



ASSESSMENT OF DEVELOPMENT RESULTS **LAO PDR**

EVALUATION OF UNDP CONTRIBUTION



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ASSESSMENT OF DEVELOPMENT RESULTS: EVALUATION OF UNDP CONTRIBUTION – LAO PDR

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FOREWORD

This report presents an independent country-level evaluation conducted by the UNDP Evaluation Office in 2010. The evaluation examines the strategic relevance and positioning of UNDP support and contributions to the development of Lao PDR under the present UNDP country programme 2007-2011. The report assesses the results of UNDP interventions under various thematic areas and makes forward-looking recommendations for the next country programme starting in 2012.

During the past few decades, Lao PDR has made great progress towards its development goals despite arduous conditions. It is a small landlocked country with an ethnically diverse population in a mountainous terrain, a large portion of which is littered with unexploded ordnances from the past war, and the majority of the population relies on subsistence agriculture with limited access to infrastructure, public services and a modern market.

Lao PDR now seems to be on the path towards achieving one of its major policy goals, the graduation from the least-developed country status in 2020, with its pursuit of integration into the regional and global economy. Its legal framework is being aligned with international norms and standards.

The evaluation found that UNDP made significant contributions to these national efforts. It helped the Government strengthen local governance, enhance the transparency of parliamentary debates, introduce an environmental assessment of foreign direct investments, and put in place a national system for the clearance of unexploded ordnances. It supported the development of national capacities to respond to natural disasters, and to implement international treaties and conventions on human rights and the environment. It experimented with a community radio scheme that caters to human development needs of minority groups.

Most significantly, UNDP has been playing a lead role in supporting the Government coordinate aid. This is an extremely important task in a country where approximately 70 percent of public investment comes from external sources. Moreover, it has succeeded in helping the Government integrate poverty reduction and the MDGs into its national development plan.

The evaluation recognizes, however, that in many cases the results of UNDP's efforts are not yet evident. For example: the implementation of the national development plan has not yet directed sufficient resources to pro-poor sectors; the implementation of human rights and environmental laws require further capacity development; and, where the capacity of local governance has been enhanced, there is a need for an infusion of development funding to utilize that capacity. The evaluation also points out that UNDP's programme itself has not always been sufficiently pro-poor or gender-sensitive.

The evaluation suggests that: UNDP should help the country move further in the 'pro-poor' direction and make its own programmes more poverty- and gender-focused. UNDP should use the aid coordination more effectively to support the national effort jointly with other partners. It should pursue its good work on local governance, community radio, and environment-livelihood initiatives at the local level, and seek ways to further raise resources for these programmes.

The Evaluation Office sincerely hopes that this report would help UNDP in Lao PDR and its partners to further sharpen their effort to assist the Government and the people of Lao PDR in accelerating their march towards the bright future.



Saraswathi Menon
Director, Evaluation Office

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
ADR	Assessment of Development Results
AFTA	ASEAN Free Trade Area
ASEAN	Association of Southeast Asian Nations
BMO	Business Members Organizations
CCA	Common Country Assessment
CCF	Country Cooperation Framework
CEDAW	Convention to Eliminate All Forms of Discrimination against Women
CLMV	Cambodia, Lao PDR, Myanmar and Vietnam
CPAP	Country Programme Action Plan
CRC	Citizen Report Card
CPD	Country Programme Document
DCAW	District Committee for the Advancement of Women
DDF	District Development Fund
DIC	Department of International Cooperation, Ministry of Planning and Investment
DOS	Department of Statistics, Ministry of Planning and Investment
DRM	Disaster Risk Management
DTIS	Diagnostic for Trade Integration Strategy
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEF-SGP	Global Environment Facility Small Grants Programme
GEPR	Gender Empowerment and Poverty Reduction
GNI	Gross National Income
GOL	Government of Lao PDR
GPAR	Governance and Public Administration Reform
GPAR-SBSD	Governance and Public Administration Reform–Support for Better Service Delivery
GRID	Gender Resource Information and Development Centre
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit/German Technical Cooperation Agency

IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
ITC	International Trade Centre
Lao PDR	Lao People's Democratic Republic
LBA	Lao Bar Association
LDC	Least Developed Countries
NCAW	National Committee for the Advancement of Women
NIM	National implementation
LNCCI	Lao National Chamber of Commerce and Industries
LPRD	Lao People's Revolutionary Party
LSMP	Legal Sector Master Plan
LWP	Support to Lao PDR Water and Wetland Policy
LWU	Lao Women's Union
MAF	Ministry of Agriculture and Forestry
MDG	Millennium Development Goal
MEA	Multilateral Environment Agreement
MLSW	Ministry of Labour and Social Welfare
MOE	Ministry of Education
MOFA	Ministry of Foreign Affairs
MOH	Ministry of Health
MOIC	Ministry of Industry and Commerce
MOJ	Ministry of Justice
MPI	Ministry of Planning and Investment
NAPA	National Adaptation Programme of Action
NCSA	National Capacity Self-Assessment for Global Environment
NDMO	National Disaster Management Office
NERI	National Economic Research Institute
NGO	Non-Government Organization
NGPES	National Growth and Poverty Eradication Strategy
NHDR	National Human Development Report
NRA	National Regulatory Authority for UXO/Mine Action
NSEDP	National Socio-Economic Development Plan
ODA	Official Development Assistance
ODS	One Door Service

PACSA	Public Administration and Civil Service Authority (in Prime Minister's Office)
PCAW	Provincial Committee for the Advancement of Women
PEI	Poverty Environment Initiative
PRF	Poverty Reduction Fund
RTIM	Round Table Implementation Meeting
RTM	Round Table Meeting
RTP	Round Table Process
SBSD	Support for Better Service Delivery
SDC	Swiss Development Corporation
SDIS	Service Delivery Information System
SELNA	Support to an Effective Lao National Assembly
SMEs	Small and Medium-size Enterprises
SWG	Sector Working Group
UN	United Nations
UNAIDS	United Nations Fund for Aids Prevention
UNCDF	United Nations Capital Development Fund
UNCT	United Nations Country Team
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNODC	United Nations Office on Drugs and Crime
UNV	United Nations Volunteers
USD	United States Dollar
UXO	Unexploded Ordnances
WFP	World Food Programme
WREA	Water Resources and Environment Administration
WTO	World Trade Organization

EXECUTIVE SUMMARY

INTRODUCTION

The Assessment of Development Results (ADR) in the Lao People's Democratic Republic (Lao PDR) is an independent country-level evaluation conducted by the Evaluation Office of UNDP in 2010. Its objective is to assess UNDP's overall performance and contribution to development in Lao PDR during its most recent programming cycle (2007-2011) and to draw lessons for future strategies, particularly for the next programming cycle.

DEVELOPMENT CHALLENGES AND THE GOVERNMENT STRATEGY

Lao PDR has been striving for progress against arduous conditions. It has an ethnically diverse population in a mountainous terrain, the majority relying on subsistence agriculture with limited access to infrastructure, public services and modern market. The unprecedented bombings during the Second Indochina Wars left a vast portion of the countryside littered with unexploded ordnances (UXO) that threaten the lives and livelihoods of the poor. The ecosystem, on which the vast majority of the Lao people critically depend for their livelihood, is coming under severe pressure in recent times. The experience and institutional infrastructure necessary for dealing with the challenges of market-led development have been lacking.

For nearly a decade since the establishment of the Republic in 1975, the country was governed with a communist-model one-party political system and a centrally planned economy. A major turning point came in 1986 when the New Economic Mechanism was introduced to launch the transition to a market economy. Since the late 1990s, the country has also been actively pursuing integration with the global economy, by joining

the Association of Southeast Asian Nations (ASEAN) in 1997 and applying for accession to the World Trade Organization (WTO) in the same year. This has opened up Lao PDR to the burgeoning regional economy and, by signaling the policy of engagement with the global economy, provided the impetus for the start of rapid economic growth experienced by many of its neighbours. During the past decade, the country's economic growth has averaged around 6 to 8 percent annually. The government has been also active during this period in bringing its legal framework within global norms and standards. Lao PDR is now a party to six of the nine core international human rights treaties, as well as to ten multilateral environment agreements.

The constitution of Lao PDR, promulgated in 1991, recognizes the Lao People's Revolutionary Party (LPRD) as the nucleus of the political system. While the LPRD provides overall political leadership, the politburo and the central committee of the party make policy guidelines. Their decisions are ratified by party congresses held at five-year intervals. The government is run by the council of ministers. The National Assembly, whose members are popularly elected within a one-party format, performs legislative and oversight functions. An emerging judiciary is attempting to bring itself in line with modern judicial systems.

In recent years, the government has been engaged in administrative and legal reforms. Development policies have been guided by a succession of five-year National Socio-Economic Development Plans (NSEDP). The latest plan, the Sixth NSEDP, is coming to an end in 2010.

The first major strategy for poverty reduction was articulated through the National Growth and Poverty Eradication Strategy (NGPES), adopted

in 2003. The strategy identified the private sector as the main engine of pro-poor growth with the twin objectives of promoting sustainable growth and alleviating poverty. It pays special attention to the development of 72 poor districts, particularly the 47 poorest ones.

