.

In the first five years of reform, progress was slow, according to the 'Evaluation of the Implementation of the Rule of Law in Lao PDR, 1997-2003: Lessons and Challenges'. During this phase, judicial reform, particularly in regard to the implementation of court decisions, did not advance. There was also little progress in providing access to justice for groups that lacked legal protection. The programme seemed to suffer from a lack of momentum.

In the second phase of the programme, a single Preparation Assistance Project on the Legal Sector Reform Programme identified areas requiring priority attention. It established a set of clear objectives, including a coherent legal framework, strengthening capacity of all legal/justice sector

institutions, a stronger mechanism for dispute resolution, better enforcement of laws and court decisions, and improved access to justice for all.

Since 2003, UNDP has begun to make tangible progress toward broad reforms in the legal system. The Legal Sector Master Plan presents a strategic vision for legal sector reform until 2020. The document, which is the result of four working groups, has been approved by the Ministry of Justice and has had the input of the Supreme Court, the Office of the Public Prosecutor and the Lao Bar Association. The draft has undergone a series of initial consultations with line ministries, provinces, and donor partners and is expected to be finalized by the end of 2006.

Ministry of Justice officials told the Evaluation Team that the draft Master Plan includes commitments to: a shift to full independence of the judiciary, enhancement of the role of lawyers in Lao society, effective enforcement of court decisions, and reform of criminal procedures. Although these commitments are not yet official, the ADR Team is encouraged by the support for these objectives from the Lao PDR legal sector. The government's commitment to strengthening the rule-of-law system was affirmed at the Party Congress in March 2006 and at the opening of the VIth Legislature.

3.3.2 LAO BAR ASSOCIATION AND LEGAL ASSISTANCE TO THE POOR

Until recently, the judicial system was prejudiced against lawyers who defended clients in criminal cases. The 1996 Decree Law, which served as the basis for the Lao Bar Association (LBA), states that in criminal cases the lawyer has no right to 'represent' a client in court and can only be an 'assistant' to the client. In fact, lawyers had appeared in court only in a few dozen cases stretching back a number of years.

However, this attitude toward lawyers has begun to change. A 2004 amended law on civil procedure accepts the rights of lawyers to participate in all court cases on behalf of their clients. In the past few months, members of the LBA have been meeting regularly with the courts and police and have found a broad acceptance of the role of lawyers in criminal cases.

Meanwhile, UNDP is supporting the strengthening of the LBA, established in July 2004, which represents the fledgling community of lawyers in the country. In a short span of time, the LBA has progressed from an organization that had no staff and no infrastructure to an institution that has a central office in Vientiane, eight units in the city and six regional offices around the country. While currently regulated by the Ministry of Justice, the future direction of the LBA is to become an independent body. The status and role of lawyers should be further strengthened with the passage of new legislation being drafted by the LBA, with the support of the Ministry of Justice.

One of the consequences of the weak Lao PDR legal system and the small number of lawyers is that ordinary people have had virtually no access to justice. The promotion of the role of lawyers is part of a broader effort to make justice available to poor people throughout the country. One of the purposes of the local offices of the LBA is to provide free legal assistance, however this is still in its early stages.

UNDP has supported those in the legal sector through its Strengthening the Rule of Law projects and its more recent project on the Lao Bar Association. The results reflect the convergence of UNDP interests with an LPRP Party Congress Resolution in 2001 that called for development of the legal system, including a greater role for lawyers. UNDP has gained a level of trust from Lao PDR that is a necessary basis for being a partner on such a sensitive issue as rule of law.

3.3.3 ENFORCEMENT OF JUDICIAL DECISIONS AND JUDICIAL INDEPENDENCE

One of the fundamental problems of the Laotian judicial system has long been the fact that judicial decisions are seldom enforced,⁹¹ primarily because public prosecutors can receive appeals all the way up to Supreme Court decisions. In addition, the National Assembly can also receive appeals between individuals. This has meant that a party who loses a case in court can prevent its implementation through politically influential allies.

The power to suspend enforcement has kept the courts from being independent from executive interference and has undermined the credibility of the judicial system. Resolving that problem is central to judicial reform. Increasing enforcement of decisions was to be addressed by amending laws in the People's Courts and the Office of the Public Prosecutor, as well as by issuing guidelines on handling appeals and a law/decreed on enforcement of judicial decisions. The results thus far have fallen short of expectations. The new law on Judgment Enforcement promulgated in May 2004 may have further set back the effort to strengthen judgment enforcement. Instead of insulating judicial decisions from further change, it appears to have renewed the authority of the Ministry of Justice and the Public Prosecutor to suspend or cancel any decision.

On the broader issue of judicial independence, however, Lao PDR has moved in the right direction in the amendments to the Constitution of Lao PDR passed by the National Assembly in April/May 2003. These amendments transferred the authority to recommend appointment, transfer and removal of judges by the National Assembly Standing Committee from the government to the President of the Supreme Court. They also transferred administration of lower courts from the Ministry of Justice to the Supreme Court. Of course, these reforms must be viewed in the context of the LPRP's control of all state institutions—executive, legislative and judicial.

The legal sector in Lao PDR is committed to the independence of the judiciary. The Legal Sector Master Plan 2006-2020 is said to include a commitment to resolving the problem of enforcement of court decisions, as well as to a gradual transition to an independent judiciary and reform of criminal procedures. However, it is not clear whether that principle will translate into a willingness to free the courts from review and reversal by other bodies any time soon. Ministry of Justice officials indicated that the judicial bodies could become completely independent only after they have achieved a certain level of capacity and trust.

91. Only an estimated 10 percent of all judicial decisions had been enforced as of 2001, according to a 2003 Legal Sector Evaluation Report.

3.3.4 OFFICE OF THE PUBLIC PROSECUTOR AND RULE OF LAW

A central challenge to rule of law in Lao PDR has been that public institutions have had a weak understanding of how to implement the law, especially at the province, district and village levels. The Office of the Supreme People's Prosecutor (OSPP) has limited cooperation with police and did little to discuss problems in law enforcement with them. UNDP's project on strengthening the OSPP was aimed at improving the legal skills of the OSPP, providing specialized training for personnel, and enhancing cooperation on law enforcement between the OSPP and local officials. The ADR was informed that improving the legal skills of prosecutors, police and prison authorities has also been addressed by UNDP together with Sida.

Because of a programme that trains trainers, public prosecutors are beginning to educate police on operating within the rule of law governing arrest and detention procedures. Police are being taught that they cannot detain people without charge for more than five days and about standards for treatment of prisoners.

3.3.5 NATIONAL ASSEMBLY AND POPULAR PARTICIPATION

The National Assembly has both legislative and oversight functions under the Lao PDR Constitution and the 2003 amended law on the National Assembly. Prior to the period under evaluation, the ability of the National Assembly to carry out those roles effectively was constrained by its limited annual working time, the limited knowledge of its members of the issues, and the weakness of its links with its constituencies. Furthermore, the Assembly was overburdened by the task of dealing with complaints and petitions against court decisions.

UNDP analysis revealed a number of weaknesses that needed to be addressed, including limited understanding by members of policies, legal instruments, budgets and socio-economic development plans, lack of a mechanism for budget oversight, and inadequate capacity for formulating and analyzing laws. Since 1996, UNDP has helped develop the capacity of the National Assembly. Significant results include the establishment in 2002 of

'question time' in the Assembly, the beginning of televised National Assembly debates, the establishment of voting on legislation article by article, and the lengthening of the two annual sessions to four weeks.

Another change supported by UNDP was the installation of an electronic voting system that allowed members to cast their votes anonymously. Although the thought behind that change was to make it possible for members to vote against government-sponsored measures, it also involves a contradiction in terms of responsiveness to constituency views, since it implies that members would not be able to inform their constituents of how they voted.

More recently, the National Assembly has begun to play a more substantive role in questioning government officials on fiscal and budget performance. A new law on the Assembly's oversight role was promulgated in November 2004, which not only spelled out the right of each member to question government officials about reports to the Assembly, but also required both Assembly committees and individual members to have annual oversight plans. The individual members are to exercise oversight within their provincial constituencies over reports by provincial administrations, presidents of the people's provincial courts, and others at provincial and district level.

It is not clear whether such detailed oversight plans have become operative yet, but the questioning of government officials has taken on more substantive significance. The Ministry of Finance appeared before the Assembly in 2005 and admitted under questioning that revenue collections had not met expectations. That may have set an important precedent for holding the government accountable for implementation various policies and programmes.

It is impossible to gauge the impact of capacity-building efforts on the capacity of members to exercise oversight over budget and legislative issues, but members have benefited from visits to Vietnam, Singapore, Thailand and India aimed at increasing their understanding of legislative procedures, and from a series of workshops on topics with the National Assembly. One such two-day workshop focused on legislative scrutiny, substantives issues of trade (the ASEAN Free

Trade Area and World Trade Organisation) and budgetary analysis from a gender perspective.

One area where greater progress could have been made is in establishing meaningful consultations between National Assembly members and their constituents. A recent project aimed to strengthen interaction in provincial offices by creating a telephone hotline to the Assembly to allow the public to provide feedback. Unfortunately, few people own telephones, so it isn't surprising that only 60-70 people have used the hotline, according to UNDP staff.

The first steps have been taken toward consultations with constituents by holding meetings in the provinces on two pieces of legislation in 2004, but those meetings were with stakeholders selected by the members rather than with the general public, and they were held only just before the laws were introduced in the National Assembly. Furthermore, it appears that the meetings were aimed at informing people rather than soliciting their views. No further meetings were planned for 2005, and the National Assembly was said to be reviewing those activities in early 2006. Draft guidelines on public consultations have been prepared at the request of the National Assembly's Law Committee but have not yet been officially adopted.

The issue of consultation with the public may be an area in which the understanding of the Lao PDR government and the consultants who drafted the project document differ. Lao government officials do not appear to see public consultations as a means for constituents to exert influence on policy but rather as a means for the government to provide information to people. The expectations of results reflected in the project document, therefore, may have been unrealistic.

The early changes in National Assembly practice appear to have been inspired by recommendations from UNDP consultants. The impetus for the move to upgrade the role of the National Assembly in oversight in recent years, however, came directly from the leadership of the LPRP, which decided on that objective in 2003, at least partly in response to developments in the National Assembly in Vietnam.

A critical obstacle in encouraging people to exercise their legal rights is the lack of popular knowledge of existing laws. One of the major objectives of the Ministry of Justice, as reflected in its past work plans, has long been to achieve the wide dissemination of laws to the public through mass media. It is difficult, however, to identify any real progress in law dissemination in recent years.

The 2003 evaluation of the Rule of Law Project indicated that the Ministry recognized that there had been "insufficient law dissemination through television and newspapers" in the past. The only law dissemination activities in 2005, according to the report to the June 2005 Roundtable, were aimed at government officials, the National Assembly, police and those with internet access—not to the general public. Although the government's Matrix of Main Priority Government Initiatives says that the Ministry of Justice has been disseminating laws through mass media, the report to the Roundtable makes no mention of any such effort. Despite recommendations to the Ministry that unconventional methods of law dissemination such as street theatre, television drama, radio plays, videos and cartoons be considered, there has been no initiative along these lines thus far. The government Matrix says that such popular entertainment media have not been developed as tools for dissemination "due to lack of funding".

3.3.6 PUBLIC ADMINISTRATION REFORM, DECENTRALIZATION AND LOCAL GOVERNANCE

3.3.6.1 GPAR central

For 15 years, UNDP has been supporting a Lao PDR programme to increase the capacity of the public administration to deliver social services to the public and reduce poverty more effectively.

The Lao PDR public administration is beset by a number of weaknesses reflecting a state bureaucracy that still suffers from attitudes and practices inherited from the traditional state structure in Lao PDR. The state bureaucracy is prone to corruption at every level and is staffed with officials whose job descriptions are very often unclear. As the terminal evaluation of the GPAR I observed, "Almost every government employee is connected to a patron,

and all government employees have little in the way of job security". It further noted that even a "small pilot implementation" has "heavy implications for the wider system". For that reason, the evaluation observed, there was obvious "reticence of officials to test these waters".⁹²

Given this resistance to reform, both from above and from below, UNDP did not expect the first phase of the GPAR project to achieve specific reforms in public administration. The phase was aimed at developing capacity to carry out future public administration reform and increasing awareness of the need to do so.

The second phase of the project, however, was aimed at accomplishing actual reforms in public administration. A major objective of GPAR II has been to implement the Decentralization Policy—a move to allocate greater responsibility and resources for development planning to district and village levels. However, the policy toward decentralization has been marked by confusion about roles of the central and local levels. As UNDP analyses of the problem for a 2004 conference pointed out, Lao PDR is plagued by a central paradox: on the one hand, it has a highly centralized government structure; on the other hand, the central government is weak in relation to the provinces.⁹³ This phenomenon is caused not only by weak management of administration in the provinces but also by the fact that provincial authorities were given control over assessment and collection of most sources of revenues in the late 1980s.

The Lao PDR's decentralized revenue management system has constrained its ability to carry out plans aimed at socio-economic development. From 1996 to 2001, the UNDP Strengthening Fiscal Management (Tax and Customs Administration Reform) project co-funded with Norad helped bring about a series of reforms in revenue collection, including the creation of the Large Taxpay-

ers' Unit, issuance of tax identification numbers, establishment of the computerized tax information system, and self-assessments. But since then, responsibility for collecting taxes has been handed over to the provinces, with the result that revenues declined from 14 percent of GDP in 1999-2000 to 12 percent of GDP in 2000-2001.⁹⁴ By 2004-2005, revenues were only 11.18 percent of GDP.⁹⁵

One of the major improvements in the tax collection system—the computerization of data on large taxpayers in Vientiane municipality and seven provinces—had broken down by 2003-2004, ostensibly because the people who had been trained to manage it under the UNDP-supported programme were transferred to other offices within the Office of Taxation in the Ministry of Finance. This was a blow to the integrity of the revenue collection system, because computerization of the taxpayer rolls and payments, along with the introduction of self-assessment, had made taxpayer data more reliable than under the previous system of manual recording. According to a recent tax gap analysis, roughly 70 percent of potential domestic revenues are now being collected.

The weaknesses of the present fiscal management system also undermine the goal of empowering villages to undertake their own development plans and to support them with increased funding. Although provinces with revenue surpluses are supposed to transfer their surpluses to the central government for transfer to provinces with deficits, the system provides incentives for surplus provinces not to meet revenue targets. Provinces with budget surpluses are able to spend their full budget, even though they do not collect all the revenues targeted. The cash-surplus provinces have continued, therefore, to prioritize revenues collected for local expenditures, reducing the amount sent to the central government and the amount of funds available for development projects in the poorest districts. For deficit provinces, revenue shortfalls automatically translate into budget cuts.⁹⁶

92. Huntington, Richard, 'Terminal Project Evaluation Report, Support to Governance and Public Administration Reform', June 2000, p 5.

93. Stoop, Patrick, 'Decentralization Report: Assessment of Current Decentralization and Vision, Model and Strategic Plan for Future Decentralization of the Lao PDR Government System', Summary of the detailed decentralization report dated 11 October 2002, 7 March 2004, p 4; Ranjan Dash, Bikash, 'PAR and Decentralization in Lao PDR: Problems and Prospects', presentation to Bratislava Conference, 20 April 2004.

94. Winter, Mike, 'Lao PDR-Fact Finding Mission Report', United Nations Capital Development Fund, March 2002, p 24.

95. World Bank, 'Lao PDR Economic Monitor', October 2005, Table 2, p 3.

96. Ibid, pp 21-23.

Under these circumstances, much of UNDP work on local administration reform has been focused on supporting the implementation of Prime Ministerial Decree 01 issued in 2001, which was aimed at giving the district a real budgeting role and empowering villages to adopt village development plans and to collect taxes. But that decree was too vague, put too much emphasis on local revenue collection and even suggested that planning should begin at the 'household level'.⁹⁷ As the UNDP Decentralization Report observed, asking villages to collect more taxes from their populations may conflict with the government's poverty alleviation objectives, especially since the system does not appear to result in increased flow of resources to the poorest villages.⁹⁸

The Prime Minister's Instruction 01 in March 2000 and accompanying instructions generated confusion about the roles of provinces and districts in particular. Some provinces' finance departments have insisted that districts are not empowered to plan or budget for capital expenditures. Many districts have not, in fact, adopted annual or medium-term formal plans. Furthermore, the decree left in place arrangements for revenue-sharing and transfer that are the result of negotiations that lack clear rules or criteria.⁹⁹

The Department of Public Administration and Civil Service (DPACS) wrote a draft policy paper on 'Fiscal Centralization and Decentralization' in December 2003, and a draft of a new decree in spring 2004 aimed at clarifying the roles of different levels in regard to these issues.¹⁰⁰ But two years later, no such decree had been issued, suggesting that the political will to impinge on the freedom of provincial officials may still be too weak.

The most important issue surrounding public administration reform, therefore, is whether revenue collection will be re-centralized. As of the Evaluation Team's visit to Lao PDR the issue remained in political limbo, apparently reflecting the balance

of power within the leadership of LPRP between central level officials and governors.

UNDP's ability to influence financial management and planning have been constrained by the fact that the Public Administration and Civil Service Authority, which has been its counterpart in the government for carrying out projects in public administration reform and decentralization, does not have any authority in finance and planning. Those issues are managed by the Ministry of Finance and the Committee for Planning and Investment.

One of the initiatives taken by Lao PDR to reform the governance structure is a move toward establishing municipal governments on a pilot basis. The 'Municipality' as a new form of local administration was included in the Law on Local Administration approved by the National Assembly in October 2003. The law raises the possibility of an incremental path of elected government bodies ('meetings') in urban areas, as well as consultative bodies at village and district levels as a step toward greater transparency and popular participation in planning, public expenditure management and service delivery. The fact that Article 42 of the law states that the Municipality Major is to be appointed, transferred or demoted by the Prime Minister, based on the proposal of the Governor/City Mayor suggests that local governments will not have much autonomy, if any.

The government's matrix of governance initiatives and the GPAR work plan for 2006 indicate that an implementation decree will be issued on the Law on Local Administration, and that a study and report will be submitted to the government on the development of municipalities. UNDP had a significant role in influencing the initiative on municipalities through the input of GPAR II to the development of the Law on Local Administration. It remains to be seen, however, whether a new type of local government in urban areas will be created with some popular political par-

97. Government of Lao PDR, UNDP and UNCDF, 'Governance, Public Administration Reform and Decentralised Service Delivery in Saravane Province: Proposed Project Strategy and Concept', January 2004, p 5.

98. Stoop, Patrick, 'Decentralization Report: Assessment of Current Decentralization and Vision, Model and Strategic Plan for Future Decentralization of the Lao PDR Government System', Summary of the detailed decentralization report dated 11 October 2002, 7 March 2004, pp 5 and 9.

99. Ibid, p 7.

100. Phynt, Holger, Ny Luangkhot, 'SNV Lao PDR Local Governance Advisory Programme: Identifying a Niche', May 2004, p 11.

ticipation and how much authority it will have over governance issues.

One of the objectives of GPAR II was to carry out priority civil service reforms, including reducing the number of civil servants by 5 percent. The first step in that effort was to develop job descriptions for all existing jobs, which was begun in 2004. Since it was well known that the job descriptions were part of a process of reducing and redistributing the administrative work force, this was the beginning of a long process of negotiation between central, provincial and district organizations over staffing levels. The GPAR II project director told the ADR team, “We must think about downsizing”, with some move from central to local level. The Governance Matrix noted, however, that the development of job descriptions had “identified the need to increase” the number of civil servants, particularly at local levels. The project director suggested that it would take a long time to resolve the problem, because “There will be some winners and losers” and it was necessary to “change the way of thinking” of the bureaucracy.

Another major focus of GPAR II has been on strengthening controls against corruption. The Lao PDR leadership issued an anti-corruption decree in 1999, which led to the creation of the State Inspection Authority in 2001, reporting directly to the Prime Minister, with the specific mission of combating corruption. However, it did not result in any noticeable reduction in petty or grand corruption.

The major development since then was the passage of an Anti-Corruption Law by the National Assembly in May 2005. Although the new law may have raised the issue of corruption, it fails to adopt any new tools to deal with the problem. It still relies on the State Inspection Authority, which had previously been ineffective in uncovering any significant cases of corruption. More important, the new law steers clear of measures that might help to overcome the serious structural barriers to an effective anti-corruption campaign by the government.

At a UNDP and Lao PDR national workshop in April 2001 on the government paper *Towards Better Governance*, both of the discussion groups

highlighted the problem that legal frameworks were being developed to deal with the problem of corruption, but “the practice often did not change, with leadership staff continuing to protect their positions, their relatives and friends”.¹⁰¹ The problem of hierarchical networks of officials that shield members of the networks from official investigation calls for the establishment of new instruments to counterbalance the power of protected bureaucrats.

The experience of the Vietnamese party provides a model for such counterbalancing transparency by permitting mass media to investigate and expose cases of corruption, empowering citizens to send letters to newspapers or lodge formal complaints about official abuses, and protecting such ‘whistle-blowers’ by making any official retaliation against a complainant a crime. These measures are more effective than reliance on the government’s machinery to find and prosecute abuses. The reluctance of the government to encourage denunciations of alleged cases of corruption in the mass media or by citizen whistleblowers leaves only a weak mechanism for dealing with corruption.

A key problem for GPAR has been the lack of commitment by higher levels of Lao PDR over public administration and governance reform initiatives. The Governance Coordination Committee, the inter-agency coordination mechanism that oversees all governance initiatives, met only twice in 2005, according to the Annual Project Report for 2005, and had not yet made a single ‘significant decision’. The Chairman of the Public Administration and Civil Service Authority, told the Tripartite Review for GPAR II in March 2006 that implementation of reforms had continued to be ‘quite limited’.

The project director of GPAR indicated that the lesson learned from the Vietnamese experience with public administration reform was that political leadership at the level of Prime Minister or Deputy Prime Minister had to be directly involved in strategic management.

3.3.6.2 GPAR Province pilot projects

Another element of GPAR has been government pilot efforts at decentralization of administration in four provinces: Luang Prabang, Xieng Khouang,

101. Governance and Public Administration Reform Project, ‘Report of the National Workshop on Towards Better Governance’, 23-24 April 2001, pp 12-13.

Khammouane and Saravane. The ADR team visited Luang Prabang and Xieng Khouang and met with project staff and their provincial government counterparts. However, the Xieng Khouang GPAR project only began in September 2005, so it is too soon to identify development results. Therefore, this evaluation focuses on the GPAR Phase I and II projects in Luang Prabang.

The GPAR Phase I project in Luang Prabang began in January 2002 and ran until the end of 2004. Based on the Final Evaluation of the project in July 2004 and the ADR team's observations, the project succeeded in implementing two national-level administrative reform initiatives: the adoption of the concept of a 'one-stop shop' for streamlining service delivery and the successful introduction of the national accounting system in Luang Prabang.

The most concrete accomplishment of the GPAR Luang Prabang was the adoption of the National Accounting System (NAS) in the province. The new system is supposed to ensure that all financial transactions are properly recorded throughout the country. This initiative was successful because the Ministry of Finance had a strong interest in promoting the NAS. In mid-2003, the Accounting Department of the Ministry of Finance sent trained staff to Luang Prabang to train 85 officials at provincial and district levels in nationally agreed work procedures.

The financial accounting system in the province is now being effectively managed for the first time. The same process of training province and district financial officers is also being undertaken in Xieng Khouang Province with GPAR financial support. Because of the capacity for training that already exists in the Accounting Department, this is a successful model for capacity development in the provinces without the use of international consultants.

Although the implementation of a model one-stop shop¹⁰² in the province was one of the activities planned in the project document, it had been deferred because officials attending the 2003 Tripartite Review Meeting didn't fully understand the

concept. But a study tour in Vietnam led to a request from the province to pursue the one-stop shop model. A workshop supported jointly by GPAR Central and GPAR Luang Prabang for provincial directors and district chiefs in which Vietnamese experts explained how the one-stop shop system worked in Vietnam, led to a decision by the provincial government to pilot it in the province.

UNDP has also partnered with the UNV Special Voluntary Fund to support a pilot project from 2003 through 2006 in selected districts and villages for training of both district and villages in participatory development planning. The pilot project is part of a national Lao PDR government initiative to improve on a previous relatively unsuccessful Village Development Fund Programme. The government has provided 25 billion kip to approximately 100 villages in the 47 poorest districts (see Box 5).

The UNV project was intended to help villages be more involved in deciding on village development plans. UNV's international specialists trained 26 national volunteers who, in turn, did the training on participatory development planning in the villages.

UNDP has supported participatory planning processes through the National Rural Development Programme since 1998. An evaluation of that programme in 2001 identified the need to institutionalize the pilot work carried out in participatory planning, and to integrate it into the regular government planning process. UNDP has also supported the CPI in the development of a manual for participatory planning that is widely used and based on a process at the Kumban level.

Participatory planning raises a number of issues:

- Participatory planning, if properly done, is time consuming.
- Given the lack of local decision making mechanisms, such as governance structures representing the local population, it is not clear what role participatory planning can play in the allocation of resources.¹⁰³

102. A system under which an applicant for a service goes to a particular office on one day to apply and can return to the same office later to obtain the results.

103. The baseline study for the Xieng Khouang project points out that provincial and district cabinets are made up of civil servants, and the lack of any locally elected bodies means the local population has no decision making role in the allocation of resources. The study suggests that participation is limited to consultation, "a very low level of 'People's Participation.'" Source: 'Institutional Baseline Study of GPAR Xieng Khouang Province Lao PDR, Mission Report', 16 May-6 June, 2005, p 71.

Box 5. Development planning at the village level

The ADR team visited Phone Xay District, one of the target districts in the project, to see how UNDP-supported training had changed the development planning and budgeting process at the village level. The team found that villagers had learned from the national volunteers how to prioritize their socio-economic needs through a participatory exercise. Villagers had also established a committee to manage the funds provided by the government, to which each household made a modest contribution each month. The funds were used for investments decided on by the village.

However, it is less clear how much the training in participatory planning changed the relationship between the village and the district in regard to village socio-economic plans. Women and men in the village had discussed the village's priorities separately and had different sets of priorities. For women, the priority was health and a safe water supply; for men, it was additional livestock. The district responded only to the men's priority. The district director of planning told the team that 200 million kip had been allocated to the village for 2006 as a revolving loan fund to purchase for livestock purchases at a relatively high 8 percent interest. Furthermore, the district had allocated 134 million kip for the same purpose the previous year, before the participatory training had taken place. It is not clear the participatory planning had any effect at all, given that the NGPES calls for increasing livestock production as 'the highest priority'. It is unclear whether the women's priorities were passed on to the district. Health and water supply investments would have been both more expensive than a revolving fund for livestock purchase, which is why very few villages in Luang Prabang have either village health centres or safe drinking water.

- As the process of participatory planning takes time and raises expectations, there must be practical results in terms of allocation of public resources and/or mobilization of community resources.

There have been enough experiences of participatory planning within the government process, the UN, UNV, and other international agencies to suggest that it might be useful to undertake a study to identify and illuminate best practices.

Conclusions:

- Governance reforms are key to successful development in Lao PDR, and the UNDP has gained a level of trust from Lao PDR that is a necessary basis for being a partner on such a sensitive set of issues as those associated with the rule of law and the National Assembly.
- Encouraging progress has been made in strengthening the role of lawyers in Lao PDR, which is the result of a convergence of UNDP interests in the issue with the thrust of a LPRP Party Congress resolution in 2001. However, results in regard to the UNDP's work on improvement of enforcement of court decisions have fallen short, reflecting some resistance to the aim of the project from higher levels in the Party and government leadership.
- UNDP recommendations have played a key role in increasing the capacity of the National

Assembly, especially in regard to its procedures. Progress in strengthening the role of the Assembly in oversight is largely the result of decisions by the leadership of the LPRP in 2003.

- UNDP efforts to support public administration and governance reform initiatives have been hampered by a weak commitment from higher levels in Lao PDR, as reflected in the lack of decisions by the Governance Coordination Committee, which have been a key problem for GPAR, and by the control of revenue collection by the provinces.
- The UNDP-supported project in training villages for participatory village development planning has shown that the capacity for prioritizing of village development needs can be transferred to village participants. However, it is unclear that such exercises will lead to empowerment of the entire village, including women.

3.4 ENERGY AND ENVIRONMENT FOR SUSTAINABLE DEVELOPMENT

Energy and environment are not major features in UNDP's current programme in Lao PDR. The 2002-2006 UNDAF placed Sustainable Use of Natural Resources and Preservation of Cultural Heritage into the context of the MDGs and de-

fined two National Development Goals related to natural resources and the environment:¹⁰⁴

- **Preserving Lao PDR's natural resources**, especially forest and water, and using them in the most sustainable way, is an integral part of the government's strategy to achieve sustainable and equitable economic growth. The challenge is to balance the need for economic progress with the need to preserve the environment. Conservation of the country's natural resources depends on the successful implementation of an appropriate institutional and policy framework, while optimizing revenue generation and improving livelihoods of the rural population.
- **Protecting forests**—reforestation, preservation and management of national protected forests will receive special attention. Deforestation caused by shifting cultivation and logging practices is leading to increased erosion and threatens the country's natural biodiversity and catchment areas. Efforts should be made to increase the forest cover from the current 47 percent to 50 percent by 2010.¹⁰⁵

The UNDAF identifies sustainable use of natural resources as essential to ensure higher productivity, enhanced food security and higher household incomes. It foresees support from the international community to implement sustainable forestry and logging policies, introduction of diversified farming systems, and modernization of the agricultural sector. UNCT is to develop and enforce the natural resource laws and regulations. It is also promoting investment in the exploration of forests, water, land and mineral resources. Increasing community involvement in natural resource planning and management, and integrating public and private sector activities were seen as particularly important.

Many of the interventions required to achieve sustainable use of natural resources were not earmarked for UNDP but rather were seen as the responsibility of the broader UNCT.

UNDP's specific role was defined as taking the lead in the following:

- Formulation of a framework for biodiversity conservation, use and management.
- Support to the forestry sector including programme support, promotion of NTFPs, forest community development, establishment of nurseries, and industrial tree plantations.
- Development of sustainable cultural and eco-tourism models.

The above activities would be undertaken in cooperation with other UN agencies, IFIs and bilateral donors. It was not foreseen that UNDP would be involved in sectors such as reduction of shifting cultivation, water and sanitation, mining or cleaner production. Its main contributions were to be through project identification, capacity development at the provincial level, strategy and policy support at the national level, and policy advice.

The Second CCF (2002-2006)¹⁰⁶ called for UNDP to expand national capacity to comply with global environmental conventions, regulatory regimes and funding mechanisms for environmentally sustainable development. It defined UNDP's role as to assist the government in the development of the regulatory framework of the Environmental Protection Law, the formulation of a biodiversity strategy and action plan and an agro-biodiversity project, climate change enabling activities, the development of ecotourism, and human resources development. The CCF further stated that full use is made of regional projects providing support to the Mekong River Commission, the Mekong River Basin Wetland Biodiversity Conservation and Sustainable Use programme, and the Asia and the Pacific for Rio+10 process.

Most of UNDP's support to the environment sector pertains to enabling the country to fulfil its obligations towards multilateral environmental agreements (MEAs). Currently, there are a num-

104. 'United Nations Development Assistance Framework (UNDAF) 2002-2006 – Lao People's Democratic Republic', Vientiane, Lao PDR, July 2002, pp 42-43.

105. UNDAF figures are at odds with the FS2020, which says that between 1992 and 2005 forest cover had dropped from 47 percent to 41 percent.

106. 'Second Country Cooperation Framework for the Lao People's Democratic Republic (2002-2006)', Executive Board of UNDP and UNFPA, New York, January-February 2002.

ber of such MEAs, including the Convention on Biological Diversity (CBD), the UN Framework Convention on Climate Change (UNFCCC), the UN Convention to Combat Desertification (UNCCD), the World Heritage Convention, the Convention for the Protection of the Ozone Layer (Vienna Convention), the Montreal Protocol on Substances that Deplete the Ozone Layer, the Stockholm Convention on Persistent Organic Pollutants (POPs), Cartagena Protocol on Biosafety, the Convention on International Trade on Endangered Species (CITES), and the Kyoto Protocol. In addition, Lao PDR is party to the Regional Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin and the ASEAN Haze Transboundary Pollutants Agreement. The 1999 Environmental Protection Law designates the Science, Technology and Environment Agency (STEa) of the Prime Minister's Office as responsible for coordinating, managing and monitoring activities related to the environment both at the national and provincial levels, while line ministries, such as MAF, would carry out projects within their purview.

The UNDP programme on Coordinating the Implementation of MEAs in Lao PDR is intended to improve national capacity to negotiate and implement global environmental commitments. The project is important to developing synergies between the MEAs and linking their implementation to national priorities. It complements other MEA-related activities both by UNDP and others (including the ADB). The project focuses on policy development. As a result of the project, national ownership of environmental governance projects is on the increase.

The National Biodiversity Strategy and Action Plan (NBSAP) executed by STEa and funded by Denmark through UNDP has been completed. It provides a framework for sustainable use, protection and management of biodiversity in Lao PDR. The NBSAP utilizes a cross-sectoral approach—including agriculture, fisheries, forestry, wildlife, watershed and protected areas management—that is conducive to its poverty focus. The goal in the NBSAP

is to conserve biodiversity and to protect the asset base of the poor. An external evaluation¹⁰⁷ found that the NBSAP would allow the government to focus its efforts in natural resources management and support the implementation of the NGPES. The evaluation further commended the process of drawing on Lao expertise, maximizing national ownership, and exposing national stakeholders to biodiversity conservation concepts. The NBSAP is being integrated into national policy, as indicated by the FS2020's reference to it. At an operational level, it has also enhanced institutional cooperation between STEa and MAF.

The Mekong Wetlands Biodiversity Conservation and Sustainable Use Programme focuses on the wise use of wetlands by the people who depend on its resources. The Global Environment Facility (GEF)-funded regional project, encompassing Cambodia, Lao PDR, Thailand and Vietnam, was intended to establish an approach to conserving the wetlands at the regional and national levels and to improve their community-based management. An important aspect of the project has been developing capacity within the national counterparts MAF and STEa. Although the pressures that threaten the wetlands are mostly at the local level, the regional context has been important in order to address the issues. The programme is now moving towards its second phase that will be based on a coordinated effort of four national projects. A Lao PDR national project is expected to enhance contributions to national development and ownership. UNDP has played an important role in chairing the regional steering committee as well as helping to position the programme within the country. It is important to link the programme and its follow-up project to rural livelihoods and the broader governance framework.

In earlier projects, UNDP has focused on specific actions to promote environmentally-friendly development at the local level. Examples include the project on Eco-development and Irrigation in the Northern Provinces, implemented by UNCDF, and the Integrated Solid Waste Management project in the Vientiane capital. An evaluation of the Inte-

107. 'UNDP, 'Project 00013314 (LAO/98/012) National Biodiversity Strategy and Action Plan (NBSAP)', Final Evaluation Report, December 2004.

grated Solid Waste Management project¹⁰⁸ found that, despite planning and management weaknesses, the project has resulted in a sense of ownership through the development of environmental protection and recycling. Waste pickup and recycling is still limited to a small proportion of the total waste. Consequently, the sustainability and replicability of the project's achievements remains to be assessed.