The government is also keen to develop strategies to meet its commitment towards the Millennium Development Goals (MDGs). These streams came together in the Sixth NSEDP, which integrated the NGPES and MDGs with mainstream development planning. These efforts have been motivated by Lao PDR's dual objective of meeting the MDG targets by 2015 and graduating from Least Developed Country (LDC) status by 2020.

The objective of graduating from LDC status within the next decade seems achievable in light of the rapid growth of the economy in the last two decades. GDP has grown at the rate of 6.5 percent per annum in the two decades since 1990, while per capita income has risen by 4.3 percent. The growth has been fast enough to bring poverty down through the trickle-down process. The poverty rate has come down from 46 percent in 1992-1993 to 33.5 percent in 2002-2003 and further to 27.6 percent in 2007-2008. At this rate, the country seems poised to meet the MDG target of halving poverty by 2015.

This would be a major accomplishment, but a number of development challenges remain. First, the high growth has been driven mainly by the expansion of resource-intensive sectors (forestry, mining and hydroelectric power). Since these sectors are not particularly labour-intensive, employment opportunities have not increased commensurately. Consequently a significant part of the population has not benefited from the growth. Disparities are particularly marked among the rural poor, women and ethnic groups.

Second, the latest analysis of progress towards achieving the MDGs shows a mixed picture. The country seems on course to meet a number of MDG targets such as those related to poverty

rate, access to safe water, child mortality, and primary school enrolment. However, a number of other targets, such as those on child malnutrition and maternal mortality, seem beyond reach. The targets of gender equality in various spheres of socio-economic life are off track. Expansion of resource-intensive sectors made meeting of some environment targets difficult.

At the time of present evaluation, the Government of Lao PDR was preparing the Seventh NSEDP for 2011-2015. The Seventh Plan is expected to fully integrate achievement of MDGs in 2015 as a key policy goal.

The Government of Lao PDR, in collaboration with its development partners, has developed an elaborate structure of aid coordination. The aim is to harmonize the aid programmes of various donors and to improve their effectiveness. Institutionally, the lynchpin of the aid coordination system is the Round Table Process (RTP), in which UNDP plays a leading role in assisting the Government of Lao PDR. This process has a vertical structure at the apex of which lies the Round Table Meetings (RTMs), convened every three years in Vientiane for high-level representatives of the government and the development partners to discuss ODA mobilization around major policy issues. Following the relocation of the RTMs from Geneva to Vientiane in 1999, the process has become largely government-led and managed with technical advisory support, mainly from UNDP and, to a lesser extent, from other development partners.

UNDP'S RESPONSE AND STRATEGIES IN LAO PDR

UNDP's country programme for the current cycle (2007-2011) is derived from the United Nations Development Assistance Framework (UNDAF) for Lao PDR covering the same period. The UNDAF defined its three broad outcomes in the areas of poverty and food security, social sectors, and democratic governance. These outcomes are closely aligned with the development objectives of Lao PDR as articulated in the Sixth

NSEDP. In formulating the country programme for 2007-2011 and the subsequent Country Programme Action Plan (CPAP), UNDP focused on two of the three broad themes of UNDAF – poverty and democratic governance. The third theme, social sectors, was left primarily to other UN agencies, although UNDP did have a project on HIV/AIDS and also responded to the outbreak of avian influenza through a joint UN response.

CPAP specified nine expected outcomes involving (1) improving access of the Lao people to land and natural resources, (2) developing pro-poor planning mechanisms, aid harmonization and disaster management, (3) creating an enabling environment for growth with equity, (4) strengthening capacity for gender empowerment and poverty reduction, (5) achieving success against HIV/AIDS, (6) ensuring a greater degree of people's participation in and contribution to public policy, (7) strengthening the rule of law and equitable access to justice, (8) improving public administration at national and local levels, and (9) ensuring progressive realization of international treaty obligations, including protection of human rights.

UNDP pursued these objectives through both programmatic interventions and other channels such as policy dialogue and awareness-raising activities. The total UNDP budget package for the projects and activities on achieving the nine outcomes over the programme period was USD 54.6 million. The resources that UNDP could actually mobilize, together with its own regular resources, exceeded this amount at the end of 2010. It is estimated to exceed the planned figure by around 35 percent by the end of the programme period.

MAIN CONCLUSIONS

Conclusion 1: UNDP of Lao PDR has been able to align its activities very closely with the stated goals and priorities of the government for long-term development and has been able to respond to unforeseen short-term needs.

The highest priority of the Government of Lao PDR is to graduate from the LDC status by 2020. To this end, the government has devised strategies to ensure rapid and pro-poor growth, to develop a legal and governance structure commensurate with a modern globalized economy, and to pursue economic growth in an environmentally sustainable manner. In all these areas, UNDP has been playing a major role in assisting the government in devising as well as implementing strategies. UNDP has also made a major contribution on the issue of special significance to Lao PDR – mitigating impact of UXO inherited from the Second Indochina War. While focusing mainly on long-term development, UNDP has also responded flexibly to meet the short-term needs of the government in dealing with natural disasters and epidemics.

Conclusion 2: UNDP has acquired the status of the most trusted and valuable development partner of the Government of Lao PDR quite out of proportion to the resources it contributes directly. While this has provided UNDP great leverage in pursuing its objectives with the government, sometimes it has compelled the organization to stretch its resources beyond its capacity and competence.

UNDP's perceived status as a 'neutral' development partner almost always stands it in good stead in terms of trust and respect from the governments with which it collaborates. This is also true in Lao PDR. An additional boost to UNDP's influence in the country comes from the leading role it plays in the aid coordination process.

To some extent, however, this position of trust and influence has acted as a double-edged sword. On the one hand, it gives UNDP a high degree of leverage in providing policy advice to the government and in pursuance of its programme objectives. On the other hand, it places excessive burden on the organization as it strives to fill the gaps in assistance, sometimes even when providing such assistance might be beyond its capacity and competence.

Conclusion 3: UNDP has performed its leadership role assiduously and effectively in assisting the government in the aid coordination process. This has provided the organization with a high degree of leverage in policy advocacy and made an impact on the formulation and evolution of successive NSEDPs. It requires continuous effort from all parties, especially UNDP as the lead development partner in this area, to ensure that development assistance is provided in a coherent, effective and efficient manner through coordination.

In a country where ODA accounts for over 80 percent of public investment and close to half of the national budget, coordination and harmonization of foreign aid assumes critical importance in the development process. UNDP has performed its role as the lead development partner assiduously and effectively in assisting the government in the aid coordination process. This has given it considerable prestige and influence with the government and among development partners. The impact is evident in the formulation and evolution of successive NSEDPs.

While much has been achieved, there are inherent difficulties of aid coordination that stem from differences among development partners in their agenda, policies and practices. Given Lao PDR's heavy reliance on ODA for public spending, it becomes all the more important for all the parties involved to make an extra effort to reach consensus on the strategy to follow, the roles to share and the approach to take. This would help to ensure that development assistance is provided in a coherent, effective and efficient manner.

Conclusion 4: UNDP has made serious attempts to promote the organization's values in the country's development process through its programmes and policy advocacy. There are, however, areas where further efforts are needed to make a difference in the lives of the Lao people at large.

Promotion of UN values – for example, with regard to poverty reduction and human development, achievement of the MDGs, respect for

human rights, elimination of gender discrimination, and sustainable development – has been a guiding principle of UNDP activities in Lao PDR. Meeting the MDG targets by 2015 has been declared by the government as the primary focus of the Seventh NSEDP (2011-2015). UNDP's policy advocacy has played a major role in ensuring this focus and its support in costing the MDGs has provided the foundation for formulating the sectoral policies of the plan. Lao PDR has made much progress in recent years towards ratifying the core international human rights treaties and multilateral environment treaties, thanks in large part to UNDP support.

Yet much remains to be done to ensure full respect for human rights within the country, especially to overcome capacity constraints in implementing policies and to provide effective access to justice to all the people, particularly those in remote areas. Something similar is true about gender equality and women's empowerment. There has been notable progress in some areas – for example, in increasing representation of women in the legislature and in the executive branch of the government at the national level. Gender discrimination, however, remains rife in a large part of social life, manifesting, for example, in violence against women. The gender-mainstreaming effort of UNDP's programme itself has had mixed results at best. The notable exception is a small but pioneering radio programme at the local level that has achieved remarkable success in raising awareness about gender-related issues within the target community.

Conclusion 5: A major objective of UNDP's programming in Lao PDR is to ensure that the country's quest for rapid growth is pursued in a pro-poor manner. It has achieved great success in putting the poverty and equity issues on the policy agenda of the government and in the formulation of national development strategies. However, the result achieved so far has been limited in terms of strategy implementation and resource allocation in a sufficiently pro-poor manner. UNDP's programme itself has not been pro-poor enough, making tangible results on the ground elusive.

Thanks in large part to UNDP's effort, the government's strategy has become increasingly pro-poor, and 'growth with equity' is now firmly on the agenda. The government has undertaken some pro-poor policies such as targeting development programmes to the poorest districts, and vocational training programmes run by some ministries. However, overall resources devoted to pro-poor policies and programmes have been too modest to make a significant impact. As a result, despite the high rate of economic growth in the last two decades, poverty has declined far too slowly, especially in the regions and population groups suffering most from high poverty incidence.

Even within UNDP's programme itself, activities have often been not specifically pro-poor where they could have been. For example, UNDP's trade-related projects have undertaken activities that may contribute to trade expansion in general, but do not promote policies that would direct the gains from trade to the poor or stimulate the pro-poor economic sectors. The project to support the private sector through the Lao National Chamber of Commerce and Industries was designed to strengthen entrepreneurship but did not address key constraints faced by the poor in translating the knowledge into practice. The UXO programme has contributed significantly to minimizing UXO's impact on all, but has not introduced a clear 'pro-poor' policy in its support in which the prioritization process could have directly targeted the alleviation of problems faced by the poor, especially of those whose livelihood compulsions make them vulnerable to UXO.

Conclusion 6: UNDP's support to governance reforms at the sub-national level has yielded some important lessons and achieved some good results. Follow-up actions are needed to translate these lessons into effective development outcomes and to sustain the results achieved by the reforms.

UNDP's experimentation with alternative financing mechanisms for development activities at the sub-national level has highlighted the potential of the District Development Fund (DDF), which gives adequate discretionary power to local authorities and at the same time

involves communities in the decision-making process. DDF strengthened the capacity of sub-national administrations to undertake development activities that are valued by the communities themselves. However, for this capacity to be sustained, it must be supported by increased flow of resources, which DDF as an experimental approach cannot itself provide. There is, however, a potential for linking up DDF with the World Bank's Poverty Reduction Fund (PRF), which also provides resources for local development but has not so far sought to strengthen the capacity of local administration.

Conclusion 7: UNDP's efforts at strengthening people's voice and participation in decision-making processes are yielding some tangible results.

UNDP undertakes a range of activities to strengthen the people's voice and participation in decision-making processes at both national and local levels. While this is not an easy task, some tangible results are emerging in a number of areas. The National Assembly members are better able to absorb and reflect the grievances of the public, thanks to a live hotline during parliamentary sessions and a streamlined system for complaints management. Village communities are better able to participate in planning for local development through a variety of initiatives involving poverty reduction, local-level governance, and sustainable use of natural resources. Small communities are better able to voice their concerns through their local radio. A legal framework has recently been put in place allowing civil society organizations to emerge and function more effectively.

Conclusion 8: UNDP's activities in the area of sustainable environment required reorientation of support to the implementation of policies and programmes and to local-level adaptation to environmental damage, paying particular attention to the environment-livelihood linkages. A beginning has been made in moving towards the right direction.

Until recently, UNDP's environment programme has heavily focused on strengthening national capacity to better understand and implement

global environmental concerns and conventions, especially those related to climate change. These efforts have raised awareness of the issues and increased the government's capacity to develop necessary policy frameworks and programmes. To effectively address the environmental challenges of the country, it is imperative to scale up the effort to help implement policies and programmes.

Moreover, UNDP should pay greater attention to the linkage between economic and developmental activities and environmental and natural resources. It is not so much the global climate change as the economic activities undertaken within the country that threatens the sustainability of both natural resources and people's livelihoods. Until recently, UNDP's environment programme did not pay this reality the attention it deserves.

This has been changing, however, with the introduction of, among others, the Poverty Environment Initiative (PEI), the GEF Small Funds Programme (GEF-SGP), and the Support to Lao PDR Water and Wetland Policy (LWP). As these initiatives are still very new, it is not possible at this stage to judge their potential impact. However, there is reason for hope, since all of them have put the right ingredients in place. Two of these ingredients are especially important: first, the recognition that environment and livelihoods are integrally linked, and, second, the realization that a sustainable environment-livelihood nexus can be created at the local level only with the help of the communities themselves.

Conclusion 9: UNDP can improve in several ways the efficiency with which its resources are used towards realizing its desired outcomes.

First, there is scope for exploiting potential synergies both across UNDP's own portfolio of activities and with other development partners working in similar areas. This is especially true of a whole range of activities each of which tries independently to involve the local community in participatory planning for local development. Second, UNDP can try to redress an evident mismatch between the scope of its programme and its resources, which compromises the

efficiency of resource use in several areas. It should not respond to every request that comes its way without taking into account its managerial capacity. Finally, whenever UNDP collaborates with other development partners in the same project, there is scope for improving the efficiency of resource use by avoiding as much as possible multiplicity of procedures for managing information and accounts. This, in turn, would help to avoid a heavy toll on the management capacity of the agencies they seek to help.

Conclusion 10: Sustainability of development outcomes promoted by UNDP of Lao PDR is subject to positive and negative influences. While the alignment of government priorities and UNDP's support is ensuring the ownership of results, the national institutional and financial capacity is still very weak for sustaining the results achieved without further support.

UNDP-supported activities are so well aligned with the priorities of the government that there is little question about the ownership of the effort and its results. The government will probably be keen to carry them forward. On the other hand, national capacity to continue necessary activities that ensure the sustainability of results is still very weak without support from donors. With a few exceptions, as in the case of support to the planning process, the projects have yet to create the national capacity for independent functioning. In a few cases where capacity has been created, as with the Community Radio Project and the DDF, sustainability requires supplementing capacity with sustained flow of resources.

RECOMMENDATIONS

Recommendation 1: As the government's lead development partner in aid coordination, UNDP should continue to take initiatives to ensure the system functions effectively. UNDP could also support the capacity development of the government and the National Assembly on monitoring and evaluation of policy impact and development assistance.

Effective aid coordination is crucial for Lao PDR, given its heavy dependence on external assistance. As the leading development partner in aid coordination, UNDP should take pro-active steps to ensure the process functions effectively. It should do this by helping the government to reinforce the sectoral working groups so that assistance is coordinated at the practical and programme levels, and by enhancing government capacity to monitor these groups' performance. It should also further promote closer involvement of emerging donors in the aid coordination process.

Further, for effective implementation of the National Socio-Economic Development Plan and maximizing contribution from development assistance to its implementation, the capacity of the government to monitor and evaluate policy and programme impact would need to be strengthened. UNDP could support such capacity development of the government as well as the National Assembly.

Recommendation 2: Taking advantage of its leadership role in aid coordination, UNDP should help the government to build consensus among development partners on priority actions for achieving national strategy goals, how the roles should be shared, what approach should be taken in implementing the activities, and how the activities should be financed. Through such a coordinating mechanism, UNDP should involve partners from the conceptualization stage of its projects and activities, rather than coming up with a proposal of its own and trying to mobilize funds ex post.

UNDP should take advantage of its leadership role in aid coordination, and help the government garner support around priority actions needed to achieve national strategy goals, while achieving better role sharing among development partners and securing funding required for implementing agreed priority actions. Through such a coordinating mechanism, UNDP should involve partners from the conceptualization stage of its projects and activities, rather than coming up with a proposal of its own and trying to mobilize

funds ex post, so as to ensure that partners are fully on board from the outset.

Recommendation 3: UNDP should focus on projects and activities more closely linked to its human development mandate and comparative strengths, reorienting existing activities where necessary.

While working together with the government and development partners through aid coordination, UNDP on its part should focus on activities that accord more closely with its human development mandate and comparative strengths – namely, directly poverty-focused activities, strengthening people's voice and participation, improving administrative capacity for better service delivery for the poor, and forging a strong nexus between sustainable livelihoods and sustainable environment.

Recommendation 4: UNDP could pursue the cause of gender equality more vigorously, based on a coherent strategy, in collaboration with UN Women, Lao Women's Union, Committees for the Advancement of Women at the national, provincial and district levels, and possibly other development partners. In doing so, it should also strive for better mainstreaming of gender in its own programmes as well as in various government departments and agencies.

In the present programming cycle, UNDP's efforts on the gender front have been seriously handicapped mainly by the failure to mobilize adequate resources for its Gender Empowerment and Poverty Reduction project. UNDP could seize the opportunity provided by the new joint project on gender to learn from past failures and to pursue the cause of gender equality and women's empowerment in Lao PDR more vigorously.

In working with partners, UNDP could bring in its expertise and experience in other sectoral areas, for example, to strengthen judicial system to handle violence against women in relation to legal sector reform, to extend the outreach of HIV/AIDS prevention measures to vulnerable groups, and to strengthen linkage between gender empowerment and poverty reduction in its policy support.

Recommendation 5: Based on the national strategy that features growth with equity, UNDP should make greater efforts to support the government in mobilizing resources towards implementing policies and programmes that would stimulate the pro-poor economic sectors, direct gains from economic growth to the poor and remove key constraints they face. UNDP should also pay more attention to designing its projects and activities in a pro-poor manner, addressing key constraints faced by the poor in the country, especially those who have difficulties in participating in and gaining from the growing economy.