Conclusions:

- In the present programme, UNDP has mostly focused on supporting the Government of Lao PDR in creating an enabling environment that allows the country to fulfil its obligations to the MEAs that it has ratified. The support to the NBSAP has been especially successful and the results of this have been incorporated into the national plans.
- It is also significant that UNDP has worked successfully to enhance national ownership of the regional cooperation around Mekong wetlands, playing an active moderating role in the regional Steering Committee and the Programme Management Committee. UNDP has helped to position the regional programme in the country by linking wetlands conservation and sustainable use to rural livelihoods and to sustainable development models. This work is likely to be further enhanced in the future with the breaking up of the regional programme into distinct national projects.
- However, given the centrality of natural resources to the economy and sustainable development of Lao PDR, UNDP has shied away from taking a coordinating role in policy dialogue in this area. It appears that there may have been some missed opportunities, especially in incorporating environment and natural resources management more explicitly into the governance area. While other agencies and donors may have the mandate to take the lead

in the environment, and especially the forestry sector, UNDP should incorporate this into its policy dialogue with the Government of Lao PDR.

3.5 CRISIS PREVENTION AND RECOVERY (UXO)

The UXO issue demonstrated UNDP's special strengths and comparative advantages in the Lao PDR context and crucial role in achieving concrete development results.

The UXO problem in Lao PDR is a legacy of the 1965-1975 Indo-China war, which dropped more than 2 million tons of bombs on the country of Laos, including more than 300 million anti-personnel 'cluster bombs'.¹⁰⁹ It is estimated that up to 30 percent of these cluster bomb units failed to explode, leaving literally millions (90 million) of them on the ground. In addition, 4,009,970 general purpose bombs were dropped with an average failure rate of 5 to 10 percent, which means 200,000 to 400,000 are still potentially present.

For more than two decades, approximately 240 people a year were victims of UXO.¹¹⁰ The bombs also took farm land out of production in many villages where they were known to have been dropped in great numbers. Particularly heavily contaminated were nine provinces running from the Northeastern province of Xieng Khouang down through most of the panhandle of Southern Laos. An estimated total of 87,213 square kilometres were considered to have a risk of UXOs, of which 12,427 square kilometres were considered to have a high risk of UXOs.

In 1995, UNDP set up the Lao PDR Trust Fund for Clearance of Unexploded Ordnance Project. The project established a Lao PDR agency to undertake the planning and clearing of UXO. UXO Lao began operating in 1996 under the Ministry of Labour and Social Welfare, with nearly 100 percent of the support coming from the trust fund.

108. Tuckson, Michael, 'Integrated Solid Waste Management in Vientiane Capital (LAO/02/G58/A/GA/99)', Final Project Evaluation. April 2005.

109. For decades it has been estimated that approximately 2 million tons of bombs were dropped on Lao during the war, and that figure was still being used in official Lao PDR statements when the ADR Team visited the country. However, that figure was based on figures placed in the Congressional Record by the U.S. government on 14 May 1975, which after studying the bombing data provided by the U.S. Department of Defence, is suspected to be higher. The official U.S. Air Force daily bombing sortie records, which were turned over to the Lao PDR in 1998, are now being analyzed.

110. Figures are only obtained in the nine provinces UXO Lao operates, so is probably an under estimation.

In mid-2002, the UXO endeavour was threatened by donor doubts about the programme. Contributions had fallen, while costs had risen. Donors were concerned about the lack of a strategic plan for clearing UXO, cost-effectiveness of the programme, and particularly about the absence of any 'exit strategy' from the UXO programme. Estimates of the length of time it would take to clear all the UXO ranged as high as 130 years. The funding crisis forced UXO Lao to reduce its staff by 50 percent.

UNDP intervened to help resolve the crisis. After a UNDP Mission in September 2002, the Chairman of UXO Lao's National Steering Committee began a 'strategic planning process' with UN partners and international donors, which resulted in agreement in July 2003 on a Strategic Plan for the future of UXO activities in Lao PDR. The agreement was based on compromises brokered by UNDP.

The Strategic Plan involved the creation of a new institutional arrangement, the National Regulatory Authority for the UXO Sector in Lao PDR, which would report directly to the Office of the Prime Minister. The institution would provide policy direction to the Strategic Plan, accredit all UXO operators, coordinate all UXO activities in the country, conduct impact assessments of clearing operations and manage the database. A National Steering Committee was established with representatives from concerned line ministries and the donor community. Either UNDP or UNICEF was to be present as part of any quorum.

UNDP played an active role in the recruitment of the senior management staff positions in order to get the National Regulatory Authority running, which was necessary to satisfy some donors. The new structure satisfied key donors and made it possible to mobilize funds for increased clearance capabilities for UXO Lao.

By June 2006, UXO Lao had removed 537,821 unexploded items and cleared 6,801 hectares of farm land and more than 1,790 hectares of other land, directly benefiting nearly 2,500,000 people. Without the UNDP resident representative to bring the stakeholders together to find a solution and to play an active role in creating the National Regulatory Authority, the UXO programme would probably not be operating today.

UXO Lao is now implementing the National Ten-year (2003-2013) Strategic Plan, prepared with the help of a UNDP-supported technical adviser, which is aimed at clearing a total 18,000 hectares of agricultural land. UXO Lao has already increased the efficiency of its operations and has finalized a Six-year Plan for the Institution (2006-2013) to ensure that the aims of the National Strategic plan are met. UXO Lao has begun a transition to more discriminating detectors allowing improving clearance efficiency. That technological leap, which will require an estimated USD 2.7 million in equipment will allow UXO Lao to increase the amount of land cleared annually by up to 30 percent or more. The productivity of the UXO clearance teams was projected to increase from the 2004 average of 133 square meters per day to 235 square meters per day.

Responsibility for Risk Education (content and strategy) has been transferred to the National Regulatory Authority (NRA) in consultation with the Ministry of Information and Culture and the Ministry of Education for oversight, while still implemented by UXO Lao and the independent operators. UXO Lao has also begun following up the clearance with an assessment of how the cleared land is being used.

Conclusions:

- The UXO problem has both economic development and human consequences and a straightforward solution that justifies both past and future investments by UNDP.
- UNDP's relationship of trust with Lao PDR and its ability to convene both donors and key Lao PDR officials and facilitate a consensus on the problem and solutions were the key factors in the resolution of the funding crisis for UXO Lao in 2002 and putting the national programme for UXO disposal on a solid institutional and financial basis. The UNDP intervention succeeded in establishing a long-term strategic plan that has already resulted in more efficient planning of UXO operations and a stronger case for continued international support of the effort

3.6 HIV/AIDS RESPONSE

The key challenge of the HIV/AIDS programme in Lao PDR is to maintain the low prevalence rate the country has had to date. Lao PDR is a low prevalence but high-risk country. By late 2005, only 1,827 cases of HIV/AIDS had been identified. Sixty percent of reported HIV cases are male and more than 77 percent of those infected are between 20 and 39 years of age. Where the mode of transmission was known, almost 95 percent were infected through heterosexual sex.¹¹¹ However, data is limited and believed to not reflect the real situation regarding HIV/AIDS.¹¹²

Despite low prevalence, risk is high due to a number of factors:

- Lao PDR is surrounded by neighbours with much higher prevalence rates. Fifty percent of the population lives in the border areas, and an estimated 40,000 migrant farmers cross borders annually. The risk is compounded by the process of opening up to regional and international trade and tourism. The strategy of redefining Lao PDR as a land-linked rather than landlocked country includes building roads that bring with them additional threats, given that truck drivers are the highest consumers of commercial sex (40 percent in the past 12 months).¹¹³ In addition, road construction crews themselves are large, mobile groups of men, often with their own 'camp followings'. Another significant group of mobile men are electricity workers whose consumption of commercial sex is at a level similar to truck drivers.
- There is a high prevalence of sexually transmitted infections (STIs). More than 40 percent of commercial service women (women working in the entertainment sites who may engage in commercial sex) have either chlamydia or gonorrhoea, compared to 10 percent in truck drivers and 7 percent in factory workers.¹¹⁴ In

addition, there is a growing prevalence of HIV/AIDS in 'service women', increasing from less than 1 percent in 2001 to 3 to 4 percent in two provinces (Bokeo, Savannakhet) in 2004.¹¹⁵

The National response to HIV/AIDS/STI is coordinated by the National Committee for the Control of AIDS (NCCA) which was established in 1988 and restructured in 2003. It is chaired by the Ministry of Health and consists of 14 members from 12 different institutions, representing a multisectoral approach. Provincial committees and all district committees have been established.

The Trust Fund for HIV/AIDS was founded in 1998 by UNDP and UNAIDS, supported by six bilateral donors and three UN agencies, and jointly assisted by the Government of Lao PDR and UNDP to raise funds to support the national AIDS plan. An evaluation of this fund in 2001 concluded that while well run, the Fund had a high level of independence from the NCCA Bureau and was not able to adequately contribute to capacity development.¹¹⁶ In addition, it found that the UNDP needed to clearly separate its role of capacity building from its management of the Fund, which needed to be government led. A lack of clarity in management arrangements was problematic and led to the reduced effectiveness of the Fund.¹¹⁷ Also highlighted in the evaluation was the need for a revitalization of the NCCA. The evaluation served as the basis for a thorough re-organization of the mechanisms for supporting Lao PDR in HIV/AIDS related work.

In 2002-2004, it was decided to end the Trust Fund and replace it with a new multisectoral project. This took considerable time, given the number of government counterparts involved, but a new programme was finally launched in October 2005. The Trust Fund project officially ended in May 2006.

While the new project was being developed, Lao PDR was also negotiating with the Global Fund for HIV/AIDS/TB/Malaria, which pro-

111. Lao PDR, 'NCCA National Strategy and Action Plan on HIV/AIDS/STI 2006-2010', February 2006, p 4.

112. 'Common Country Assessment', January 2006, p 36.

113. 'Common Country Assessment', January 2006, p 37.

114. Ibid, p 32.

115. Lao PDR, 'NCCA National Strategy and Action Plan on HIV/AIDS/STI 2006-2010', February 2006, pp 3 and 13.

116. Wiseman, Gary, 'Lao PDR HIV/AIDS Trust Fund Evaluation', May 2001, pp i-ii.

117. Ibid, p iv.

vided funding in Round I (2003) of approximately USD 1.913 million allocated to HIV/AIDS work and another USD 11.120 million for work with TB and malaria.¹¹⁸ However, Lao PDR was in danger of losing access to Round 4 funds due to inadequate management structures.

The chair of the Country Coordinating Mechanism (CCM) was transferred to the Department of International Cooperation (DIC) in the Ministry of Foreign Affairs, while the principal recipient was the Ministry of Health. In addition, an oversight committee was established, with members from the government and key multilateral and bilateral donors. The solution was acceptable to both the Global Fund and the government. Funding in Round 4 of USD 3,014,956 was approved for the HIV/AIDS programme.¹¹⁹ This has been extremely important to the government, as it helps Lao PDR maintain access to funding for malaria and TB programmes (almost USD 4.5 million in Round 4) and will help Lao PDR achieve its MDGs in this area. Both malaria and TB are more acute problems at the moment than HIV/AIDS.

The new government plan encourages a multisectoral response to HIV/AIDS/STI, involving several line ministries and mass organizations. Its key objective is to upscale the national response in order to minimize the impact of HIV/AIDS on the social and economic development of Laos. The following priorities were defined:¹²⁰

- Reaching full coverage of targeted and comprehensive interventions in prioritized provinces and districts.
- Establishing an enabling environment for an expanded response at all levels.
- Increasing data availability to improve monitoring.
- Developing capacity of implementing partners at all levels.
- Effectively managing, coordinating and monitoring the expanded results.

The strategy is notable for several reasons, including a broad multisectoral approach, a strong emphasis on providing national leadership to the fight against HIV/AIDS, decentralizing and establishing new partnerships, monitoring, developing a programme approach, and developing capacity.

The UNDAF supports the broad multisectoral approach. Within the UNDAF, the resident coordinator has been instrumental in helping to steer UN support towards a small set of clearly defined objectives. Within the coordination process, there is a fairly clear division of labour: for example, FAO takes the lead on supporting rural HIV/AIDS programmes; UNICEF in education; WHO on technical support to government health infrastructure; and UNDP in strengthening governance for addressing the threat. Participants in the process felt that UN coordination around HIV/AIDS has increased greatly over the past few years, although it is challenging to UNDAF participants to really mainstream HIV/AIDS into their work.

The UNDP project, adopted late in 2005, focuses on strengthening the capacity of the NCCA, the NCCA Bureau, and the CHAS to carry out their responsibilities in a multisectoral context and carrying out a pilot mainstreaming of HIV/AIDS response in one line ministry (MAF). It also has an innovative project to build leadership capacity and organizational effectiveness among leaders adapted from successful experiences in other countries.¹²¹

UNDP contributions to national efforts on HIV/AIDS include:

- Initial support to the development of an HIV/AIDS strategy through the work of the Trust Fund. This contributed significantly to HIV/AIDS work and with some limitations improved NCCA, advocacy, capacity building and support to NCCA programme.
- The development of a new strategy, in line with its principle activity in the country (governance) and with the UNDP's global role of 'Helping government meet the tremendous

118. Source: www.theglobalfund.org.

119. Source: www.theglobalfund.org.

120. Lao PDR, 'NCCA National Strategy and Action Plan on HIV/AIDS/STI 2006-2010', February 2006, p 9

121. Government of Lao PDR and UNDP, 'Enhancing Capacity for a Multi-Sectoral Response to HIV/AIDS in the Lao PDR', draft, May 2005..

governance challenges poised by the epidemic'.¹²² The UNDP supports a broad based, multi-sectoral approach.

- The resident coordinator played a lead role in improving UN coordination around HIV/AIDS and the design of a UN strategy. Although HIV/AIDS is an area that will require serious mainstreaming efforts for a long time to come, coordination has been vastly improved. UNDAF also reflects UNDP and NCCA commitment to a broad strategy, rather than one that might take a more narrowly targeted epidemiological focus. Mobilization of resources is an important role of UNDP.
- The resident coordinator was able to broker an arrangement between the government and the Global Fund that kept both parties happy, improving management on the Laotian side and funding from the Global Fund.

Conclusion:

Although a minor project in terms of funding, UNDP support has been very important in improving the organization and management of the HIV/AIDS programme and in mobilizing resources. The UNDP implemented a project of mixed success, the Trust Fund, which addressed key HIV/AIDS issues successfully but failed to support capacity development within the government. This project has recently been replaced (October 2005) with one that focuses on the development of the NCC to lead a broad, multisectoral government approach to HIV/AIDS prevention at the level of key ministries and local administrations. The ultimate goal is to ensure that HIV/AIDS continues to be a minor problem in Lao PDR.

122. UNDP, 'Fact Sheet: UNDP's Role in the Response to HIV/AIDS', p 2.

Crosscutting and Operational Issues

4.1 INSTITUTIONAL CAPACITY AND OWNERSHIP

Institutional capacity issues are critical in Lao PDR and cut across all areas. Educational levels are still low and must be expanded to provide a sustainable long-term solution to the lacking human resources. Nevertheless, significant capacity does exist in the country but its mobilization could be strengthened. Government offices have highly capable and dedicated officials but their numbers are limited, posing a constraint on their time and ability to undertake multiple tasks. These capacities must therefore be enhanced and supplemented. There are multiple avenues through which this can be done.

Capacity development within the government ministries, agencies and other national entities will continue to play an important role in most of the UNDP projects. Concrete results of this can be seen already in several fields. One example is the NHDR, the development of which is now embedded in the CPI and the National Statistics Centre. Similarly, UNDP is playing a critical role in supporting the government's capacity to monitor the achievement of the MDGs. Through the GRID project, the UNDP has contributed to the development of gender analysis capacity now used by the new government office for women (NCAW) to mainstream gender equality considerations.

In addition, there are specific capacity development and training efforts. The collaboration between UNDP and the Government of Singapore is an innovative partnership arrangement promoting south-south cooperation. Singapore focuses its cooperation with Lao PDR within the framework of ASEAN integration, providing scholarships to various Lao government officials and support to institutional capacity development. In order to ensure that these contributions are useful, Singapore cooperates with UNDP and the rest of the UNCT in identifying and targeting key areas. Such synergies

can help to stretch relatively modest financial resources and achieve larger development results than isolated efforts could.

External advisers are typically used through UNDP supported activities. They may either be attached to a specific project or work more generally in a specific sector. Many of the advisers are employed on a long-term contract with UNDP and assigned to work with a specific counterpart in a ministry or an agency, with the goal that the adviser transfers knowledge and skills to a national counterpart who will eventually take over the duties. However, there is evidence that advisers are used in some cases to substitute for local capacity in the organization in which they are working. Instead of supporting a counterpart, the adviser undertakes the work himself or herself. This is understandable in cases where the regular staff contingent is very limited. Nevertheless, this situation should be avoided as it is unlikely to lead to a sustainable institutional capacity.

The use of external advisers through UNDP should be tailored to the particular situation. Attention also needs to be paid to the type and quality of advisers used for specific tasks and projects. Some advisers have not had the appropriate qualifications and experience to fulfil their tasks.¹²³ Advisers need to possess seniority, technical skills, and social and cultural sensitivity in order to be able to contribute in an acceptable manner. The use of advisers from the region should be encouraged. As illustrated by the introduction of the one-stop-shop through GPAR in Luang Prabang, they may have an ability to influence Lao PDR officials on issues of governance reform based on the parallel experiences in a neighbouring country.

In some cases where the government office in question has considerable capacity for the task at hand, what may be needed is carefully targeted high-level expert advice on a short-term basis. This may take various forms ranging from one-off visits to repeated

123. 'Sekong Ethnic People's Development Project Midterm Review', January 2004.

assignments at critical junctures. In other cases, especially where learning from international experiences and practices is particularly critical for developing approaches or management systems, more long-term advisers are required.