The achievement of MDGs in general and poverty reduction in particular have now become central features of Lao PDR's national strategy. Translating this framework into actual policies and programmes that have a real impact on poverty reduction, however, requires much more effort and support. This includes directing and mobilizing resources to sectors and programmes that have strong poverty implications. UNDP should intensify its effort to support and advise the government in this regard. UNDP itself should pay much more attention to designing its projects and activities in a pro-poor manner, so that they are really addressing key constraints faced by the poor in the country, especially those who have difficulties in participating in and gaining from the growing economy.

Recommendation 6: The DDF mechanism for strengthening the capacity of sub-national administrations should be scaled up, replicated throughout the country, and supported with greater infusion of resources for its sustainability. UNDP should also attempt to spread the use of such mechanisms as the Citizen Report Card, the One Door Service, the Service Delivery Information System to improve the quality of service delivery.

Of the several alternative financing mechanisms for development projects at sub-national levels that UNDP has experimented with, the DDF has

proved the most promising. It should be scaled up and replicated throughout the country, but this needs additional resources. The mechanism developed would also not be sustainable without funds flowing through it. UNDP should explore the ways to secure resources to this end, including the possibility of linking DDF with the PRF, which provides a much larger volume of resources for development projects at the local level but without directly involving the sub-national administration.

The Citizen Report Card, the One Door Service, the Service Delivery Information System are also all promising innovations that, if scaled up efficiently, can potentially transform the quality of service delivery in Lao PDR.

Recommendation 7: UNDP's good work in strengthening people's voice and participation should be continued, with stronger efforts to involve the emerging civil society in the development process.

Starting from a base where civil society was virtually non-existent, UNDP has made a good beginning by helping the government create a legal framework within which local civil society organizations can operate. The next important step is to strengthen the emerging civil society by involving it in various activities of UNDP. Here, too, a beginning has been made, for example, by the GEF-SGP that aims to conserve biodiversity, improve water quality or reduce land degradation through cooperation with local communities supported by civil society organizations. This practice should be broadened across UNDP's portfolio involving such diverse areas as poverty reduction through participatory planning, governance reforms for better service delivery, and sustainable environment.

Recommendation 8: The environment programme of UNDP should continue its reorientation towards policy implementation and local-level interventions that aim to achieve both sustainable environment and sustainable livelihoods.

This reorientation is needed because locally created threats are more immediate and more pervasive in the case of Lao PDR. The reorientation process has already begun through projects such as the PEI, the GEF-SGP and the LWP. This process should be strengthened with greater infusion of resources. The funds available for climate change adaptation could also be reoriented towards these objectives.

Recommendation 9: The model of the Community Radio Project should be scaled up and replicated across the country.

The Community Radio Project in Khoun district has been highly successful in raising awareness among the ordinary people about issues affecting their daily lives and in enabling them to voice their concerns and interests more forcefully. This experience should be scaled up and replicated widely, in collaboration with other development partners and international NGOs with experience at the grassroots level. Ideally, UNDP could cooperate with an NGO (or an appropriate

non-profit entity), which could be entrusted with the operational responsibility of managing the expanded projects. UNDP, for its part, could play a coordinating role among development partners involved both as donors and as users of the radio.

Recommendation 10: For greater effectiveness and efficiency of resource use, UNDP should seek to exploit potential synergies among its various activities, especially with its local-level activities.

Great potential for synergies exist especially in the area of participatory planning for local-level development as several UNDP projects – spanning such diverse areas as poverty reduction, governance reform, environment and disaster risk reduction – have components that impinge on this area. Greater coordination across the projects can yield rich dividends. The potential synergy between these activities with the new Inclusive Finance project being launched jointly with UNCDF should also be explored.

Chapter 1

INTRODUCTION

1.1 OBJECTIVE AND SCOPE

The Assessment of Development Results (ADR) in Lao PDR is an independent country-level evaluation conducted by the Evaluation Office of UNDP in 2010. Its objective is to assess UNDP's overall performance and contribution to development in Lao PDR during its most recent programming cycle (2007-2011) and to draw lessons for future strategies, particularly for the next programming cycle.

This ADR examines UNDP's strategy and performance under the ongoing Country Programme Document (CPD) 2007-2011 for Lao PDR and its Country Programme Action Plan (CPAP) 2007-2011. The experience of the previous Country Cooperation Framework (CCF) 2002-2006 was also considered, but the main focus was on the most recent programme cycle because the last ADR for Lao PDR has already covered the preceding cycle. While carrying out the evaluation, the ADR has viewed UNDP projects and activities as part of the broader United Nations Development Assistance Framework (UNDAF) 2007-2011. In doing so, UNDP's activities were seen in the context of the activities of the UN Country Team (UNCT) as a whole, under the overall guidance of the UN Resident Coordinator, who in Lao PDR also happens to be UNDP's Resident Representative.

1.2 EVALUABILITY

In terms of evaluability, the present assessment had the advantage of learning from the ADR for the preceding programme cycle.¹ The recent

Mid-Term Review of CPAP, which has evaluated UNDP's performance in achieving its intended outcomes by, inter alia, measuring their respective indicators and comparing them with the baseline and the target figures, has also helped. Further help has been provided by a number of evaluations of specific programmes. The evaluations of governance and administrative reform programme, the UXO sector, and a cluster of environment projects were particularly helpful. On the other hand, the evaluation confronted the fact that several key projects in the present cycle were relatively new. Therefore, it was too early to assess their development outcomes. For such cases, the team has tried to make as best a judgement as possible based on the projects' potentials and the challenges they face.

1.3 METHODOLOGY

1.3.1 ADR METHODOLOGY

An ADR is a broad evaluation of a UNDP country programme that goes beyond the assessment of the extent to which the UNDP country office has been able to achieve the target outcomes as set out in the CPAP. It goes a step further to judge whether and to what extent these outputs have helped the country to achieve its own development goals. Furthermore, instead of taking the goals set by the country office as given, an ADR also evaluates those goals in terms of their relevance and priority. This, in turn, is done in view of the needs and priorities of the country as well as the values and norms of UNDP and the UN in general. Finally, an ADR tries to evaluate whether the strategies pursued by the country

1. UNDP Evaluation Office, 'Assessment of Development Results: Evaluation of UNDP's Contribution: Lao PDR', New York, 2007.

office are consistent with and conducive to the achievement of the country's development goals. In short, an ADR undertakes a comprehensive evaluation of the extent to which the country office's overall activities have contributed towards national development, consistent with UN values and norms.

These characteristics of the ADR entail a number of implications for evaluation methodology. First, the ADR would not evaluate in detail every project in terms of its own stated outputs and outcomes. The ADR recognizes that, since several activities may contribute to the same outcome, UNDP's contribution towards development results is more than just the sum of outcomes of individual interventions. Accordingly, while taking cognizance of the findings of evaluation reports and other assessments of individual activities, the ADR seeks to assess the results achieved by UNDP's contribution as a whole. Second, the ADR will try to link the outcomes at the programme level to development outcomes at the country level. While acknowledging the inherent difficulty of establishing rigorous causal connections, the ADR seeks to overcome this problem by adopting the principle of triangulation by cross-checking the evaluator's judgement against the opinions of several alternative sources. These sources include relevant government officials, donor agencies, professional experts and members of the civil society – as well as documentary evidences ranging from those in project documents and evaluation reports, national policy documents, and a number of studies and surveys on issues relevant to the ADR.

1.3.2 PROCESS AND DATA SOURCES

The evaluation team found the ADR of the preceding programme cycle in Lao PDR very useful as a backdrop.² It also benefited from the Mid-Term Review of the current CPAP, even

though it was available only after the main mission was conducted.³ In addition, a large number of project reviews and evaluations were used to corroborate what the team obtained from key informants. The evaluation team conducted desk studies and a series of interviews in two rounds. The main mission was undertaken in Lao PDR from 26 April to 14 May 2010, followed by a short mission from 24 to 28 May 2010. During these missions, the team made several field visits to observe the project sites and activities and to interview various stakeholders, including implementing partners and direct beneficiaries. The present report builds on an inception report prepared in April 2010, based partly on desk research and partly on initial explorations and discussions with the UNDP country office by the task manager in March 2010. Most of the information and evidence used in the present report was gathered during the evaluation team's missions. The lists of persons interviewed and documents consulted are provided in Annexes 2 and 3 respectively.

1.3.3 PROJECT SAMPLING

Another methodological issue relates to the choice of projects to be examined. Since UNDP seeks to achieve the desired outcomes primarily, though not exclusively, through the projects it undertakes, it is necessary to examine them in some detail. However, as noted above, an ADR is not meant to provide a comprehensive and detailed evaluation of every project. The team selected a representative sample of projects, which either singly or in combination with other projects, would provide enough insight into the success or failure in achieving the desired development outcomes. The list of projects selected for in-depth review is given in Box 1.

In choosing the sample, the following considerations were kept in mind: (a) a mix of projects that would yield the full range of outcomes, (b) a mix

2. UNDP Evaluation Office, 'Assessment of Development Results: Evaluation of UNDP's Contribution: Lao PDR', New York, 2007.

3. Balakrishnan, S., 'Mid-Term Review of the UNDP Country Programme Action Plan (CPAP) 2007-2011 for Lao PDR', UNDP Lao PDR, Vientiane, 2010.

Box 1. List of Projects Selected for In-Depth Review

Poverty Reduction and Crisis Management

1. Project ID 53063: Support to the National Socio-Economic Development Plan (NSEDP)
2. Project ID 39325: National Human Development Reports (NHDR)
3. Project ID 53433: Promoting the Private Sector through LNCCI
4. Project ID 54101: Support to ASEAN Integration (Phase II)
5. Project ID 56639: Support to WTO Accession
6. Project ID 13337: Support to UXO Lao
7. Project ID 44218: Support to National Regulatory Authority for the UXO Sector
8. Project ID 58735: Disaster Management and Risk Reduction Capacity Development

Governance

1. Project ID 56568: Governance and Public Administration Reforms – Support to Better Service Delivery (SBSD)
2. Project ID 45991: Governance and Public Administration Reforms (GPAR) in Luang Prabang
3. Project ID 43575: Governance and Public Administration Reforms (GPAR) in Saravane
4. Project ID 45515: Governance and Public Administration Reforms (GPAR) in Sekong
5. Project ID 41021: Governance and Public Administration Reforms (GPAR) in Xieng Khouang
6. Project ID 52497: Support to Lao Bar Association
7. Project ID 69660: Joint Programme of Support to the National Assembly
8. Project ID 62427: Support to International Law
9. Project ID 55484: Support to Civil Society Capacity Building
10. Project ID 49934: Khoun Community Radio

Environment

1. Project ID 64088, 71859, 72674: Poverty Environment Initiative (PEI)
2. Project ID 57426: Support to Lao PDR Water and Wetland Policy: Participatory Wetland Management in Attapeu (LWP)

Gender Empowerment

1. Project ID 52574: Gender Empowerment

of projects representing all programme and main thematic areas, (c) some project(s) representing the cross-cutting issue of gender, (d) projects from both programme cycles, with more emphasis on the recent cycle, (e) projects covering more than one mode of execution, (f) projects covering more than one type of partnership, and (g) some projects that require field research and some that do not. The chosen projects fulfil all these criteria. Finally, some projects have been chosen in pairs, either because they are very closely related in terms of the nature of activities or because one sequentially builds on the other.

1.3.4 EVALUATION CRITERIA AND METHODS USED

Following the ADR methodology developed by the UNDP Evaluation Office, UNDP's contribution to the development of Lao PDR

has been evaluated from two perspectives – thematic/programme areas and strategic positioning of UNDP. The assessment of UNDP's strategic position involves an examination of the extent to which the organization has devised its programmes and strategies in line with the goals and strategies of the Government of Lao PDR, keeping in view the overarching objective of promoting UN values. The team also studied how UNDP has anticipated and responded to significant changes in the national development context within its core areas of focus, while exploiting the network of development partners based on their respective comparative strengths. This assessment was carried out according to the following three criteria:

- **Relevance and responsiveness:** The extent to which UNDP's programmatic interventions as well as non-programme activities

have addressed the development challenges of Lao PDR, and how UNDP has responded to significant changes in national development challenges and priorities and to any unanticipated crises or emergency.

- **Forging strategic partnerships and exploiting comparative strengths:** Whether UNDP has brought to bear its own strengths or, through partnerships and alliances, has exploited comparative strengths of other partners that may be of vital importance on a set of programmes.
- **Contribution to UN values from a human development perspective:** The extent to which UNDP activities in Lao PDR contributed towards advancing UN values such as reducing poverty, promoting gender equity, addressing the needs of the vulnerable and the disadvantaged, and assisting the attainment of MDGs.

The assessment through programme areas has been organized around a number of developmental outcomes that UNDP sought to promote in Lao PDR through various projects and non-project activities. The extent of UNDP's success in achieving these outcomes, as well as development results to the country, was assessed according to the following four criteria:

- **Relevance:** The extent to which UNDP activities in each programme area was coherent with human development needs, UNDP's mandate, existing country strategies and policies, adequacy of resources (both financial and human), and standards and recognized good practices.
- **Effectiveness:** The extent to which the intended results of UNDP interventions have been attained, whether unintended results

have also emerged, and the extent to which the UNDP interventions have affected the actual development situation of the country.

- **Efficiency:** The extent to which UNDP has succeeded in making the best possible use of resources – both financial and human – in pursuing its objectives.
- **Sustainability:** The likelihood that the results and benefits generated through UNDP interventions will continue to exist even after the closure of the interventions or when the interventions are carried out at a lower level of external support.

The four criteria were, however, not applied equally. For relevance and effectiveness, the evaluation team examined UNDP's performance and contributions to development results by project (for sample projects above) and by theme. The results of this examination are presented by theme and sub-theme in Chapter 5. However, for efficiency and sustainability, the evaluation team did not analyse individual projects or programme outcomes based on these criteria. First, unlike relevance and effectiveness, for which information on programme outcomes and achievements is largely available, efficiency and sustainability relate mostly to how individual projects were operated. Such information was not readily available. Secondly, as the ADR is a strategic evaluation, addressing operational problems of individual projects falls outside its scope. Rather, the evaluation team focused on efficiency and sustainability issues that relate to the features of the country programme as a whole. It also examined those issues observed during the investigation that are by their nature considered common across programme areas and themes. Hence, the analysis of efficiency and sustainability is presented not by programme areas, but altogether in one section of Chapter 5.

Chapter 2

DEVELOPMENT CHALLENGES AND NATIONAL STRATEGIES

2.1 THE COUNTRY AND ITS CHALLENGES

Lao PDR is a small, mountainous, landlocked LDC bordering Cambodia, China, Myanmar, Thailand, and Viet Nam. It was established in 1975, succeeding the Kingdom of Laos, after decades of civil war and involvement in the larger Indochina War.

For nearly a decade since its inception, Lao PDR was governed by a communist-model one-party political system and a centrally planned economy. A major turning point came in 1986 when the New Economic Mechanism was introduced to launch the transition to a market economy. Since the late 1990s, the country has also been actively pursuing integration with the global economy, by joining the regional Association of Southeast Asian Nations (ASEAN) in 1997 and applying for accession to the World Trade Organization (WTO) in the same year. This has opened up the country to the burgeoning regional economy and, by signalling the policy of engagement with the global economy, provided the needed impetus for the start of the rapid economic growth experienced by many of its neighbours. The economic growth during the past decade has average around 7 to 8 percent annually.

The constitution of Lao PDR, promulgated in 1991, recognizes the Lao People's Revolutionary Party (LPRD) as the nucleus of the political system. While the LPRD provides overall political leadership, the politburo and the central committee of the Party make policy guidelines. Their decisions are ratified by party congresses

held at five-year intervals. The government is run by the Council of Ministers. The National Assembly, whose members are popularly elected within a one-party format, performs legislative and oversight functions. An emerging judiciary is attempting to bring itself in line with modern judicial systems.

During the last decade, the government has been active in bringing its legal framework within global norms and standards. Lao PDR is now a party to six of the nine core international human rights treaties, covering such aspects as civil and political rights, corruption and discrimination against women. It is also a party to ten multi-lateral environment agreements on issues ranging from climate change, bio-diversity, and cultural and natural heritage to endangered species.

Lao PDR is comprised of 17 provinces and 141 districts, with the provincial and district governors enjoying a high degree of executive and fiscal powers. The extent of their fiscal power is evident from the fact the provinces collect as much as 60 percent of total government revenue and retain almost 90 percent of what they collect, and they account for 45 percent of all government expenditure.⁴ The provincial and district governors have the power to negotiate foreign funds (up to a certain limit) without obtaining prior approval from the central government. This high degree of regional autonomy can be a source of either strength or weakness, depending on how the autonomy is used and what structures of accountability are put in place. The accountability structures are rather weak now. Over the

4. World Bank, 'Lao PDR Public Expenditure Review: Integrated Fiduciary Assessment', Vientiane, 2007.

past decade, the government has been undertaking public administration reform to improve the structures, functioning, and management of government organizations. Efforts are underway to assert greater central authority and accountability (fiscal and administrative) over provincial finances and programme operations.⁵

The high degree of autonomy of the sub-national authorities in Lao PDR is a consequence of its history and geography characterized by exceptionally high geographic and ethnic diversity. Lao PDR is one of the most ethnically diverse countries in the world. At present, 49 ethnic groups are officially recognized, with a large number (160) of sub-groups and over 200 different languages. Remote, highland regions are generally populated by ethnic minorities who collectively make up almost half of the total population of nearly six and half million. The majority group (Lao-Loum) is traditionally linked to lowland paddy rice production and is more urbanized, while the minority groups are traditionally more linked to shifting cultivation in the rural uplands. This diversity poses many challenges for the government and development partners. All these groups have different languages, different cultural belief systems and practices, and different livelihood patterns, which if not handled carefully can stymie the country's efforts at modernization. On the other hand, the ethnic and cultural diversity can be a very valuable asset for the country, provided all the groups are enabled to participate fully in the Lao society and in the modern economy.