Both of these modalities will be needed, depending on the case. There is no one-size-fits-all model and institutional capacity development should be based on a careful situation analysis and needs assessment, and periodic reassessment. Expertise available in the UNDP Regional Centre in Bangkok and in other country offices in the region could be utilized more. This would bring the additional benefit of cross-country learning that would be advantageous both to the countries concerned as well as UNDP.

Another avenue for strengthening institutional capacity would be through increased use of domestic expertise that exists outside of the government structures. There is a pool of highly qualified nationals, often international NGOs, who could be mobilized more systematically. There are also individuals in the private sector who could contribute with their skills.

An obvious obstacle pertains to the remuneration system in the government and the overall limits in numbers of civil servants, which prevent widespread hiring of local talent.¹²⁴ Capacity development strategies will be increasingly effective as public sector reforms take effect. However, this can be overcome in the short term through activities such as the training and use of national volunteers through UNV in the GPAR Luang Prabang project. This approach was beneficial in both developing indigenous capacity as well as harnessing it for the purposes of national development. Now that the UNV project is coming to an end, several of the national volunteers will be absorbed to work on GPAR through UNDP.

Similarly, NGOs can be harnessed to work towards the common goals. UNDP has the potential to coordinate efforts between the government and NGOs. Although most NGOs currently operating in Lao PDR are international, they also employ

and train local staff. Good experiences with this approach have been gained in the cases of SNV's cooperation with GPAR in Xieng Khouang and Saravane. National not-for-profit organizations, including associations and mass organizations could be tapped into better.

Government officials voiced concerns over the future of the NEX and, in particular, capacity development within the government. These concerns stem from UNDP's corporate move towards a new modality in which there would be only one channel in the country for cooperation with UNDP, but multiple implementing partners for each of the projects. This process is driven corporately by UNDP worldwide and is meant to streamline procedures. The selection of the implementing partners would be based on a careful capacity assessment. In the view of the evaluation team, this shift would not result in a decreased emphasis on capacity development, as it does not imply any pre-selection of non-governmental entities as implementing partners. These selections would be undertaken on a case-by-case basis and capacities would be developed as required.

4.2 GENDER

Although UNDP has a strong commitment to gender in its programme, outcomes are mixed, in part due to a weak institutional capacity within the Lao UNDP staff. A gender Assessment and Mainstreaming Strategy for UNDP Lao was undertaken in 2005, producing a set of lessons learned in UNDP strategies and a programme for ensuring a more comprehensive approach in the future.

The process included an assessment of UNDP capacity for mainstreaming gender, gender issues within the organization, and gender approaches in programming. The review found that gender was not included in office learning strategy; terms of reference for technical consultants may specify the need for gender sensitivity but not identify tasks that require it; there is a single gender focal point in the office who generally has a full load of

124. Government salaries are very low in part due to the issues identified in the governance reform programme, and in part due to the crash of the kip in the Asian crisis, affecting anyone whose salary was calculated in kip rather than dollars. Slow progress is being made in this area through the governance programme, but it is likely that for some years to come, government salaries will remain lower than even local UNV salaries, and will constitute a source of tension and even disincentive among government employees, who need a second source of income to survive.

other work; and gender is not currently incorporated in NEX processes.

Among the key lessons learned:¹²⁵

- Gender analysis has to be done at the project formulation stage.
- Resources allocated to gender may be wasted if not applied at the right time in the project cycle.
- Equal participation in meetings and planning is often mistaken for gender mainstreaming.
- Projects must improve sex disaggregated data collection (including the household level) where ever possible.
- Gender equality principles are never automatically incorporated in projects, even when an analysis has been conducted, a rights-based approach is used, or the process involves local participation.
- Awareness of gender concepts is not enough to ensure equitable practice or project outcomes: technical expertise is required.
- Low level consultation with women during project formulation can be addressed through the effective participation of the LWU.
- In some programme areas (e.g., MEAs) there is insufficient information on the gendered dimensions of the agreements. These must be collected and distributed.
- Having a woman as project manager does not guarantee a successful gender outcome.
- Not all projects need a separate gender component or women-only activities, but gender mainstreaming requires the ongoing attention of unit staff.
- The UNDP needs an appropriate mechanism to monitor gender mainstreaming in projects.

The evaluation made a number of recommendations that, if followed, would have a substantial impact on the UNDP's gender capacity. Among them, that UNDP would be strengthened by establishing a Gender Focal Point Team consisting of members from each unit to function as a gender knowledge manager. Gender would be part of their terms of reference, time would be allocated for it, and suitable professional development activities would be provided. A fixed-term gender mainstreaming advisor should be hired to temporarily lead the team. Besides advanced gender mainstreaming skills, the team should be able to mentor programme staff on how to engage sceptical partners on gender issues, given that the UNDP does not implement directly.¹²⁶

Each of the units is identifying comprehensive strategies for gender mainstreaming that include establishing themselves as leaders in gender sensitive programming in their sectors. A number of strategic actions for change are also suggested, including revision of the NEX manual to codify and formalize commitments to gender mainstreaming; advocacy for gender balance on project teams, including positions appointed by government; allocation of resources to the development of mainstreaming capacity in its core partners; and inclusion of a strong gender component in all evaluations and research studies in order to build a practical body of knowledge.¹²⁷

As the draft report of the gender assessment was completed only two months before the start of the ADR mission, it was too soon to see any progress. Obstacles to the successful implementation of the strategy may include: lack of resources to hire a gender mainstreaming consultant to help kick-start the process; the danger that gender will be added to existing workload, rather than replace parts of it; the frequent turnover of both UNDP and government personnel that might slow down and disperse the development of an institutional expertise; and the current lack of a Gender Technical Advisor.

125. Exercises were carried out using the Luang Prabang GPAR programme, and the Multi-lateral Environmental Agreements Project. Gary Kelley, Outhaki Khamphoui, and James Lang, 'Gender Assessment Report & Gender Mainstreaming Strategy for the UNDP Lao', Vientiane, December 2005, pp 43-54.

126. Gary Kelley, Outhaki Khamphoui, and James Lang, 'Gender Assessment Report & Gender Mainstreaming Strategy for the UNDP Lao', Vientiane, December 2005, pp 21-24.

127. Ibid.

However, once the process is started, gender experience may be more highly weighted in job qualifications, and an increasing body of knowledge and experience may help to shape institutional practices that more systematically address gender mainstreaming.

Taking into account the recommendations of the gender assessment, the UNDP would be poised to take a leadership role in gender mainstreaming.

4.3 MONITORING AND EVALUATION

In line with the requirements of alignment of development efforts with the National Socio Economic Development Plan, as well as the harmonization and coordination of international assistance to Lao PDR, it is essential to strengthen the government's M&E processes. The government needs to ensure that it has a solid grasp of all programmes, including those supported by various donors, IFIs and the UN system. A comprehensive M&E system would encompass both inputs (including flows of external funding), activities and outputs, as well as their results and outcomes. This is currently not the case.

The M&E function is currently divided amongst four principal actors within the government with inadequate coordination. CPI monitors the overall implementation of the National Socio Economic Development Plan and reports to the National Assembly on a bimonthly basis. It also prepares and presents an annual performance report on plan implementation. The information collected from the line ministries, agencies and provinces is largely descriptive and incomplete, posing a major challenge for NSC operating under CPI to compile adequate monitoring data.

The DIC in the Ministry of Foreign Affairs is charged with monitoring ODA projects, capturing the commitments of donors, and reporting on disbursements. However, this reporting is based on the plans at the central level, rather than the actual disbursements at the project and programme levels. There is also a difference in the understanding of what is meant by disbursement by the government and its various development partners.

The Ministry of Finance monitors all loans as well as technical assistance that is tied to loans. The Bank of Laos monitors debt and debt repayment. In

addition, the Department of International Organizations of MoFA is in charge of monitoring projects and programmes by international NGO.

For the new UNDAF, the UNCT and the government have jointly agreed upon a series of realistic indicators to measure the results of each of the specified outcomes. The responsibility for overall monitoring of these indicators for the UNDAF is assigned to the UNCT.

At the development outcome level, NSC captures trends in development indicators through surveys and censuses. It undertakes a small sample survey annually as well as a full income and expenditure survey every five years. The results are incorporated into the new LaoInfo database, which is intended to provide key statistics for monitoring the MDGs, the NSEDP and other important national policy frameworks. The LaoInfo database was launched in November 2005 with the support of UNDP, UNICEF and UNFPA, and has been a major achievement in improving the statistical monitoring capacity. It is intended to encourage dialogue among development partners by providing access to quantitative data across sectors that could be used for planning, implementation, and M&E at national and sub-national levels

At a lower level, CPI has plans to introduce a national ODA monitoring system, which would combine the information from the various sources outlined above. However, there are problems of data compatibility, coverage and accuracy between the various monitoring systems, which results in a less than complete picture of ODA flows, projects, programmes and their contributions to national development.

In general, lack of data is still a constraint for monitoring progress and supporting analysis and policy making. One of the reasons is the inadequate coordination between line ministries and agencies. Another constraint is the inadequacy of human and financial resources for data collection and analysis. There is further a need to improve understanding of M&E as a management tool, especially at the provincial level. However, blame must also be placed on the donors and development partners who often present uncoordinated and cumbersome M&E requirements in connection with the projects they support. Harmonizing these external requirements with the government's systems would be a priority.

In order to improve development effectiveness in Lao PDR these challenges need to be addressed. There are already a number of initiatives intended to strengthen data management capacity, M&E

and reporting, notably support to NSC. However, UNDP and other donors could provide more support to M&E capacity development.

Strategic Positioning

The key national goal of the Government of Lao PDR is to exit from the category of LDC by the year 2020. To do this, the government has developed a strategy for private-sector led growth on a national and regional level, combined with an anti-poverty strategy aimed at the 47 poorest districts. The success of this strategy depends to some extent on investor confidence, stability and rule of law, and significant mobilization of community resources, all of which are hindered by governance problems, including inefficient government bureaucracy, non transparent decision making, and lack of accountability. The NGPES recognizes the need for government responsiveness to public and private enterprise, as well as its role in protecting the environment and livelihoods of the Laotian people. Improvements in governance are directly linked to poverty reduction, through the efficient use of scarce resources and community led decision making and resource allocation.

Lao PDR is to some extent dependent on ODA, which accounts for an estimated 18 percent of GDP. Of the approximately USD 384 million (2003-2004), multilateral aid is less than half, and only 30 percent of multilateral aid is from all UN sources. The projected budget for the UNDP in the new UNDAF is approximately USD 55,959,000 or 36 percent of the UNDAF total.¹²⁸

Following the Paris Declaration on Aid Effectiveness, the government and donors are increasingly paying attention to its 'alignment' agenda, which includes development and use of reliable country systems, and avoiding parallel implementation structures (for instance, reduction in project implementation units, etc.) At the same time, UN ExCom agencies are embarking on the Harmonized Approach to Cash Transfers, which aims to select suitable cash transfer modalities based on

assessment of Implementing Partners and capacity building of government institutions based on such assessments.

Within this context, the new UNDAF (2007-2011)¹²⁹ was built around the three pillars of governance, poverty and food security, and the social sector.¹³⁰ UNDP has adopted governance as its primary programme focus, increasingly addressing poverty and social issues through the improvement of government capacity to carry out its ambitious programme. In addition, its role in donor coordination has been pivotal to UNDP achievements in Lao PDR, allowing it to play an influential role with the government that enhances its support to the governance programmes, and contributes to development results through increased aid effectiveness.

5.1 DONOR COORDINATION

As co-chair of the RTM, and with the Resident Coordinator Office, UNDP has been able to advance the process of donor coordination in the international community and in the UN system, as evident in the most recent UNDAF. The establishment of an ongoing RTM process in Lao PDR, with active participation of the major donors has contributed substantially to aid effectiveness and to the alignment of donor and government priorities as expressed in the NGPES and the NSEDP. The government is more effectively incorporating global commitments such as the MDGs in its own planning, and for the first time, shared its most recent draft national plan with donors for comments.

The international NGOs have also been included in the donor coordination process. This helps to legitimize and protect international NGO work in the field, as well as to strengthen the civil society agenda to a government that is extremely suspicious of it.

128. Followed by UNICEF, USD 21.4 million; UXO, USD 19 million; WFP, USD 18 million, based on the draft UNDAF 2007-2011, March 2006, p 12.

129. The 2002-2006 UNDAF also included governance and poverty reduction, along with 'human needs' and sustainable use of natural resources.

130. These pillars account for approximately 17 percent, 48 percent and 35 percent respectively of UN country budget.

UNDP and the resident coordinator's achievements in this area have been acknowledged by donors and government alike. It is clear that the leadership capacity and skills of the current resident coordinator/resident representative have been a significant factor in the success of the process. While these skills will be important for ongoing coordination, the institutional base and commitment already established should ensure a significant level of continuity.

The role of the UNDP resident coordinator in coordinating and its perceived neutrality has led to an important role as mediator between donors and government when problems arise. In two notable cases (the UXO Programme and the Prevention of HIV/AIDS) the resident coordinator was able to help both donors and government resolve problems to mutual satisfaction. This has made it possible to maintain programmes, and restore donor confidence and funding commitments. In the case of these two programmes, consensus building and problem solving leading to stronger and better national structures and programmes have been among the UNDP's major achievements. A more recent crisis response programme was to assist the government in developing a timely and comprehensive AHI strategy

Other members of the donor community respect the close relationship of the UNDP and the government. While it might inhibit criticism at times, there is a recognition of the importance of this role even though there is a wide range of opinions within a shared donor framework. The trusted role of the UNDP has enhanced its capacity for high level dialogue on policy issues with the government in a range of areas, without restricting the roles of other donors.

While UNDP's key partnership is with the government, it has also achieved important partnerships with other donors, including Sida, Norad, IFAD and GEF. An example of how partnership can enhance the UNDP's work is the case of Xieng Khouang, where the GPAR project is co-funded by the Swiss Agency for Development and Cooperation, which also funds agricultural work in the province. While the project is too new to demonstrate results, a synergistic relationship is envisioned: Agricultural extension work will be the main driver for improving relations between

the public administration and the population, resulting in greater demand for better governance. Similarly, in the Energy and Environment field, UNDP has established partnerships with other organizations, such as The World Conservation Union (IUCN) in the Mekong Wetlands project and FAO in planned activities in agrobiodiversity. These partnerships would strengthen field-level implementation of activities through the partners. The ADR Team was not able to carry out a comprehensive review of partnership experiences but views these as examples of improved outcomes.

5.2 GOVERNANCE

UNDP's central programme contribution is the governance programme, which is built on a commitment to good governance elaborated in the NGPES and confirmed in the NSEDP, along with cautious and pragmatic opening for reform by the government. UNDP has been successful in identifying common points of interest on which to build a shared agenda. UNDP's reputation as neutral gives it some leeway to push the envelope on governance issues, especially where a convincing argument can be made for reforms that further the government priorities in economic development, regional integration, and poverty alleviation.

It is easier to achieve consensus in the areas of increasing the rule of law, protection of property, and administrative streamlining given the government's commitment to private sector and FDI growth. Progress has also been made in participatory planning at the local level, although there is an inherent obstacle in the highly top-down structure of government and accountability. Progress has been much slower in the critical areas of fiscal reform, especially the division of revenue collection and budgeting powers between the central and local governments and the ability to assess and collect taxes, and the Civil Service reform programme where there appears to be more uneven government commitment.

Governance is a difficult and sensitive area to work in, given that power relations are at stake and that many important decisions are made behind closed doors in the Party Central Committee and Politburo. However, governance reform is absolutely central to Lao PDR's development process and

therefore a critical area of work. The UNDP is best positioned to take the lead among donors in fostering good governance.

Based on previous experience in rural development, the UNDP redefined its poverty reduction strategy to focus on the development of provincial and district government capacity to deliver pro-poor services through the GPAR programme, rather than delivering projects directly to the poor. As such, programmes are very closely aligned with national priorities as defined in the NSEDP and increase the potential for ownership, capacity development and sustainability. The shift also improves coordination and synergy among UNDP initiatives, which increasingly revolve around governance issues. However, there is a risk that poverty alleviation will take a back seat to slow-moving governance reforms, including the critical areas of fiscal reform, which would provide financing to pro-poor services.

5.3 SUSTAINABILITY

UNDP could play a stronger role in incorporating natural resources management into its programme, especially through the governance window. Operationalizing the policies that are already in place would be a good start. UNDP could assist the government in this task through expanding its provincial GPAR projects in support of sustainable natural resources management and environmental governance at the local level. UNDP should emphasize the economic benefits of sustainable management of the environment through piloting opportunities for developing natural-resource based income generation (including ecotourism) and watershed management at the provincial level.

The new UNDAF no longer contains a separate pillar on the environment. Environmental and natural resources management issues are incorporated primarily into the outcome on poverty, food security and livelihoods, which does not seem adequate, given the central importance of environment and natural resources in Lao PDR.

Lao PDR now has a legal and policy framework for natural resources management and environment, which may be reflected in further institutional developments. The 6th NSEDP emphasizes the productivity of the agriculture sector and pays increased attention to forest conservation and devel-

opment. The plan links economic growth to social progress, equity, cultural development and environmental conservation.

In recent years, UNDP has utilized partnerships with the GEF to fund work related to global environmental conventions. This cooperation should continue. However, it would be important to strengthen the linkages to environmental governance and management at the local level. Projects such as the support to the MEAs could be used more effectively if they were linked more directly to environment and natural resources management issues nationally, not only for the purposes of the global conventions.

A good opportunity would be the project on Integrating Conservation and Sustainable Use of Agrobiodiversity Resources into the Development Framework of the Lao PDR that is currently being formulated for funding by GEF. This project is an outcome of the NBSAP. It has potential to bring about opportunities for addressing local sustainable development and food security issues, while at the same time protecting globally significant biodiversity. It would be explicitly linked with the well-being of the poorest groups in Lao PDR who are dependent on agricultural biodiversity for their survival. These are positive development opportunities.