Another grave challenge facing Lao PDR is the tribulation of unexploded ordnances (UXO) as remnants from the Second Indochina War. During the period from 1964 to 1973 more than 500,000 bombing missions dropped over two million tons of ordnance on the country making it, per capita, the most heavily bombed nation in the world. Approximately 25 percent of the country's 10,000 villages are blighted by these

remnants of war. It is estimated that as many as 80 million of the munitions failed to explode, remaining scattered throughout the country. In addition, over four million large bombs were dropped and extensive ground battles in some provinces left behind substantial amounts of other UXO, including mortars, artillery shells, landmines and grenades. Overall, nearly 50 percent of the country is contaminated by UXO, which poses enormous challenges for the safety and security of the people, as well as limits to economic expansion.⁶

The population continues to grow at a rate of just under 2 percent, with 55 percent of the people being under 20 years of age. The challenges that such demographic trends pose, in terms of both employment prospects and human development advances, are further compounded by extremely low population density. Lao PDR is a sparsely populated country, with a density of 24 people per square kilometre, one of the lowest in South-East Asia. This low density combined with varied topographical terrain makes developmental – be it the creation of infrastructure or providing health and education services – hugely expensive.

The incidence of HIV/AIDS remains low in Lao PDR, but rapid regional developments and cultural changes are increasing vulnerabilities. Additionally, major challenges pertaining to the environment are becoming evident. Economic expansion combined with population growth intensifies utilization of land and other natural resources, increasing pressures on the environment. The Lao people are highly dependent on natural resources and the environment for their food security and livelihoods. Approximately 40 percent of the rural population is considered at risk of becoming food insecure because of either loss of access to natural resource, floods, drought or a sudden increase in food prices. Directly and indirectly, natural resources contribute almost three quarters of per capita GDP and more than 90 percent of employment. Almost 60 percent of

5. So far, tax and customs have been re-centralized.

6. United Nations, 'The Lao People's Democratic Republic: The Country Context', available at <http://www.unlao.org/Country_Information/countryinfo.asp>

foreign direct investment in Lao PDR is related to natural resources. Aquatic resources account for as much as 70 to 90 percent of protein intake in parts of lowland Lao PDR. Non-timber forest products are estimated to make up 40 percent of total rural income. Forest resources, which once covered about 70 percent of total land area, had declined to 42 percent by 2002. Widespread soil erosion resulting from the loss of forest cover, especially in the uplands, and shorter fallow periods have led to declining agricultural productivity.⁷

2.2 DEVELOPMENT STRATEGIES

Lao PDR has been striving for progress against these arduous conditions. The government is facing this multifaceted challenge with a wide range of economic, administrative and legal reforms. From the beginning of the transition, the country's economic activities have been guided by a succession of five-year plans – the National Socio-Economic Development Plan (NSEDP). The latest plan, the Sixth NSEDP, is coming to an end in 2010. The first major strategy for poverty reduction was articulated through the National Growth and Poverty Eradication Strategy (NGPES), adopted in 2003.⁸ The document highlighted cross-cutting themes such as capacity development, UXO, HIV/AIDS, gender and the environment. The strategy identified the private sector as the main engine of pro-poor growth with the twin objectives of promoting sustainable growth and alleviating poverty. It focused on four key sectors: agriculture and forestry, infrastructure, education, and health. Special emphasis was laid on targeting development activities to 72

poor districts, with priority being accorded to 47 poorest ones.

The government has also been keen to develop strategies to meet its MDG commitments. All these streams came together in the Sixth NSEDP, which integrated the NGPES and MDGs with mainstream development planning. The integrated strategy emphasized the central role of the private sector and foreign direct investment (FDI) in promoting economic growth.⁹ All these efforts have been motivated by Lao PDR's dual objective of meeting the MDG targets by 2015 and graduating from the LDC status by 2020.

The objective of graduating from the LDC status within the next decade seems achievable in light of the rapid growth of the economy in the last 20 years. The annual average rate of growth in the two decades since 1990 has been 6.5 percent, with a slight acceleration from 6.3 percent in the 1990s to 6.8 percent in the 2000s. With population growth slowing from 2.6 percent per year in the 1990s to 1.8 percent in the 2000s, the acceleration in the rise of per capita income has been even more significant – from 3.6 percent to 4.9 percent per year. Per capita GDP increased mildly from USD 238 in 1990-1991 to USD 310 by 1999-2000, but then jumped sharply to USD 906 by 2008-2009.¹⁰

The growth of per capita income has been fast enough to bring poverty down.¹¹ According to nationally representative Laos Expenditure and Consumption Surveys carried out at five-yearly intervals, the poverty rate came down from 46 percent in 1992-1993 to 33.5 percent in 2002-2003 and further to 27.6 percent in 2007-2008.¹² At this rate, the country seems poised

7. Ferguson, A., 'Evaluation of UNDP Lao PDR Environment Programme', Environment Unit, UNDP Lao PDR, Vientiane, 2009.

8. GOL, 'National Growth and Poverty Eradication Strategy (NGPES)', Government of Lao PDR, Vientiane, 2003.

9. GOL, 'National Socio-Economic Development Plan (NSEDP) 2006-2010', Committee for Planning and Investment, Government of Lao PDR, Vientiane, 2006.

10. In purchasing power parity (PPP) dollars, per capita GDP was about USD 2200 in 2008/2009.

11. Apart from the 'trickle down' effect, targeted poverty reduction programmes may also have played a role, but, as discussed in Chapter 5, these effects are unlikely to have been substantial.

12. DOS, 'Poverty in Lao PDR 2008: Lao Expenditure and Consumption Survey 1992/93-2007/08', Department of Statistics, Ministry of Planning and Investment, Government of Lao PDR, Vientiane, 2010.

to meet the MDG target of halving poverty by 2015. This would be a major accomplishment for Lao PDR.

A number of development challenges, however, remain. First, the high growth has been driven mainly by the expansion of resource-intensive sectors (forestry, mining and hydroelectric power), which in turn has been driven mainly by FDI.¹³ Since these sectors are not particularly labour-intensive, while average income has grown rapidly, employment opportunities have not increased commensurately. Consequently a significant part of the population has not benefited from the growth and inequality has also increased.¹⁴ Disparities are particularly marked among the rural poor, women and ethnic groups. Poverty in rural areas is twice as high as in urban areas and the majority of the population (82.9 percent) lives in rural and remote areas without access to basic infrastructure and services. Ethnic minorities suffer from a much higher level of poverty than the majority group. Thus, the expenditure and consumption survey of 2002-2003 shows that while average poverty in the country was 33.5 percent in that year, the majority group Tai-Kadai (also known as Lao-Loum) had a poverty rate of just 25 percent. The three broad minority groups of Tibeto-Burman, Hmong-Mien and Mon-Khmer suffered much higher poverty rates of 40, 45.8 and 53.7 percent respectively. There was also significant regional variation. The poverty rate was lowest in the southern region (32.6 percent), followed by the central region (35.4 percent) and the northern region (37.9 percent).¹⁵

Second, the latest analysis of progress towards achieving the MDGs shows a mixed picture. While the country seems on course to meeting a

number of MDG targets (such as those related to poverty rate, access to safe water, child mortality, and primary enrolment), others are clearly beyond reach (Box 2).¹⁶ The most conspicuous are the targets of child malnutrition and maternal mortality. The proportion of children undernourished has remained stubbornly fixed at just under 40 percent despite two decades of rapid economic growth. Maternal mortality is falling only very slowly. In education, while enrolment targets seem likely to be met, high dropout rates mean that ensuring primary education to all would remain elusive. The targets of gender equality in various spheres of socio-economic life would also in general remain unfulfilled. Finally, economic expansion largely dependent on resource-intensive sectors has made it even more difficult to meet the targets on environmental sustainability, which has been seriously off track.

On the UXO issue, the government has been making a progressive effort. With support from UNDP and other partners, the government has established a national strategy – called the Safe Path Forward – to tackle these remnants of war. It has also set up two national bodies to implement this strategy: the national clearance operator, UXO Lao, and the inter-ministerial National Regulatory Authority for UXO/Mine Action (NRA), which is the policy and supervisory body of UXO action. Given the weight of this problem, the government set a country-specific ninth MDG, the reduction of the impact of UXO, and is hosting the First Meeting of States Parties to the Convention on Cluster Munitions in 2010.

At the time of the evaluation, the Government of Lao PDR was preparing for the Seventh NSEDP

13. Thus, in 2007/2008 and 2008/2009, the mining and power sectors alone accounted for more than half of GDP growth. Source: World Bank, 'Lao PDR Recent Economic Developments', Lao PDR Economic Monitor No. 14, Vientiane, 2009; and 'Lao PDR Recent Economic Developments', Lao PDR Economic Monitor No. 15, Vientiane, 2010.

14. The Gini coefficient of the consumption distribution increased from 30.5 in 1992/1993 to 32.6 in 2002/2003 and further to 35.4 by 2007/2008. See, DOS, 'Poverty in Lao PDR 2008: Lao Expenditure and Consumption Survey 1992/93-2007/08', Department of Statistics, Ministry of Planning and Investment, Government of Lao PDR, Vientiane, 2010.

15. Andersson, M., Engvall, A. and Kokko, A., 'Determinants of Poverty in Lao PDR', Working Paper No. 223, Stockholm School of Economics, Stockholm, 2005.

16. GOL and UN, 'Millennium Development Goals Progress Report, Lao PDR 2008', Government of Lao PDR and the United Nations, Vientiane, 2008.

Box 2. Can Lao PDR Meet the MDGs? (2008)

Target	Seriously off track	Off track	On track	No target	Data gaps	Comments
Goal 1: Eradicate Extreme Poverty and Hunger						
Reduce extreme poverty by half			✓			The poverty target will be met, but increasing inequality needs urgent policy attention. Slow decline in child malnutrition threatens achievement of other MDG targets. Around 80 percent of workers are still engaged in subsistence-oriented agriculture.
Reduce hunger by half	✓					
Achieve full and productive employment and decent work for all				✓		
Goal 2: Achieve Universal Primary Education						
Universal primary schooling		✓				Net enrolment rates are satisfactory, but low completion rates keep the target off track. Incomplete schools are strongly correlated with dropout rates.
Goal 3: Promote Gender Equality and Women's Empowerment						
Eliminate gender disparity in all levels of education		✓				Gender disparity in education is reducing overall, but very slowly, and increases with the level of education. The target is on track at the primary level only. The lowest enrolment is among ethnic girls in rural areas.
Goal 4: Reduce Child Mortality						
Reduce mortality of under-5-year-olds by two-thirds			✓			While still high, child mortality rates are reducing satisfactorily. The national measles immunization target is unlikely to be met.
Goal 5: Improve Maternal Health						
Reduce maternal mortality by three-quarters		✓				In spite of regular decline, the Maternal Mortality Ratio is unacceptably high. The proportion of births attended by skilled attendants increased by less than 1 percentage point per year. There are a high proportion of women with little or no access to reproductive health still.
Universal access to reproductive health	✓					
Goal 6: Combat HIV/AIDS, Malaria and Other Diseases						
Halt and reverse the spread of HIV/AIDS				✓		Lao PDR remains a low-prevalence but high-risk country for HIV/AIDS. Malaria is among the top three causes of morbidity and mortality, but good progress was made. If the current trend on prevalence estimates continues, tuberculosis control is on track for halving prevalence by 2015.
Achieve universal access to HIV/AIDS treatment for those in need					✓	
Halt and reverse the spread of malaria			✓			
Halt and reverse the spread of TB			✓			
Goal 7: Ensure Environmental Sustainability						
Reverse loss of environmental resources	✓					Forests are declining at a rapid pace, with biodiversity loss representing an additional large issue for Lao PDR. Urban areas are likely to meet the improved drinking water and sanitation targets. There is still limited access to improved drinking water and sanitation in rural areas, however.
Reduce rate of biodiversity loss				✓		
Halve proportion without improved drinking water in rural areas		✓				
Halve proportion without improved drinking water in urban areas			✓			
Halve proportion without sanitation in rural areas		✓				
Halve proportion without sanitation in urban areas			✓			

Explanation: On track = Country is likely to meet the target. Off track = Country is unlikely to meet the target because it is progressing at a too-slow pace. Seriously off track = Country is highly unlikely to meet the target because no progress was made or it is regressing.

Source: Government of Lao PDR and the United Nations, Millennium Development Goals Progress Report, 2008.

(2011–2015). Accordingly, it has been conducting extensive consultations – both internally and with development partners – to secure the broadest possible cooperation for the plan’s implementation. The Seventh NSEDP is expected to fully integrate achievement of MDGs in 2015 as a key policy goal. In order to achieve this, further support will be needed.

All in all, Lao PDR has made quite remarkable strides, albeit amid difficult conditions, in achieving overall economic growth and in bringing its national economic and legal frameworks within international standards and norms. The general challenge remains in bringing economic benefits to a wider range of the population, especially the poor, and in translating those frameworks into policies and regulations capable of producing results.

2.3 DEVELOPMENT COOPERATION

The economy of Lao PDR is excessively dependent on foreign capital in general and official development assistance (ODA) in particular. During the Sixth NSEDP (2006–2010), total investment was USD 12.4 billion, of which FDI amounted to USD 8 billion. ODA was USD 2.28 billion.¹⁷ Thus, some 83 percent of all investment during the five-year period was financed by foreign capital (FDI and ODA combined). FDI alone accounted for nearly two-thirds of all investment, which demonstrates the heavy dependence of Lao PDR’s growth on foreign investment.¹⁸

During the same period, the government’s total budgetary expenditure was around USD 5.16 billion, out of which public investment was USD 2.72 billion. These figures suggest that ODA

(USD 2.28 billion) amounted to 44 percent of the entire government budget and as much as 84 percent of public investment. This demonstrates the magnitude of Lao PDR’s dependence on ODA. In reality, the dependence is higher than what these figures suggest, because not all foreign aid is included in the budget. Assistance from many non-DAC countries, amounting to 30 to 35 percent of total foreign aid, remains off-budget.¹⁹

One redeeming feature is that the major part of ODA is offered in the form of grants. During the Sixth Plan period, as much as 58 percent of all ODA came as grants and the remainder as concessional loans. This has helped the country to keep its external debt burden at manageable levels. On average, the outstanding public debt of Lao PDR has remained below 60 percent of GDP. By international standards, this is a safe level of exposure.

Yet another reason for this relative safety is that, as a proportion of GDP, ODA is not exceptionally high. During the Sixth Plan period, ODA amounted to less than 10 percent of GDP, which is not uncommon for poor developing countries. Lao PDR’s heavy dependence on ODA stems from its inability to mobilize enough domestic resources. During the Sixth Plan period, government revenue was about 12 percent of GDP. Current expenditure absorbed over 9 percent of GDP, leaving precious little for investment purposes. This is what necessitates Lao PDR’s dependence on ODA.

The sources of ODA in the first three years of the Sixth NSEDP are reported in Table 1. The table shows that bilateral aid is by far the most important source of foreign assistance, accounting

17. These figures are extracted from GOL, ‘Draft Seventh National Socio-Economic Development Plan (2011–2015): Executive Summary’, Ministry of Planning and Investment, Government of Lao PDR, Vientiane, 2010. Some of the figures in this document are quoted in local currency (kip) and others in US dollar. We used an average exchange rate of one USD = 9100 kips (for the five-year period) to convert the figures expressed in local currency.

18. One consequence of such a heavy dependence on FDI is an unusually large gap between GDP and GNI (almost 10 percent) in Lao PDR, as GNI is calculated after subtracting from GDP the net outflow of profits from foreign investment. The oft-quoted GDP figures thus become somewhat misleading as a measure of the country’s affluence.

19. MPI and UNDP, ‘Mid-Term Review of the Sixth National Socio-Economic Development Plan (2006–2010)’, Ministry of Planning and Investment and UNDP Lao PDR, Vientiane, 2009.

Table 1. Source of ODA in Lao PDR: 2005/06 to 2007/08 (USD million)

Source	Grants	Loans	Total	Share (%)
Bilateral	489.55	183.23	672.78	60.9
International Financial Institutions	77.80	199.90	277.70	25.1
United Nations	99.42	0.00	99.42	9.0
European Union	29.39	1.50	30.89	2.8
Mekong River Commission	23.61	0.00	23.61	2.1
Total	719.77	384.63	1104.40	100.0

Note: The major bilateral funders were China, Viet Nam, Japan, Australia, Germany, France, Luxembourg and Republic of Korea.
Source: Computed from Committee for Planning and Investment, 'Foreign Aid Report 2005-06', Vientiane, 2007; and MPI, 'Foreign Aid Implementation Report 2006-07 and 2007-08', Vientiane, 2009.

Table 2. Sector-Wise Distribution of ODA in Lao PDR: 2005/06 to 2007/08 (USD million)

Sector	2005/06	2006/07	2007/08	Total	Share (%)
Agriculture and forestry	29.9	69.2	83.6	182.8	13.9
Transportation	91.5	120.8	89.8	302.0	23.0
Education	51.3	58.4	52.0	161.8	12.3
Health	36.6	21.7	26.1	84.3	6.4
Energy	75.3	24.6	26.3	126.2	9.6
Others	183.8	138.0	135.7	457.5	34.8
Total	468.4	432.8	413.4	1314.6	100.0

Source: Computed from Committee for Planning and Investment, 'Foreign Aid Report 2005-06', Vientiane, 2007; and MPI, 'Foreign Aid Implementation Report 2006-07 and 2007-08', Vientiane, 2009.

for 61 percent of the total during the period. Next in importance are international financial institutions (25 percent), followed by the UN (9 percent).

Table 2 shows the sector-wise distribution of ODA in the first three years of the Sixth NSDEP. Transportation was the single most important sector in terms of attracting ODA, accounting for nearly a quarter (23 percent) of the total disbursed during the period. Agriculture and education received about 14 percent and 12 percent respectively, while health received just over 6 percent.