The National Strategy on Environment and FS2020 provide a framework for sustainable development of natural resources, which are vital to Lao PDR. It is not suggested that UNDP become the lead player in the field of forest management, as this would not correspond with its comparative advantage viz. other actors, such as bilateral donors (notably Sweden, Finland), the World Bank, ADB and FAO. Furthermore, the country office capacity in this field is limited.

5.4 POLICY DEVELOPMENT

UNDP support to research in key areas informs policy development, such as the impact of resettlement programmes, the nature and dynamics of rural family income strategies, and a number of issues relating to the impact of regional trade, the most important of which was the third NHDR. These are important in Lao PDR given the general absence of research and critical debate on policy issues. These initiatives not only strengthen capacity in research

and debate on policy issues, but also encourage a more open environment for them. Among its efforts to promote policy debate, is the publication of Lao PDR first and only development journal.

The UNDP has been responsive to shifts in the context and priorities of Lao PDR. The three NHDRs undertaken since 1998 have focused on key issues: the NHDR, analyzing the state of human development; Advancing Rural Development, addressing key development issues in a still predominantly rural country; and International Trade and Human Development, responding to the opportunities and challenges faced by Lao PDR in its central strategy of integration into ASEAN.

5.5 GENDER

UNDP supports important national gender equality initiatives, particularly the LWU GRID project, and NCAW, the national body responsible for gender integration in government. It is also committed to further mainstreaming through its regional governance projects. However, despite its interest in playing a leadership role, UNDP is hindered by weaknesses in its institutional capacity to consistently integrate a gender perspective in its own programmes. A strategy has been developed to address this that could have considerable impact on the UNDP's capacity to play a leadership role in this area.

5.6 CAPACITY DEVELOPMENT

Institutional capacity development has been identified as an important need, given the low levels of education and numbers of well trained professionals available in Lao PDR. The availability of highly qualified people for government positions is further limited by the low salaries in the government sector, in comparison with the private sector and donor organizations. While the issue of salaries is a long-term concern closely linked to the governance reform project, donors have been able to contribute to both higher education (through scholarship programmes) and training through such mechanisms as study tours, short courses and workshops and pairing with an international expert.

UNDP could have more impact on capacity development. Study tours have been effective in motivating and demonstrating new approaches as well as contributing to increased integration with ASEAN neighbours. The use of international experts has had more mixed results, being highly successful when the right person is selected, with the right terms of reference and a full time government counterpart to work with on a daily basis. When one or more of these elements is missing, capacity development is less effective. Greater efforts could be made to use national and regional consultants.

It is also recognized that a strategy for capacity development will be further enhanced and more effective as the governance reforms move towards a more stable, professional, civil service system.

Conclusions and Recommendations

6.1 CONCLUSIONS

6.1.1 ACHIEVING THE MDGS AND REDUCING POVERTY

UNDP has contributed to promoting and improving policy development and dialogue in Lao PDR, including support to the NSEDP, inclusion of the MDGs in national planning and consistent advocacy for pro-poor aspects to be included in planning and research. It has supported the capacity development of the government to carry out high-level policy and catalytic research on important issues, such as through the NHDR, on the impact of regionalization and international trade on human development, and has helped the government improve its capacity to incorporate such research findings into policy directives. Improved donor coordination, facilitated by the UNDP, has both benefited from and contributed to better policy dialogue.

While moving away from direct project implementation in the area of rural poverty, UNDP has improved the potential for long-term sustainable development through strengthening of government capacity to develop and deliver coherent, pro-poor services through the GPAR provincial level projects.

UNDP has also contributed to gender equality through the establishment and strengthening of the GRID programme to build capacity in gender analysis and training in Lao PDR, mainly for the purpose of incorporating and mainstreaming gender issues in government. This has achieved notable results in areas of policy (NGPES, NSEDP and NSC) and UNDP will be able to further enhance the scope and impact of such initiatives through concerted efforts geared towards improving its internal institutional capacity.

6.1.2 FOSTERING DEMOCRATIC GOVERNANCE

Governance reforms are key to successful development in Lao PDR, and the UNDP has gained a

level of trust from the government that is necessary for being a partner on such sensitive issues as those associated with the rule of law and the National Assembly. Progress in each area is linked more directly to the level of government/LPRP commitment to those particular reforms, rather than to UNDP efforts.

Progress has been made in strengthening the role of lawyers in Lao PDR, while greater efforts would need to be made to support the government on improving enforcement of court decisions. UNDP has contributed to progress in increasing the capacity of the National Assembly, especially in regard to its procedures.

UNDP has provided significant support to public administration and governance reform initiatives. However, the reform is not so effective due to the changes in the high levels of government, thus resulting in unclear guidance and lack of timely decision making by the Governance Coordination Committee and constraints to successful implementation of GPAR. This is reflected in the lack of decisions by the Governance Coordination Committee, which have been a key problem for GPAR, and by the control of revenue collection by the provinces.

The UNDP-supported project in training villages for participatory village development planning has shown that the capacity for prioritizing of village development needs can be transferred to village participants. However, the participation of villagers, including women, in such an exercise may not meet expectations of empowerment.

6.1.3 ENERGY AND ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT

In the present programme, UNDP has mostly focused on supporting the government in fulfilling its obligations to the MEAs that it has ratified. Support to the NBSAP has been especially successful and the results of this have been incorporated into na-

tional plans. UNDP has enhanced national ownership of the regional Mekong wetlands coordination through its role in the regional Steering Committee and the Programme Management Committee and helped to position the regional programme in the country by linking wetlands conservation and sustainable use to rural livelihoods and to sustainable development models.

However, despite the centrality of natural resources to the economy and sustainable development of Lao PDR, UNDP has shied away from taking a coordinating role in policy dialogue in this area, missing opportunities to incorporate environment and natural resources management more explicitly into the governance area.

6.1.4 CRISIS PREVENTION AND RECOVERY

The UXO problem has both economic development and human consequences, and a straightforward solution that justifies investments by UNDP. UNDP's relationship of trust with Lao PDR and its ability to convene both donors and key Lao PDR officials and facilitate a consensus on the problem and solutions were the key factors in the resolution of the funding crisis for UXO Lao in 2002 and put the national programme for UXO disposal on a solid institutional and financial basis. The UNDP intervention succeeded in establishing a long-term strategic plan that has already resulted in more efficient planning of UXO operations and a stronger case for continued international support of the effort.

6.1.5 HIV/AIDS RESPONSE

Initial support to the development of an HIV/AIDS strategy through the work of the Trust Fund contributed significantly to HIV/AIDS work, but faced considerable challenges in being able to establish capacity development or sustainability through strengthening government mechanisms.

Based on the lessons learned and an evaluation of the Trust Fund project, UNDP has helped the government in developing a new strategy, in line with its principal activity in the country (governance) that would take a broad based, multisectoral approach to meeting governance challenges poised by the epidemic. It is also aiding the government in reorganizing and improving its management

of HIV/AIDS, regaining donor confidence, re-establishing the important relationship between the government and the Global Fund and helping to mobilize resources.

6.2 LESSONS LEARNED

1. Quiet, high-level policy dialogue is an effective strategy for influencing positive change in Lao PDR, which is highly dependent on relationships and influence, especially given the incipient state of broadly open and thorough public policy debate. Using this means of contributing to development results requires a UNDP country team with a high level of skill in personal diplomacy at higher levels of government; adequate sensitivity to the Lao political, economic and cultural context; and the capacity for analysis and recommendations that will be credible and relevant to the concerns of the officials in question.

2. Progress on governance objectives has been achieved where (and only where) a convergence of interest between government leadership and UNDP was clear. Government and donor priorities will diverge, even though there is enough common ground to work on. UNDP has identified these and worked on them. An important example is the government interest in promoting private-sector growth and foreign investment, which required reforms to administrative and legal frameworks also promoted by the UNDP.

3. Support to the regional integration process has had major spin-off effects in Lao PDR. It has been part of the motivation for government and legal reforms so that Lao PDR can attract foreign investment, it has provided access to models and learning opportunities from neighbouring countries, and it has exerted positive pressure on the Lao government to keep up with social changes happening in the country. Visits or other forms of exchanges with ASEAN neighbours have been instrumental in influencing reforms and innovative programmes such as the one-stop-shopping concept for services at the district level (from the Vietnamese example), and the formulation of NCAW based on visiting the national committees in the Philippines and Vietnam.

4. Governance reforms are a necessary but insufficient step to sustainable poverty reduction. While gov-

ernance and policy dialogue are important in establishing the right foundation, they have yet met expectations, particularly in the area of poverty reduction. There are no clear measures to ensure effective implementation of good policies or plans. Partnerships with other donors supporting development projects can provide important synergies.

5. Direct rural development projects could not be effectively and sustainably implemented without the development of local government capacity to support them. Rural development projects have been useful as pilot projects and short-term infusion of resources, but are often not practical or replicable for local governments with limited capacity and resources. As a result, the impact of rural development projects is limited without also supporting the capacity of local governments to support them.

6. Participatory planning is time consuming and has up to date demonstrated only initial outcomes in planning processes or determining funding priorities. It risks becoming window dressing if it does not produce concrete results for the participants. As currently practiced, participatory planning is a good consultation methodology in a strategy of decentralization, but has limited impact without the assignment of a budget, or decision-making capacity of the participants.

7. Development efforts that focus on growth will likely leave the poorest behind unless efforts are specifically targeted to meet their needs. This was the case in evaluations of rural development projects, and is also addressed at the national/regional development level through the NHDR and through the emphasis in the NGPES on growth with equity.

8. Commitment and gender awareness are not sufficient to ensure that gender will be mainstreamed. Technical expertise is needed within UNDP and its partners to develop a consistent gender perspective in UNDP supported projects. UNDP has made an excellent start on this through a thorough gender strategy review recently undertaken.

6.3 RECOMMENDATIONS

UNDP should continue its role in aid coordination and the RTM process. Assisting the government in organizing the RTMs has become a

primary function of the UNDP country office in Lao PDR. To carry out this function, UNDP supports the Ministry of Foreign Affairs through a project in support of the RTM process that is solely funded by UNDP. Through this project, UNDP facilitates dialogue on key development agendas between the government and its development partners.

UNDP should maintain its current programme profile, but pay greater attention to moving beyond policies and frameworks towards implementation. Much emphasis has been placed to date in developing the policy, legal and management frameworks for reforms that form a solid and necessary base for implementation. However, implementation is an essential next step to demonstrate that reforms do not remain only on paper and contribute effectively to poverty reduction

UNDP should play a stronger role in incorporating natural resource management into its programme through the governance window. Given that the National Strategy on Environment and the FS2020 provide a framework for sustainable development and that the poorest in Lao PDR are highly dependent on sustainable resources, this strategy would fit well with the UNDP poverty reduction and governance priorities.

UNDP should implement the proposed study of the use of lands cleared of UXO and ensure that the terms of reference are broad enough to assess the development impact of land clearance. This would help to assess planning capacity (as UXO clearing is tied to local planning) and to confirm the assumption that UXO clearance will promote pro-poor development.

UNDP should fully implement the recommendations made in the Gender Assessment Report & Gender Mainstreaming Strategy. This study was well done, and if its recommendations are implemented, UNDP will be able to address the weaknesses and inconsistencies in gender mainstreaming identified in field visits. This could also put the UNDP in a leadership position of not only supporting gender equality work, but also showing how it could be done.

UNDP should promote south-south cooperation through ensuring the participation of neighbouring countries in donor coordination processes, particularly China, Vietnam and Thailand, which have significant aid and economic ties with Lao PDR.

UNDP should continue efforts to develop national capacities to enhance development effectiveness. In line with the Paris Declaration on Aid Effectiveness and the UN Reform process, UNDP should continue to strengthen Lao PDR capacities and to increase alignment with the national systems and procedures in order to reduce parallel systems and to improve effectiveness of aid delivery. To be effective, this will need to proceed hand in hand with governance reforms.

UNDP should revise its use of external advisors to ensure that the qualifications and modalities used best contribute to Lao capacity development. This

includes flexible designs for expert input, depending on each context, greater reliance on regional experts who are likely to have a better socio-cultural understanding of the country, and the development of local expertise through more initiatives such as the UNV programme in Luang Prabang. UNDP and its partners should develop a strategy of capacity development for advisors that would include specific objectives and indicators in capacity development to be monitored along with other project indicators.

UNDP should undertake a research project to assess the various models and experiences in participatory planning taking place throughout the country by the government, the UNV, and other organizations such as the GTZ and UNICEF. The study should develop a series of lessons learned and good practices that would be available to the government to inform and enhance its decentralization process.

Terms of Reference

1. BACKGROUND

The Evaluation Office (EO) of the United Nations Development Programme (UNDP) launched a series of country evaluations, called Assessments of Development Results (ADRs), in order to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level. Undertaken in selected countries, the ADRs focus on outcomes and critically examine achievements and constraints in the UNDP thematic areas of focus, draw lessons learned, and provide recommendations for the future. The ADRs also provide strategic analysis for enhancing performance and strategically positioning UNDP support within national development priorities and UNDP corporate policy directions.

The overall goals of the ADRs are to:

- Support the Administrator's substantive accountability function to the Executive Board and serve as a vehicle for quality assurance of UNDP interventions at the country level.
- Generate lessons from experience to inform current and future programming at the country and corporate levels.
- Provide to the stakeholders in the programme country an objective assessment of results (specifically outcomes) that have been achieved through UNDP support and partnerships with other key actors for a given multi-year period.

An ADR for Lao PDR is being undertaken starting in January 2006. It will focus on the period of the present Country Programme, but will also capture the key results over the past five to seven years that the evaluation team may find relevant. It will refer to the UNDP activities under the First Country Cooperation Framework (CCF) 1997-2001 and the Second CCF 2002-2006.

2. OBJECTIVES OF THE ASSESSMENT

The purpose of the evaluation is to assess UNDP's contributions to development results and strategic positioning in Lao PDR, draw lessons learned and outline options for improvements. The ADR in Lao PDR will:

- Provide an overall assessment of the results achieved through UNDP support and in partnership with other key development actors during the last five to seven years.
- Provide an analysis of how UNDP has positioned itself strategically to add value in response to national needs and changes in the national development context.
- Based on the analysis of achievements and positioning above, present key findings, draw key lessons, and provide a set of clear and forward-looking options for management to make the necessary adjustments in the current strategy and next country programme applied by UNDP and partners towards intended results.

The evaluation will take particular note of UNDP's role in the round table process and will assess how well UNDP has positioned itself in this regard. Furthermore, how effectively has UNDP played a role in donor coordination, brokering strong partnerships amongst donors, and what have been the implications for the effective delivery of results.

An important crosscutting concern pertains to the issue of implementation capacity and capacity development. The ADR will assess implementation capacity as it pertains to the implementation of UNDP's programmes and the achievement of results and impacts.

3. THEMATIC FOCUS

The thematic focus areas for the evaluation will, to a large extent, follow those prescribed by the CCF 2002-2006, also drawing from the CCF 1997-2001

period, however recognizing the evolving nature of the programme and its focus. The ADR shall assess whether any shifts in the programme have responded appropriately to the changing national priorities. The focal areas defined in the current CCF were as follows:

A. Policy development and monitoring

- a) National Human Development Reports (NHDRs)—As a tool for public awareness-raising and policy dialogue on specific themes of human development in the country, the CCF foresaw the organization of workshops and public information activities, as well as the maintaining of links with regional projects on NHDRs and statistics for them.
- b) Support to policy development—UNDP supports the development of policies, strategies and action plans linked to the government's poverty reduction objectives in the framework of the round table process, geared to achieve a high level of synergy between national planning, investment and resource mobilization.
- c) Aid coordination and round table process follow-up—This includes the implementation of the recommendations of the sectoral round table meetings on strategic vision papers for 2010 and 2020, relating to macroeconomic reform, rural development, agriculture, forest resources, education, health and roads. The next round table meeting will be organized in June 2006. UNDP is also intended to play an active role in the UN system coordination, in the formulation, implementation and monitoring of the UN Development Assistance Framework (UNDAF), and in supporting the implementation of UN conventions and world conference plans of actions.
- d) Environmental policy and management—To expand national capacity to comply with global environmental conventions, regulatory regimes and funding mechanisms for environmentally sustainable development, UNDP's role is to assist the government in the development of the regulatory framework of the Environmental Protection Law; the formulation of a biodiversity strategy and action plan and an agro-biodiversity project; climate change enabling activities; the development of ecotourism;

and human resources development. Full use is made of regional projects providing support to the Mekong River Commission, the Mekong River Basin Wetland Biodiversity Conservation and Sustainable Use programme, and the Asia and the Pacific for Rio+10 process.

- e) Rural development planning, monitoring and evaluation—Continued support is provided to the National Rural Development Programme and for strengthening the capacity of national, provincial and local authorities. An effective legal and policy framework for decentralized policy and management and local capacities to manage increased resources is to be developed. This is to be piloted in the Sekong indigenous people's project.
- f) Advancement of women and gender equity—Concerns of gender equity and the advancement of women are to be mainstreamed through all projects. UNDP continues to support the gender resource information and development project and, through UNIFEM, the establishment of a national commission for the advancement of women, as well as an interministerial working group to prepare reports on country-level compliance with the Convention on the Elimination of All Forms of Discrimination against Women. The inter-regional project on trafficking in women and children is to continue.
- g) Regional and international integration and trade promotion—UNDP continues to assist the government in strengthening capacity to contribute to and benefit from ASEAN and other regional groups, as well as in its negotiations on accession to WTO.

B. Institutional development

- h) Support for the rule of law—Parliamentary structures, systems and processes will be strengthened through support to the National Assembly. The administration of justice is an area of focus through training of judges and prosecutors and Ministry of Justice staff. The capacity of the government to engage in the process of signing, ratifying, implementing and monitoring international legal instruments and treaties will be strengthened.

- i) Public administration review—High priority is given to strengthening public administration, through a second phase of the governance and public administration reform project, which aims at improved efficiency, accountability and transparency in the civil service, and in the delivery of public services through the implementation of priority civil service reforms. Public administration reform at the provincial level will also be assisted.
- j) Micro-finance development—Support to the National Bank and the Ministry of Finance in creating the necessary conditions for sustainable micro-finance services, through the establishment of a micro-finance institution with a branch network in several provinces, was foreseen.
- k) Information and communications technology (ICT)—The development of a strategy for ICT through the establishment of an appropriate policy, legal and regulatory framework is to be facilitated.

C. Support to selected national programmes

- l) Unexploded Ordnance (UXO) Programme—The programme promotes awareness and decontamination in areas affected by unexploded ordnance, which impedes full utilization of agricultural areas, forests and wetlands.
- m) HIV/AIDS Prevention and Control Programme—Two objectives are to raise awareness of the multisectoral consequences of the pandemic and to maintain the current low level of prevalence. Close links are maintained with the UNDP regional project on HIV/AIDS and mobility.

In undertaking the above, UNDP works in close partnership with other parts of the UN system and international organizations and programmes (including ADB, GEF, UNAIDS, UNCDF, UNFPA, UNICEF, UNIFEM, UNV, and World Bank) and bilateral and other donors (including Australia, Belgium, Canada, Denmark, Finland, France, Germany, Japan, Luxembourg, Netherlands, New Zealand, Norway, United Kingdom, United States, European Union, non-governmental organizations [NGOs], and Elton John Foundation).

A results-based monitoring system will be developed and monitoring of results and impacts, as well as coordination efforts, will take place in the context of UNDAF monitoring procedures.

UNDP is also strengthening its communication, advocacy and networking roles, generally as well as within each programme and project so as to raise public awareness. The capacity of the country office (CO) staff would be strengthened through training, reorganization, ICT and networking with other UNDP COs in the region and the Subregional Resource Facility in Bangkok.

4. SCOPE OF THE ASSESSMENT

The evaluation will undertake a comprehensive review of the UNDP programme portfolio and activities during the period of review, with more in-depth focus on specific areas. Specifically, the ADR will cover the following:

A. Strategic positioning

- Ascertain the relevance of UNDP support to national needs, development goals and priorities, including linkages with the goal of reducing poverty and other Millennium Development Goals (MDGs). This includes an analysis of the perceived comparative strengths of the programme viz. the major national challenges to development.
- Examine country-specific positioning issues, especially UNDP's role in supporting the organization and follow-up of the round table process, as well as the decentralization process in the country.
- Assess how UNDP has anticipated and responded to significant changes in the national development context, affecting the specific thematic areas outlined in section 3. The evaluation consider key events at the national and political level that influenced (or will influence) the development context, notably the round table process, as well as the risk management of UNDP, any missed opportunities for UNDP involvement and contribution, efforts of advocacy, and UNDP's responsiveness versus concentration of efforts.

- Review the synergies and alignment of UNDP support with other initiatives and partners, including that of UNDAF, the Global Cooperation Framework (GCF) and the Regional Cooperation Framework (RCF). This will include looking at how UNDP has leveraged its resources and that of others towards results, and the balance between upstream and downstream initiatives.
- The evaluation should consider the influence of systemic issues, i.e. policy and administrative constraints affecting the programme, on both the donor and programme country sides, as well as how the development results achieved and the partnerships established have contributed to ensure a relevant and strategic position of UNDP.

B. Development results

- Provide an examination of the effectiveness and sustainability of the UNDP programme by: highlighting main achievements (outcomes) at the national level in the last five to seven years and UNDP's contribution to these in terms of key outputs; and ascertaining current progress made in achieving outcomes in the given thematic areas and UNDP's support to these. Qualify UNDP contribution to the outcomes with a fair degree of plausibility. Assess contribution to capacity development at the national and sub-national level to the extent it is implicit in the intended results. Consider anticipated and unanticipated, positive and negative outcomes.
- Provide an in-depth analysis of the main programme areas outlined in section 2, assessing the anticipated progress in achieving intended outcomes under each of the objectives and programme areas.
- Identify and analyze the main factors influencing results, including the range and quality of development partnerships forged and their contribution to outcomes, and how the positioning of UNDP influences its results and partnership strategy.
- Examine UNDP's contributions to the implementation and results of the two major national programmes on UXO and HIV/AIDS.

C. Lessons learned and good practices

- Identify key lessons in the thematic areas of focus and on positioning that can provide a useful basis for strengthening UNDP and its support to the country and for improving programme performance, results and effectiveness in the future. Through in-depth thematic assessment, present good practices at the country level for learning and replication. Draw lessons from unintended results.

5. METHODOLOGY

The evaluation will employ a variety of methodologies, including desk reviews, stakeholder meetings, client surveys, and focus group interviews and selected site visits. The detailed methodology design will be undertaken as part of the ADR process, including the scoping mission. The Evaluation Team will review national policy documents, such as the record of the round table meetings and sectoral policies and action plans, as well as overall programming frameworks (such as the UNDAF, CCA, CCFs, and SRF/ROAR), which give an overall picture of the country context. The team will also consider select project documents and Programme Support Documents as well as any reports from monitoring and evaluation at the country level. Statistical data will be assessed where useful.

A wide stakeholder involvement and consultation process is envisaged. The Evaluation Team will meet with government ministries/agencies, other institutions, civil society organizations, NGOs, private sector representatives, UN Agencies, Bretton Woods institutions, bilateral donors and beneficiaries. The team will visit project/field sites as required.

In terms of methodology, the ADR will follow guidance issued by EO in a phased approach:

Phase 1: Preparatory phase

- Desk review—Carried out by the EO in close consultation with the Evaluation Team Leader, the CO and the Regional Bureau for Asia and the Pacific (RBAP) based on the key questions for the evaluation developed by the EO Task Manager and Evaluation Team Leader in consultation with RBAP.

- Scoping mission—In January 2006, the EO Task Manager and a locally-recruited consultant conducted a brief mission to the country to define the scope and to complete the evaluability assessment.
- Development of final evaluation design and plan—This will include the background to the evaluation, key evaluation questions, detailed methodology, information sources and instruments for data collection, plan for data collection, design for data analysis, and format for reporting.
- Complementary data gathering—Where gaps have been identified, the CO will plan and conduct reviews, and assist in organizing meta-evaluations to be carried out by the Evaluation Team.
- Learning events—The dissemination of the report's findings shall serve the purpose of organizational learning, as part of the overall EO dissemination and outreach strategy.

6. EXPECTED OUTPUTS

The expected outputs are:

- A comprehensive final report on Lao PDR Assessment of Development Results.
- A preliminary final report by the ADR evaluation team.
- Annexes with detailed empirical and evaluative evidence.
- Stakeholder meeting organized in the country.
- Lessons learned paper on the ADR process for methodology improvement.
- A rating on progress and success of key results.

The final report by the ADR to be produced by the Evaluation Team should at the least contain:

- Executive summary of conclusions and recommendations.
- Background, with analysis of country context.
- Strategic positioning and programme relevance.
- Programme performance.
- Lessons learned and good practices.
- Findings and recommendations.
- Annexes (statistics, TOR, persons met, documentation reviewed, etc.).

At the end of their mission, and prior to leaving the country, the evaluation team will discuss its preliminary findings and recommendations with the Resident Representative and the CO staff and present these to the government and partners at a meeting of key stakeholders. The team will use this feedback to finalize the report.

The Team Leader is responsible for submitting the draft report to the EO no later than three weeks after completion of the country mission.

Phase 2: Conducting the ADR and drafting the evaluation report

- ADR mission of data collection and validation—The main mission of approximately three weeks will be conducted by the independent Evaluation Team, led by the Evaluation Team Leader. The EO Task Manager is a member of the team.
- Stakeholder meeting—A meeting with the key stakeholders will be organized in the country at the end of the ADR mission. The comments will be incorporated into the final evaluation report by the Evaluation Team Leader.
- Analysis and reporting—The final phase will be the analysis of all information collected and production of the draft ADR report by the Evaluation Team within three weeks after the departure of the team from the country. The draft will be subject to factual corrections by the key clients for the evaluation and a technical review by the EO using expert evaluators. The Team Leader, in close cooperation with the EO Task Manager, shall finalize the ADR report based on these final reviews.

Phase 3: Follow-up

- Management response—The preparation of the management response and tracking its implementation will be undertaken internally by UNDP.

7. EVALUATION TEAM

The composition of the Evaluation Team shall reflect the independence and the substantive results focus of the evaluation. The Team Leader and all members of the team will be selected by the EO in consultation with RBAP and the CO. The Team Leader must have a demonstrated capacity in strategic thinking and policy advice and in the evaluation of complex programmes in the field.

The team will comprise three consultants, one of whom will be the Team Leader, a Team Specialist with specific skills in topical areas relevant to the evaluation, a locally-recruited consultant with extensive knowledge of the country situation, and a staff member from the EO as the Task Manager. The Task Manager will bring to the team the results-based management perspective, knowledge of the ADR methodology, familiarity with UNDP operations and knowledge of UNDP's practice areas. Furthermore, the team is supported by a researcher at EO who will conduct desk research, documentation review and assist in further methodology refinements for the research phase of the ADR.

8. MANAGEMENT ARRANGEMENTS

EO will manage the evaluation and ensure coordination and liaison with RBAP and other concerned units at headquarters level. The EO Task Manager will lead the ADR process, in close consultation with RBAP and Lao PDR CO management.

The CO will take a lead role in organizing dialogue and stakeholder meetings on the findings and recommendations, support the evaluation team in liaison with the key partners and discussions with the team, and make available to the team all the material that is available. The office will provide support to logistics and planning.

The general timeframe and responsibilities for the evaluation process is as follows:

- Desk review and analysis of documentation—Conducted by EO in close collaboration with the Team Leader and EO Task Manager, January-February 2006.
- Scoping mission to country by the EO Task Manager—One-week mission to Lao PDR (including visit to Asian Development Bank, Manila), January-February 2006.
- Development of final evaluation design and plan—Led by the Team Leader, February 2006.
- Complementary data gathering—Led by locally-recruited consultant (as required), February-March 2006.
- ADR mission of data collection and validation—By full Evaluation Team, three weeks in February-March 2006.
- Stakeholder meeting—At the end of the ADR mission in Lao PDR, March 2006.
- Analysis and reporting—March-May 2006.
- Finalization of the ADR report—By Evaluation Team under the leadership of Team Leader in close consultation with EO Task Manager, based on review by clients and EO, end of May 2006.

The EO will meet all costs directly related to the conduct of the ADR. These will include costs related to participation of the Team Leader; international, national and regional consultants; the EO Task Manager; as well as the preliminary research and the issuance of the final ADR report. The CO will contribute support in kind. The EO will also cover costs of any stakeholder workshops during the ADR mission.

ANNEX 2

Individuals Consulted

GOVERNMENT OF LAO PDR

Mr. Kikeo Chanthaboury, Deputy Director General, Department of General Planning, Committee for Planning and Investment

Mme. Keobang A. Keola, Deputy Permanent Secretary, Cabinet of Science Technology and Environment Agency, Prime Minister's Office

Mr. Latsamy Keomany, Deputy Director General, Department for International Cooperation, Ministry of Foreign Affairs

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Mr. Nisith Keopanya, Deputy Director General, Civil Service Management Department, Public Administration and Civil Service Authority, Prime Minister's Office

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H.E. Ms. Bounpheng Mounphoxay, Vice-Minister and Chairperson, Public Administration and Civil Service Authority, Prime Minister's Office

Mr. Bountheuang Mounlasy, Director General, Department for International Cooperation, MoFA

Mme. Sisomboune Ounavong, Chief UN Division, Department of International Cooperation, Ministry of Foreign Affairs

Mme. Sousada Phommasak, Deputy Director Department of Foreign Affairs of National Assembly and National Project Director of National Assembly Project

Mr. Sanya Praseuth, Director Accounting Department, Ministry of Finance

Mr. Maligna Saignavongs, National Project Director of the National Regulatory Authority, UXO Lao

Mr. Bounpone Sayasenh, Director, UXO Lao

Mr. Vixay Sayaveth, Deputy Director, Department of Environment, Science Technology and Environment Agency, Prime Minister's Office

Mr. Kaysinh Singhphan Ngam, Chief of Cabinet, Ministry of Justice

Mr. Sayakhan Sisoung, Director General, ASEAN Department, Ministry of Foreign Affairs

Mr. Bounthavy Sisouphanthong, Chief of Cabinet, Committee for Planning and Investment

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Mr. Bonngnalith Soutihchak, Chief UN Division, Department of International Organizations, Ministry of Foreign Affairs

Mr. Ratsamy Souvannanethy, Project Coordinator for Legal Sector Reform, Ministry of Justice

Mme. Banesaty Thephavong, Deputy Director General, Department of Foreign Trade, Ministry of Commerce

Mr. Khampou Thivakul, Project Manager for Legal Sector Reform, Ministry of Justice

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Mr. Khamhung Bounsarith, Deputy Director, Department of Planning and Investment, Luang Prabang Province

Ms. Chanthanom Chittaphone, Head of the LWU in Phonxay District, Ban Huai Lung Thung Village, Luang Prabang Province

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Mr. Somnit Khomthavong, Deputy Director, Department of Finance, Provincial Finance Department, Luang Prabang Province

Mr. Khamsoy Mixay, District Authority, Phone Xay District, Luang Prabang Province

Mr. Khinypeth Phimmavong, UXO Project Coordinator, Xiengkhouane Province

H.E. Mr. Khamsook Sayasone, Vice-Governor, Xiengkhouane Province

Mr. DouaPoh Saychoungvang, Planning Officer, Department of Planning and Investment, Luang Prabang Province

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Mr. Sithone Sorbualapha, Project Manager, GPAR Xiengkhouane, Xiengkhouane Province

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Ms. Mariko Harada, Trust Fund Manager, UXO
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Ms. Katihanna Ilomäki, Head, Environment Unit
Ms. Sonia Josserand-Mercier, UNV Programme Manager
Mr. Jamshed Kazi, Head, Governance Unit
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Ms. Phanchinda Lengsavad, Programme Analyst Poverty and Gender
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Ms. Elsa Moradat, Programme Analyst Poverty
Mr. Stuart Moran, HR Manager
Mr. Thilapong Oudomsine, Programme Analyst and UNCDF
Ms. Sirixai Phanthavongs, Programme Analyst Environnement
Mr. Finn Reske-Nielsen, Resident Representative
Ms. Jo Shaw, UN Coordination Specialist, Office of the UN Resident Coordinator
Mr. Sounthaly Sonephet, Administrative Analyst
Mr. Viengsamay Vongkhamsao, Programme Analyst, Governance
Ms. Virachit Vongsak, NEX Advisor
Ms. Setsuko Yamazaki, Deputy Resident Representative

UN COUNTRY TEAM

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Mr. Patchamuthu Illangovan, Country Manager, WB
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Mr. Franck Boulin, Advisor, National Assembly

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Mr. Khankone Nanthepha, SNV Advisor GPAR, Xiengkhouane Province

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Mr. Gerry O'Driscoll, Project Support Coordinator, GPAR Luang Prabang

Mr. Ralph Osterwoldt, Advisor, Multilateral Environmental Agreements

Mr. Musunum Sam Rao, Advisor for the Round Table Process and NGPES, Agriculture and Forestry

Mr. Harri Seppänen, Chief Technical Advisor, Sustainable Forestry and Rural Development Project, Governments of Finland and Lao PDR/World Bank, National Agriculture and Forestry Extension Service, Ministry of Agriculture and Forestry

Mr. Peter Van Krieken, Advisor, International Law

Mr. Joe Wenkoff, Advisor National Regulatory Authority

DONORS AND MULTILATERAL AGENCIES

Ms. Kristen F. Bauer, Counselor, Embassy of the United States of America

Ms. Lisbet Bostrand, First Secretary, Sida, Embassy of Sweden

Mr. Sandro Cerrato, Charge d'Affaires, European Union

Ms. Anne Clancy, First Secretary, Representative AUSAID, Embassy of Australia

Ms. Jane Davies, Programme Coordinator, AUSAID

Ms. Anne Kullman, Counselor, Sida, Embassy of Sweden

Ms. Julia Ojanen, Project Officer, European Union

H.E. Ms. Karen Tan, Ambassador Extraordinary and Plenipotentiary of Singapore, Embassy of Singapore

CIVIL SOCIETY

Community focus groups with 40 women and 40 men in Ban Huai Lung Thung Village, Luang Prabang Province

Community members and village chiefs in Vieng Village, Pek District, Xiengkhouang Province

Mr. Souvanpheng Boupphanouvong, Director, Lao National Commission for the Advancement of Women Secretariat

Mr. Pouthong, Advisor to GRID Project, Lao Women's Union

Mr. Khampanh Sengthongkham, Secretary General, Lao Chamber of Commerce

Mme. Bounchan Sihanath, Deputy Permanent Secretary, Lao Women's Union

Mr. Sombat Somphon, President of PADECT

Mr. Kissana Vongsay, President of the Lao Chamber of Commerce

INTERNATIONAL NGOS

Ms. Lorraine Bramwell, Liaison Officer, International NGO Network Laos

Mr. Jack Cortenraad, Country Director, SNV

Mr. Marc Goichot, Integrated River Basin Management Coordinator, Living Mekong Programme, WWF Greater Mekong Programme

Mr. Michel Ligthert, Local Governance Advisor, SNV

Mr. Arthur Mann, MCC Representative, MCC

Mr. Leigh Vichery, Country Programme Director, Save the Children Australia

ANNEX 3

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ANNEX 4

MDG Goals for Lao PDR

| MDGs and Targets | 1990 Baseline for Lao PDR | 2015 Target for Lao PDR | Lao National Targets ¹ |
|---|------------------------------|---|--|
| Goal 1: Eradicate Extreme Poverty and Hunger | | | |
| Target 1: Halve between 1990-2015 the proportion of people living in poverty | | | |
| 001a: Proportion of people living below the national poverty line | 48% | 24% | Lao National Target is to halve incidence of poverty by 2005 and to eradicate poverty by 2010 (note that this refers to the national poverty line). |
| 002: Poverty gap ratio (incidence times depth of poverty) | 12% | 6% | |
| 003: Share of poorest quintile in national consumption | 9.3% (1992) | Target under consideration by Lao Government. | |
| Target 2: Halve between 1990-2015 the proportion of people suffer from hunger | | | |
| 004: Prevalence of underweight in children under five years of age | 40% | 20% | There is no national target on underweight in children, but there is a national target on malnutrition; to reduce by 40% of malnourished children by 2005. |
| 005: Proportion of population below minimum level of dietary energy consumption | 31% | 16% | |
| Goal 2: Achieve Universal Primary Education | | | |
| Target 3: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling | | | |
| 006: Net enrolment in primary school | 58% (1991) | 98% | Lao National Target is to increase primary net enrolment rate to 80% by 2000 and to 85% by 2005. |
| 007: Proportion of pupils starting grade 1 who reach grade 5 | 47.7% (1991) | 95% | |
| 008: Literacy rate in the age group 15-24 years | 78.5% (2001) | 99% | Lao National Target is to increase adult literacy rate (persons aged 15-40 years) to 85% between 2001-2005. |

| MDGs and Targets | 1990 Baseline for Lao PDR | 2015 Target for Lao PDR | Lao National Targets ¹ |
|--|------------------------------------|---|--|
| Goal 3: Promote Gender Equality and Empowerment of Women | | | |
| Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015 | | | |
| 009: Ratio of girls to boys in primary, secondary and tertiary education | 62.2% (1991) | 100% number of girls per 100 boys enrolled | Gender is among the four cross-sectoral policy priorities in the NPEP. No specific national gender targets have been set except those in the MDG Report. |
| 010: Ratio of literate women to men, 15-24 years of age | 81.5% (1995) | 100% | |
| 011: Share of women in wage employment in the non-agricultural sector | 37.5% (1995) | Target under consideration by Lao Government. | |
| 012: Proportion of seats held by women in the national parliament | 6.3% | Target under consideration by Lao Government. | |
| Goal 4: Reduce Child Mortality | | | |
| Target 5: Reduce by two-thirds the under-five mortality rate | | | |
| 013: Under-five mortality rate | 170 deaths per 1,000 live births | 55 deaths per 1,000 live births | Lao National Target is to reduce under-five mortality rate to 100 per 1,000 live births by 2005 and to 30 per 1,000 live births by 2020. |
| 014: Infant mortality rate | 134 deaths per 1,000 live births | 45 deaths per 1,000 live births | Lao National Target is to reduce infant mortality rate to 75 per 1,000 live births by 2005 and 20 per 1,000 live births by 2020. |
| 015: Proportion of one-year-old children immunized against measles | 62% (1996) | 90% | |
| Goal 5: Improve Maternal Health | | | |
| Target 6: Reduce by three quarters the maternal mortality ratio | | | |
| 016: Maternal mortality ratio | 750 deaths per 100,000 live births | 185 deaths per 100,000 live births | Lao National Target is to reduce maternal mortality rate to 355.5 per 100,000 live births by 2005 and 130 per 100,000 live births by 2020. |
| 016a: Contraceptive prevalence rate | 13% | 55% | Increase the contraceptive prevalence to 35% by 2005 and 60-65% by 2020. |
| 017: Proportion of births attended by skilled health personnel | 14% (1994) | 80% | |

| MDGs and Targets | 1990 Baseline for Lao PDR | 2015 Target for Lao PDR | Lao National Targets ¹ |
|---|--|--|---|
| Goal 6: Combat HIV/AIDS, Malaria and Other Diseases | | | |
| Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS | | | |
| 018a: HIV prevalence among 15 to 24-year-old commercial service women | 0.4% (2001) | <1% | Lao National Targets for HIV/AIDS were recently agreed to be aligned with MDG targets. |
| 019a: Proportion of 15 to 24-year-old women who have ever used a condom during sexual intercourse | 0.9% (1994) | 20% | |
| 019b: Proportion of 15 to 24-year-old commercial service women reporting consistent use of condom with non-regular sexual partners in the past 12 months | 44.7% (2000) | 70% | |
| 020a: Proportion of 15 to 24-year-old women who know how to prevent RTIs/STDs | 32.3% (2000) | 70% | |
| 020b: Proportion of 15 to 24-year-old commercial service women who correctly identify ways of preventing sexual transmission of HIV and reject major misconceptions about HIV transmission or prevention | 20% (2000) | 70% | |
| Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases | | | |
| 021: Death rate associated with malaria | 9 deaths per 100,000 | 0.2 deaths per 100,000 | Lao National Target is to reduce major diseases such as malaria, diarrhea and respiratory infections (1996-2000). |
| 021a: Morbidity rate due to malaria | 44 suspected cases per year per 1,000 | 15 suspected cases per year per 1,000 | |
| 022: Proportion of population in malaria risk areas using effective malaria prevention and treatment measures | 23.9% (2000) | 100% | |
| 022a: Proportion of population in malaria risk areas protected by impregnated bed nets | 25% (1999) | 100% | |
| 023: Prevalence rate associated with tuberculosis | 144 per 100,000 | 50 per 100,000 | |
| 024.1: Proportion of tuberculosis cases detected under directly observed treatment short course (DOTS) | 24% (1996) | 70% | |
| 024.2: Proportion of tuberculosis cases cured under DOTS | 72% (1996) | 85% | |

| MDGs and Targets | 1990 Baseline for Lao PDR | 2015 Target for Lao PDR | Lao National Targets ¹ |
|--|---|--|---|
| Goal 7: Ensuring Environmental Sustainability | | | |
| Target 9: Integrate the principles of sustainable development into country policies and programmes, and reverse the loss of environmental resources | | | |
| 025: Proportion of land forest cover | 47% (1992) | Target under consideration by Lao Government. | Lao National Target is to eliminate opium eradication totally by 2005 and put an end to slash-and-burn cultivation by 2010. Lao National Target is to establish 500,000 hectares of new tree plantation (2000-2020) and reduce the area of shifting cultivation to a minimum level up to 2005. |
| 026: Area protected to maintain biological diversity as proportion of total surface area | 11.9% (1993) | Target under consideration by Lao Government. | |
| 028.1: Carbon dioxide emissions from fossil fuels | 0.1 metric tons per capita | Target not set. Lao PDR does not produce enough CO2 emissions. | |
| 028.1a: Carbon dioxide emissions from all emission sources | 4.1 metric tons per capita | Target not set. Lao PDR does not produce enough CO2 emissions. | |
| 028.2: Consumption of ozone-depleting chlorofluorocarbons | 50.1 metric tons of ozone depleting material | 0 metric tons of ozone depleting potential | |
| 029: Proportion of population using solid fuels | 97% (1995) | Target not set. Lao PDR does not produce enough CO2 emissions. | |
| Target 10: Halve, by 2015, the proportion of people without access to safe drinking water | | | |
| 030: Proportion of the population with sustainable access to improved water source | 28% | 80% | Lao National Target is to improve accessibility to clean water to 70% of all villages and to sanitary latrines to 50% (1996-2000). |
| 031a: Proportion of [urban] population with access to improved sanitation | 11% | 70% | Lao National Target is to increase the supply of clean water to 75% of urban households (1996-2000). |
| Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers | | | |
| 032: Proportion of households with access to secure tenure, urban areas | 90.7% (1995) | Target not set as not considered to be a major issue for Laos. | |

| MDGs and Targets | 1990 Baseline for Lao PDR | 2015 Target for Lao PDR | Lao National Targets ¹ |
|--|------------------------------|---|--|
| Goal 8: Develop a Global Partnership for Development | | | |
| Target 12: Develop further an open, rules-based, predictable, non-discriminatory trading and financial system. Includes a commitment to good governance, development, and poverty reduction—both nationally and internationally | | Goal 8 is being measured at the global level. No national targets need to be set. | Lao National Target is to sustain economic growth with equity at the moderate rate of about 7%, for tripling per capita income by 2020. Increase gross service production by 10-11% per year (1996-2000). |
| Target 13: Address the special needs of the least developed countries. Includes: tariff and quota free access for least developed countries' exports; an enhanced programme of debt relief for HIPC's and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction | | | Reduce fiscal deficit to no more than 10% of GDP (1996-2000). Increase budget revenues to 16-16.5% of GDP (1996-2000). Reduce external trade deficit to no more than 12% of GDP (1996-2000). |
| Target 14: Address the special needs of landlocked countries and small island developing states through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly | | | Increase exports by 12% and imports by 10.5% per year (1996-2000). Attract USD billion in foreign investment (1996-2000). Achieve an average annual increase in gross retail distribution of 13% per year (1996-2000). |
| Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term | | | Increase investments in socio-cultural sectors to 25% of total investments (2000-2001). Limit the inflation rate to less than 20% and then to less than 10% per year (2001-2002). |
| Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth | | | Increase budget revenue to 14-18% of GDP (average growth of 1.0-1.5% per year) (2000-2005). |
| Target 17: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries | | | Reduce budget deficit to less than 5% of GDP (average of 0.5-1.0% per year) (2000-2005). |
| Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications | | | Increase public savings to 10% of GDP (2000-2005). Increase investments from domestic resources to 10% of GDP (2000-2005). |

1. Sources of Lao National Targets : Socio-Economic Development Plans 1996-2000, Socio-Economic Development and Investment Requirements 1997-2000, the Education Strategic Vision 2000, the Marco-Economic Policy and reform Framework 2000, Health Strategy up to the Year 2020, and the Framework of Strategic Vision on Forest Resource Management to the Year 2020.

ANNEX 5

Donor Sectoral Working Groups

A. CONTACT LIST OF CHAIRS AND CO-CHAIRS

EDUCATION AND GENDER

Chair: Australia, **Ms. Anna Clancy**, First Secretary, AusAID Representative, Anna.clancy@dfat.gov.au, Tel: 413 600

Co-Chair: UNICEF, **Mr. Nebendra Dahal**, Senior Programme Officer — Education, ndahal@unicef.org, Tel: 315 200

Members: Australia, Belgium, France, Germany, Japan, Sweden, ADB, EU, FAO, UNESCO, UNICEF, WB, WFP

HEALTH AND HIV/AIDS

Chair: Japan, **H.E. Mr. Makoto Katsura**, Ambassador of Japan, (**Ms. Michiyo Kakegawa**, Advisor — Economic Cooperation & Multilateral Relations), japan@laotel.com, michiyo.kakegawa@mofa.go.jp, Tel: 414 400-3

Co-Chair: WHO, **Dr. Dean Shuey**, Officer in Charge, shueyd@lao.wpro.who.int, Tel: 413 023

Members: Australia, Belgium, France, Japan, Luxembourg, USA, ADB, ILO, UNFPA, UNICEF, UNDP, WB, WFP, WHO

INFRASTRUCTURE

Chair: ADB, **Mr. Jim Nugent**, Country Director, jnugent@adb.org, Tel: 250 444

Co-Chair: **H.E. Mr. Makoto Katsura**, Ambassador of Japan, (**Ms. Michiyo Kakegawa**, Advisor — Economic Cooperation & Multilateral Relations), japan@laotel.com, michiyo, kakegawa@mofa.go.jp, Tel: 414 400-3

Members: Belgium, France, Germany, Japan, Sweden, USA, ADB, UNICEF, WB

MACRO-ECONOMICS ISSUES AND PRIVATE SECTOR DEVELOPMENT

Chair: World Bank, **Mr. Enrique Crousillat**, Country Director, ecrousillat@worldbank.org, Tel: 414 209

Co-Chair: IMF, **Mr. Philippe Beaugrand**, Resident Representative, pbeaugrand@imf.org, Tel: 213 106

Members: Australia, France, Japan, Germany, Sweden, USA, ADB, EU, IMF, UNCDF, UNDP, WB

AGRICULTURE, RURAL DEVELOPMENT AND NATURAL RESOURCE MANAGEMENT

Chair: France, **Mr. Gilles Laine**, Counselor (International and Cultural Cooperation) French Embassy, Gilles.laine@diplomatie.gouv.fr, Tel: 21 52 53; **Mr. Etienne Woittlier**, Director of AFD, French Agency for Development, AFDVientiane@groupe-afd.org, Tel: 24 32 95

Co-Chair: Sweden/ADB, **Mr. Claes Kjellstrom**, Second Secretary (Natural Resources, Environment), SIDA, Claes.kjellstrom@sida.se, Tel: 315 003

Members: Australia, Belgium, France, Germany, Japan, Sweden, ADB, EU, FAO, UNODC, UNDP, WB, WFP, UNODC; Non-resident: Canada, Denmark, Finland, Switzerland, GEF, IFAD, UNIDO

GOVERNANCE

Chair: UNDP, **Mr. Jamshed Katzi**, Assistant Resident Representative, jamshed.katzi@undp.org, Tel: 213 390 ext. 209

Co-Chair: Sweden, **Ms. Marianne Tegman**, Counselor (Governance, Economics), SIDA, marianne.tegman@sida.se, Tel: 315 003

Members: Australia, Canada, France, Germany, Japan, Sweden, USA, ADB, EU, UNICEF, UNDP, UNODC, WB; Non-resident: Finland, Switzerland

DRUG PREVENTION

Chair: Australia, **H.E. Mr. Alistair Maclean**, Ambassador, laos.embassy@dfat.gov.au, Tel: 413 600/601

Co-chair: Japan, **H.E. Mr. Makoto Katsura**, Ambassador of Japan, japan@laotel.com

Members: Formal members of the Mini Dublin Meetings, invited members, UNICEF, UNODC Mine Action

Chair: UNDP, **Mr. Finn Reske-Nielsen**, UNDP Resident Representative, finn.reske-nielsen@undp.org, Tel: 213 390

Co-chair: Canada, **H.E. Dr. Denis Comeau**, Ambassador, bngkk@dfait-maeci.gc.ca, Tel: (662)636-0540

Members: Australia, Belgium, Germany, Japan, Luxembourg, Republic of Korea, USA, EU, UNDP, UNICEF, Non resident: Canada, Denmark, Finland, Netherlands, New Zealand, UK

B. GOVERNMENTAL SECTORAL WORKING GROUP

MACRO ECONOMIC ISSUES AND PRIVATE SECTOR DEVELOPMENT

Chair: Dr. Khamlien Pholsena, Director General, Department of Planning, Committee for Planning and Investment, Chair

Vice Chair: Ms. Thiphakone Chanthavongsa, Deputy Director General, Department of External Finance Relations, Ministry of Finance

Members: Mr. Sirisamphanh Vorachit, Deputy Permanent Secretary, Cabinet Office, Ministry of Commerce; **Ms. Sengdao Boupakonekham**, Director General, Department of External Relations, Bank of Lao PDR; **Mr. Saysamone Saysoulane**, Deputy Director General, Department of Financial Policy Research, Ministry of Finance

EDUCATION AND GENDER

Chair: Mr. Lytoun Bouapao, Director General, Department of Planning and Cooperation, Ministry of Education

Vice Chair: Ms. Bouachan Sihanad, Deputy Permanent Secretary, Cabinet Office, Lao Women's Union

Members: **Ms. Chansoda Phonethip**, Deputy Head of Secretariat, Lao National Commission for the Advancement of Women; **Mr. Vatvisa Keosilivong**, Technical Staff, Lao National Commission for the Advancement of Women

HEALTH, GENDER AND HIV/AIDS

Chair: **Dr. Nao Boutta**, Deputy Permanent Secretary, Cabinet Office, Ministry of Health

Vice Chair: **Ms. Bandith Pathoumvanh**, Director General, Department of Development and Cooperation

Members: **Dr. Chansy Phimmachanh**, Director, Committee for the Control of HIV/AIDS and Sexual Transmitted Diseases; **Ms. Chandsoda Phonethip**, Deputy Head of Secretariat, Lao National Commission for the Advancement of Women

INFRASTRUCTURE

Chair: **Mr. Onida Souksavad**, Deputy Director General, Department of Planning, Ministry of Communication Transport Post and Construction

Vice Chair: **Mr. Chaleun Inthavy**, Deputy Permanent Secretary, Cabinet Office, Ministry of Industry and Handicraft

GOVERNANCE

Chair: **Mr. Khammoune Viphongxay**, Deputy Head, PACSA, Prime Minister's Office

Vice Chair: **Mr. Kisine Sinphanngam**, Permanent Secretary, Cabinet Office, Ministry of Justice

Members: **Mr. Saysamone Xaysoulien**, Deputy Director General, Department of Financial Policy Research, Ministry of Finance; **Ms. Soutsada Phoumasak**, Deputy Director General, Foreign Affairs Department, National Assembly; **Mr. Nisith Keopanya**, Deputy Director General, Civil Service Administration Department, PACSA, PMO

AGRICULTURE, RURAL DEVELOPMENT, AND NATURAL RESOURCES MANAGEMENT

Chair: **Mr. Xaypladed Chulamany**, Deputy Permanent Secretary, Cabinet Office, Ministry of Agriculture and Forestry

Vice Chair: **Ms. Keobanga Keola**, Deputy Permanent, Cabinet Office, STEA

Member: **Mr. Thongphath Inthavong**, Director General, Mining Department, Ministry of Industry and Handicraft

DRUG PREVENTION

Chair: **Mr. Linthong Phetsavanh**, Director, National Commission for Drug Control

MINE ACTION

Chair: **Mr. Maliya Sayavong**, Director, NRA Office

Vice Chair: **Mr. Thongphon Keosayadeth**, Head, UXO Coordination Office Ministry of Labour and Social Welfare

Member: **Ms. Baikham Khattiya**, Deputy Permanent Secretary, Cabinet Office, Ministry of Labour and Social Welfare

C. INTERNATIONAL NGO REPRESENTATIVES (BY THEME GROUP)

Education and Gender: **Mr. Shaun Hext**, shaun@scn.laopdr.org, Resident Representative, Save the Children Norway; **Art Crisfield**, Education Coordinator, Consortium

Health, Gender, & HIV/AIDS: **Mr. Thierry Dumont**, msflaos@laotel.com, Country Director, Medecins Sans Frontieres

Infrastructure: **Mr. Nirmal Shrestha**, nirmal@carelaos.org, Project Coordinator, CARE

Agriculture, RD and Natural Resource Management: **Mr. Gregor Faath**, gaalao@laotel.com, Country Director, DWHH/GAA

Macro-Economics and Private Sector Development: **Mr. Palash Bagchi**, acdlaos@laotel.com, Assistant Country Director; **Eelco Ban**, Senior Advisor, SNV

Governance: **Mr. Michel Ligthart**, mligthart@snv.org.la, Programme Coordinator, SNV

Mine Action: **Mr. Chris Bath**, hilaos@hilaos.org, Project Coordinator, Handicap International Belgium

Case Study: Gender in Luang Prabang¹³¹

GENDER ANALYSIS CASE STUDY B: GENDER MAINSTREAMING IN DECENTRALIZED PARTICIPATORY PROVINCIAL GOVERNANCE PROJECT, LUANG PRABANG, PHASE II

A. GPAR LUANG PRABANG PROJECT FORMULATION PROCESS AND GENDER

GPAR Luang Prabang Phase I recognized the need for gender expertise, but only in the final year of the project and only in regards to gender training and integrating gender into village management training. Due to timing, the provision for gender training was never adopted or conducted at the village level. Serious constraints to women's participation documented in conjunction with the gender training mission (see end of this case study) were not integrated into phase I (most likely due to time constraints) and, more critically, the findings were not used in design and formulation of phase II.

GPAR UNV developed participatory planning guidelines that specifically call for the participation of women. However, these guidelines do not include tools to make planning gender sensitive, to disaggregate needs and priorities by gender, and to ensure equitable outcomes. A lack of understanding about how to enable women to participate more in planning processes persists.

GPAR Luang Prabang Phase II has not integrated these constraints into the Project Document. Instead the project document emphasizes the UNV success in encouraging participation of women. In doing this, it fails to adequately address “the structural inequities that cause poverty.”¹³² Structural inequalities are the key reasons that women do not enjoy full participation in local governance and face barriers in accessing education and health services not experienced by most men. (The GPAR Luang Prabang II Project document does not seem to be aware of these structural inequalities and therefore does not address them.)

131. From 'Gender Assessment Report & Gender Mainstreaming Strategy for UNDP Lao', December 2005.

132. Page 5 of the Project Document explains that the UNDAF promotes gender equality and details six ways to translate principles into action, including “targeting poverty eradication by addressing structural inequalities that cause poverty”, as well as non discrimination and prioritizing the needs of the most disadvantaged.

B. PROJECT DOCUMENT ANALYSIS

| Part I: Situation Analysis | |
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| Policy Environment | <p><i>Government policy paper outlines challenges as: bureaucracy, attitudes, communication difficulties, poor access to services, and lack of knowledge of how government works.</i></p> <p>These challenges affect men and women differently. For example, women have lower literacy than men on average, so filling in forms and understanding instructions is likely to be more difficult. Women, especially poor and minorities, report being treated inappropriately or abruptly by officials (mostly men) and are culturally constrained from complaining about ill treatment by more (socially) senior men. With less connections to informal 'old boys' networks present in the bureaucracy, women may be charged higher fees or taxes and have fewer avenues for redress. Access to services is deeply gendered; research has shown that a major constraint to women seeking health care is husbands' (or families') consent—rural women are usually often not able to seek care for themselves independently. Women's lower education and restricted mobility makes them likely to be less informed about the government and their rights than men even of the same class, community, or household.</p> <p><i>Policy initiatives guiding GPAR include the Law on Government, Law on Local Administration, Law on Anti-corruption and budget laws.</i></p> <p>The 1997 directive to improve the participation of women and ethnic minorities in the government is not included.</p> <p><i>"UNDAF's RBA guides the project, includes the principle of gender equality, and calls for non-discrimination, prioritizing the needs of the most disadvantaged and vulnerable, and targeting poverty eradication by addressing structural inequalities that cause poverty."</i></p> <p>These principles are crucial, but the Project Document, especially RRF and TORs, do not fully incorporate or account for these principles.</p> |
| Project Context | <p><i>GPAR I "successfully completed a series of capacity building initiatives... [including] conducting training for Village Chiefs."</i></p> <p>Village Management Training did not include a gender awareness session (see introduction to this case study). One trainer (on land rights), due to his own gender training background, did include some references to gender issues in his own programme, but he feels it was insufficient as time constraints did not allow him to go into any detail.</p> <p><i>"Substantive reforms will need to address needs of residents of the province, particularly the poor and the disadvantaged sections."</i></p> <p>Political commitment to ensuring reforms are pro-poor, gender sensitive, and sensitive to ethnic minorities is not visible in documentation.</p> <p><i>GPAR UNV's village and district level planning has created "widened awareness among Village Chiefs" and the increased confidence of "women and ethnic groups to actively participate and engage in grassroots governance".</i></p> <p>This is a major claim lacking clear evidence. It would be wrong to assume that the work of UNV ensures women and ethnic minorities will equitably benefit. There is evidence (see annex to this case study) that Chiefs' awareness does not extend to the need for and rights of women to participate in governance. Further, this analysis assumes self-confidence is a key constraint to participation of women and minorities, when in fact, lack of support and serious bias of husbands and communities, along with lack of time and leadership skills, are much more serious constraints.</p> |

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| Beneficiaries | <p>Personnel of select provincial departments and district offices and rural households and urban businesses</p> <ul style="list-style-type: none"> • No analysis of likely gender/ethnic balance nor intended balance targets. • As majority of government personnel are male, the project is unlikely to benefit men and women equally. • Households and businesses are not people. Does 'businesses' refer only to business owners or does it include employees? • Focus on the household level analysis (like community' level) is not people-centred and is likely to mask bias within households, resulting in inequitable project impact (since the focus is mostly on the head of the households, which in most cases, is a man and because adults within one household can have different opinions and priorities and do not always fully share resources or information). • No analysis of how beneficiaries will benefit from the project provided. |
| Expected end of project situation | <p><i>"Greater dissemination of relevant information to enable citizens to better access services and play the role of active citizens."</i></p> <p><i>"Improvements in availability and reliability of education and health services should be evident by the end of the project, in several areas including those with ethnic groups."</i></p> <p>Project focus is on supply of information and services. The lack of focus on demand and access to services neglects where discrimination occurs and perpetuates attitude that government duty is simply to provide, not ensure citizens receive.</p> |
| Impact on decentralization and poverty alleviation | <p><i>"The improvements in delivering health and education services will contribute to substantive improvements in quality of life of poor households, and enable them to access the services they are entitled to..."</i></p> <p>Focus on the household level analysis (like 'community' level) is not people-centred and is likely to mask bias within households, resulting in inequitable project impact (since the focus is mostly on the head of the households, which is in most cases is a man and because adults within one household can have different opinions and priorities, do not always fully share resources or information, and are not have equal power). "Quality of Life of poor households" is likely to become equated with quality of life of the household head.</p> <p>Access to services is deeply gendered. For example, research in Lao has shown that a major constraint to women seeking health care is husbands' (or families') consent—rural women are usually often not able to seek care for themselves independently.</p> |
| Justification of the project | <p><i>The project will "contribute towards the attainment of a number of MDGs, notably those linked to poverty reduction, education, health, and gender equality".</i></p> <p>Claim to contribute to Gender Equality MDG is over-optimistic given the project inputs, approach, workplans, and TORs. If included to make the project responsible or accountable to this goal, the project plans need to include actions and resources to reflect this.</p> |

Part II: Strategy¹³³

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| Objectives, outputs, implementation partners during Phase II, inputs required, and risks | <p><i>Development Objective: To support the design and implementation of governance and public administration reforms related to functioning of provincial departments so as to improve delivery of selected basic services for rural households and urban businesses.</i></p> <p>As improvements in department function generally do not necessarily cause improved access by all men and women, especially the disadvantaged, the project will have to work carefully to advocate for reforms that benefit disadvantaged sections of the public.</p> <p><i>The rights based approach 'ensured' key concerns, including gender equality, were addressed in project revision.</i></p> <p>Invoking RBA is insufficient to 'ensure' key concerns are included. The inclusion of 'key' concerns should never be taken for granted or considered automatic. Experience shows that concerns not explicitly addressed in project documents are rarely addressed sufficiently in project implementation.</p> <p><i>Partners include Health and Education Departments.</i></p> <p>The Lao Women's Union is not identified as a partner at the management level, however it will participate in implementation with field workers. This type of 'partnership' affords the LWU very little scope to advocate on behalf of women as they will not influence project planning and decision making and will be expected to implement activities as directed from above.</p> <p><i>No gender or ethnic sensitive concerns, however the Project Support Coordinator TOR includes "proven commitment and experience in working with rights driven processes."</i></p> <p>Skills to work gender-sensitively (commiserate with the complex nature of the project) need to be specified in TORs. Experience with 'rights driven processes' may or may not include gender skills (the lack of gender sensitivity of the project document despite the use of RBA illustrates this).</p> |
| Part IV: Monitoring, evaluation, and reporting | <p>No mention of sex or ethnicity disaggregated data in entire section. Unless specified in plans and, later, monitored by the Unit, it is very unlikely data will be disaggregated by sex (or ethnicity).</p> <p>Baseline assessment only refers to 'household surveys'. As explained above, household level analysis is insufficient.</p> <p>Monitoring indicators and system is to be designed in the inception period.</p> <p>If no gender expertise is available during inception, monitoring will not be gender sensitive.</p> <p>Evaluation plans specify the need to pay attention to project outcomes including a sample of rural households. As explained above, household level analysis is insufficient to determine quality of outcomes for men and women.</p> |

133. This case study is focused on gender sensitivity in project design and gender mainstreaming gaps. It does not fully analyze project outputs.

| Annexes | |
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| Annex 2: Assessment of Phase I | <p><i>"The project has made efforts to ensure gender equality in participation in training. Following the Village Management Training, awareness of the rule of law and legal provisions on gender equity... have improved significantly among Village Chiefs and residents."</i> (emphasis added)</p> <p>It is unclear what evidence supports this claim, how it was assessed and if awareness is now sufficient. The gender analysis conducted towards the end of GPAR Luang Prabang I found Chiefs received very little information about gender and law.</p> <p><i>"Cost effectiveness in large-scale training is an important issue that the project is confronted with. The utility of large-scale training, like VMT is very high for the province."</i></p> <p>However, training component was discontinued and gender awareness and support for women's participation in governance remains low.</p> |
| Annex 4: Issues and activities for designing Phase II, arising from Task Force and Stakeholder Workshops | <p>Participants in Task Force and Stakeholder workshops not provided.</p> <p>Eight themes and possible activities are provided. The Gender Equality theme has five possible activities:</p> <ul style="list-style-type: none"> a) <i>Preparatory study on incentives for girl students to complete secondary school</i>—This is a positive women-specific activity, but there almost no other activities in the project document that address gender equality or women's needs. b) <i>Establish linkages with other gender projects</i>—Linkages that are not linked to specific outputs or outcomes are unlikely to have much use or impact (and, as such, are likely to receive little priority). c) <i>Encourage women to seek government employment</i>—Assumes problem is women's lack of desire. Research in Lao has shown that women face major biases in hiring, promotion, workplace culture, and human resource development. Women are likely to doubt government 'encouragement' unless these biases are addressed. Addressing the needs of women already in the government to improve job satisfaction and improve their chances of advancement would likely have more impact than simple 'encouragement'. d) <i>Policy guidelines to give attention to Female Headed Households (FHH)</i>—This is a positive activity, however it fails to recognize the needs of most Lao women (who are not FHH). Women who are not heads of households are responsible for a great deal of family management and they face many obstacles in accessing services. e) <i>Revise participatory planning guidelines to ensure equal participation of women</i>—How is participation defined? Attendance? Speaking out? Adoption of women's priorities? Participation too often consists of simple attendance. <p>The participation theme includes:</p> <ul style="list-style-type: none"> a) <i>Awareness building among village chiefs and communities on right to participate in local decision making.</i> b) <i>Awareness building in villages about importance of village chiefs and role of community in electing them.</i> c) <i>Partnership with UNV project to create wide community participation in preparation of village and district plans</i>—UNV project was successful at involving both genders in planning activities but does not account for different needs or priorities among men and women. d) <i>Participatory assessment of quality of service delivered in pilot districts</i>—Will this include gendered research and analysis that accounts for gender differences? e) <i>Participatory assessment of situation of businesses, with adequate gender representation</i>—Good, however it is unclear why only this activity should have 'adequate gender representation'. <p>These are generally activity 'add-ons' that do not reflect analysis of causes of problems and do not acknowledge that barriers to participation differ for different social groups. Any discussion of 'participation' should include gender and ethnicity or else furthers the assumption that women and minorities are special interests, outside of core project focus.</p> |

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| Annexes 5 & 6: Provincial Dept. linkages & GPAR Leading Committee | There is no linkage with provincial or central Women's Union in project outputs. The head of the provincial LWU is to be 1 of more than 10 members in a Leading Committee but will probably have neither influence on the committee (given its size) nor be able to monitor if project benefits men and women equitably. |
| Annexes 7-16: Project Team TORs | <p>No members of the Project Team have any gendered responsibilities nor do any selection criteria include gender analysis skills, or even basic gender awareness.</p> <p>No mention is made of attempts to have a gender balanced project team. While this concern is included in the UNDP recruitment process, some members of the Project Team are not hired through UNDP but by the government.</p> <ul style="list-style-type: none"> • <i>TA selection criteria include 'sound judgment, flexibility, and adaptability, cultural sensitivity.'</i> • <i>The PSC TOR includes "experience in working with rights driven processes" and Lao language.</i> <p>In particular, the Technical Advisor and Project Support Coordinator will need strong gender skills to implement this ambitious project in a gender sensitive way, especially considering lack of specific guidance in project document.</p> |
| Annexes 17 & 18: Baseline Assessment & Survey TORs | <p>The baseline assessment only mentions gendered data in regards to staffing. Actually, almost every area of the assessment has gender dimensions, e.g. community participation, service delivery arrangements.</p> <p>The baseline survey will "provide benchmarks on health and education services available to rural households and constraints they experience" and details eight data points to be collected. Access, availability, and constraints to services are deeply gendered (experienced differently by men and women) and cannot be adequately described with only household level surveys, which generally only consult heads of households and do disaggregate responses of men and women if women are included in interviews.</p> <p>The qualifications of the baseline survey consultants do not include any reference to gender sensitivity or skills and neither TOR requires data be disaggregated by sex or ethnicity.</p> |
| Background Note to the Project Document | <p>Challenges for Phase II include awareness of communities and grassroots participation, but description of these factors does not analyze gender dimensions, referring to 'residents' and 'citizens' collectively. <i>"Women and ethnic groups"</i> are merely mentioned as part of <i>"all sections."</i></p> <p>Gender equality is identified as a challenge, but <i>"fundamental social changes would be required to make a major impact"</i> and suggests affirmative action in girl education as a more acceptable option to provide <i>"a platform for greater opportunity for women in many walks of life."</i></p> <p>Participatory District Plans have limitations due to <i>"inadequacies of participation and inclusion in development of plans"</i>. The approach described is to give special attention to women and closely involve the LWU in entire process, from assessing needs to monitoring performance.</p> <p>The implementation plan calls for working <i>"closely with the district and village women's unions to incorporate gender dimensions."</i> It is unclear who will be implementing this and how GPAR LP intends to give special attention to women. According to gender analysis in GPAR LP I, the local LWU does not have this capacity. LWU can guide with local knowledge and may be able to help encourage women to participate in the process, however capacity to integrate gender must exist within the Project Team, not be sourced from the LWU.</p> |

C. KEY GENDER MAINSTREAMING LESSONS

- The Governance Unit needs complete understanding of gender issues in the sector and how to apply the values, principles and policies of UNDP, including Gender Equality, to their work.
- The CO needs a mechanism to monitor gender mainstreaming in projects commiserate to the scale, scope and pace of the UNDP Lao programme.
- Gender analysis, to be most useful, should occur prior to project formulation.
- Gender analysis findings may not be integrated into overall project design, even when available. Expertise and motivation are needed to apply gender analysis in project design.
- Support for gender equitable participation seems to have become near routine in UNDP projects.
- UNDP and partners may mistakenly assume equitable participation in meetings and planning sessions is sufficient to mainstream gender equality in development.
- Resources allocated to gender mainstreaming are wasted if not applied at the correct time in the project cycle.
- Gender equality principles are never ‘automatically’ included in a project, even when gender analysis has been conducted, a rights-based approach is used, or the project emphasizes local participation.
- Special measures to overcome the structural inequalities that constrain women’s participation in development (or access to services, etc.) need to be planned from the beginning of the project cycle to ensure correct sequencing and adequate resources (human and financial).
- Gender sensitivity in project implementation is a technical skill. The ability to discuss gender concepts and local gender issues alone are not sufficient to ensure equitable practices or outcomes.
- The project team, as well as the project implementation partner, need gender mainstreaming skills (awareness, local sectoral knowledge, analysis, implementation sensitivity, and monitoring). If national partners lack sufficient gender mainstreaming capacity, projects should allocate resources to training and/or hire technical expertise (preferably national).
- Time pressure can mean that project principles not specifically codified into actions and targets are lost or neglected until too late (good intentions are not enough).