The government, in collaboration with its development partners, has devised an elaborate structure of aid coordination to harmonize the programmes of various donors and to improve the effectiveness of aid. The Paris Declaration on aid effectiveness was adapted to the country context in the form of the Vientiane Declaration adopted in 2006. The Country Action Plan for implementing the Vientiane Declaration, prepared in 2007, was revised in 2009 to incorporate the Accra Agenda for Action.²⁰

20. GOL, 'Vientiane Declaration on Aid Effectiveness', Government of Lao PDR, Vientiane, 2007.

Institutionally, the lynchpin of the aid coordination system is the Round Table Process (RTP), in which UNDP plays a leading role in assisting the government. This process has a vertical structure at the apex of which lies the Round Table Meetings (RTMs), convened every three years in Vientiane for high-level representatives of the government and the development partners to discuss ODA mobilization around major policy issues. The RTP has developed into much more of a government-led process of ongoing dialogue and cooperation in recent years compared with more than a decade ago when it was largely confined to the organization of a one-off meeting every three years hosted in Geneva. Following the relocation of the RTM to Vientiane in 1999, the process has become largely government-led and managed with technical advisory support mainly from UNDP and, to a lesser extent, other development partners.

A range of related consultations between the triennial meetings have traditionally played an important role within the overall Round Table Process. These include the annual Round Table Implementation Meetings (RTIM), which review the progress of NSEDP implementation, consolidate lessons learned and work to achieve consensus recommendations for accelerating progress, and conduct more specialized, substantive preliminary consultations to prepare for the full RTMs. Quarterly informal donor meetings are organized to share information and facilitate development partner contributions within RTP.

At the other end of the structure lie the Sector Working Groups (SWGs), the function of which is to coordinate between the government and

development partners at the operational level. These groups were formed in June 2005 when the Ministry of Foreign Affairs announced at the RTIM the government's wish to merge the existing donor and government working groups, under the coordination of the Department of International Cooperation (DIC) of the Ministry of Planning and Investment (MPI).

There are currently eight SWGs that bring together representatives from the government, donor agencies and NGOs in the following key areas: (1) health, (2) education, (3) infrastructure, (4) governance, (5) macroeconomics and private sector, (6) mine action, (7) drug control and (8) agriculture, rural development and rural resource management. Several of these have one or more sub-sector groups. Each working group is chaired by senior executives from the relevant ministry and co-chaired by one or more development partners. These groups are forums to discuss and build consensus on development priorities identified in the NSEDP, and improve sectoral aid coordination and effectiveness as set out in the Vientiane Declaration Country Action Plan. They report to the annual RTIM, whose function is both to monitor the activities of the working groups and to deal with cross-cutting issues that require coordination. On a more regular basis, the working groups are monitored by separate cells within the DIC.

In view of the overwhelming importance of ODA in the Public Investment Programme of Lao PDR, the efficiency with which this elaborate structure of aid coordination functions has an important bearing on the development outcomes.

Chapter 3

UNDP'S RESPONSE AND STRATEGIES

UNDP, together with its sister agencies in the UNCT, is committed to support the Government of Lao PDR to achieve the overarching national goals of meeting the MDG targets and lifting the country from the ranks of LDCs by 2020. At the programmatic level, UNDP is supporting a number of initiatives aimed at meeting these objectives, within the context of UNDAF (2007-2011), the government's NSEDP (2006-2010), and the CCA (2006).²¹ At the policy dialogue level, UNDP plays a key role, through the UN Resident Coordinator, in facilitating discussions and coordination between the government and the donor community.

3.1 UNDAF 2007-2011²²

UNDAF (2007-2011) was developed in an inclusive and participatory manner and based on the in-depth analyses of the CCA (2006) in the Lao PDR as well as the Mid-Term Review of UNDAF 2002-2006 with a view to enhancing its significance and effectiveness. The document focuses on the development priority areas identified in the country's Sixth NSEDP.

UNDAF represents the UNCT's commitment towards the UN programme of reform, and the simplification, harmonization, and alignment of the UN system. For the first time, UNDP, United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA), and World Food Programme (WFP) were expected to prepare their country programmes stemming directly from this strategic framework, some with

common funding cycles and joint programmes. These country programmes were to be the strategic instruments to deliver UNDAF.

UNDAF articulated three broad outcomes – (a) poverty and food security, (b) social sectors, and (c) democratic governance. These outcomes are closely aligned with the development objectives of Lao PDR as articulated in the Sixth NSEDP. Each in turn is composed of several outputs. The expected outcomes and outputs of UNDAF (2007-2011) are listed in Box 3.

3.2 UNDP'S COUNTRY PROGRAMME 2007-2011

In formulating CPD (2007-2011) and the subsequent CPAP, UNDP tried to ensure that its programme was fully consistent with and became an integral part of UNDAF (2007-2011). It focused on two of the three broad themes identified by UNDAF, namely, (a) poverty and food security and (b) democratic governance. The third theme ('social sectors') was left primarily to other members of UNCT. However, UNDP did have a project on HIV/AIDS and also responded to the outbreak of avian influenza through a joint UN response. CPAP specified altogether nine expected outcomes. These are listed in Box 4, along with the UNDAF outcomes and corresponding output.

All but one of the CPAP outcomes correspond neatly with one of the outputs of some UNDAF outcome. The exception is outcome 4 ('Strengthened capacity for policy and practice related to gender empowerment and poverty reduction'),

21. United Nations, 'United Nations Development Assistance Framework: Lao PDR 2007-2011', Vientiane, 2006; GOL, 'National Socio-Economic Development Plan (NSEDP) 2006-2010', Committee for Planning and Investment, Government of Lao PDR, Vientiane, 2006; UNCT, 'United Nations Common Country Assessment (CCA): Lao PDR', United Nations Country Team, Lao PDR, Vientiane, 2006.

22. Since the ADR of 2007 had dealt comprehensively with UNDAF (2002-2006) and CCF (2002-2006), this report focuses only on UNDAF (2007-2011) and CPD (2007-2011).

Box 3. Expected Outcomes of UNDAF (2007-2011)

Outcome 1: Poverty and Food Security

By 2011, the livelihoods of poor, vulnerable and food insecure populations are enhanced through sustainable development (within the MDG framework)

OUTPUTS

- 1.1 Improved and equitable access to land (between men and women) markets and social and economic services, environmentally sustainable utilization of natural resources, with balanced population growth;
- 1.2 Increased and more diversified agricultural production, and sustainable use of non-timber forest products;
- 1.3 Improved household food security;
- 1.4 Enhanced ownership and capacity for pro-poor planning and implementation, harmonized aid coordination, and disaster management; and
- 1.5 Enabled environment for growth with equity.

Outcome 2: Social Sectors

By 2011, Increased and more equitable access to, and utilization of, quality and prioritized social services

OUTPUTS

- 2.1 Increased and equitable access to quality basic education;
- 2.2 Improved equity, efficiency and quality of health services with increasing health services coverage with an emphasis on maternal and child health, family planning, nutrition, communicable disease control, and water and sanitation; and
- 2.3 Increased coverage of quality HIV and AIDS prevention, treatment, care and support, focusing on the most vulnerable groups (including children) as defined in the national strategy on HIV and AIDS, sexually transmitted infections.

Outcome 3: Democratic Governance

By 2011, strengthened capacities of public and private institutions to fulfil their duties and greater people's participation in governance and advocacy for the promotion of human rights in conformity with the Millennium Declaration

OUTPUTS

- 3.1 Greater people's and community participation in and contribution to public policy, local development and nation building;
- 3.2 Increased and more equitable access to justice and strengthened rule of law;
- 3.3 Increased efficiency, effectiveness, transparency, and accountability of the public administration at both central and local levels; and
- 3.4 Progressive realization of international treaty obligations, including protection of human rights, in accordance with the Lao Constitution and the Millennium Declaration.

which does not have an exact analogue with any UNDAF outcomes and outputs. This is because UNDAF does not have any explicit output related to gender empowerment. However, UNDAF's insistence on equity – both as an integral part of the growth process and in the access to social services – implies insistence on equity in the gender dimension as well. Without gender equity, after all, it would be impossible to achieve overall equity in society. Thus, the CPAP objectives dovetail nicely into the priorities set up by UNDAF.

UNDP adopted a wide range of projects and activities to achieve the stipulated outcomes. These are mentioned below separately under each outcome.

Outcome 1: Improved access to land and sustainable use of natural resources

The most important activity undertaken under this outcome is a set of projects designed to mitigate the impact of UXO inherited from the Second Indochina Wars of the 1960s. The rest are a set of environment-related projects designed to enhance the sustainable use of natural resources – i.e., the PEI, the GEF-SGP, and the LWP.

Outcome 2: Pro-poor planning mechanisms, harmonization of aid coordination and disaster management

The projects under this outcome fall into three categories. First, there is a major project aimed

Box 4. CPAP Outcomes: 2007-2011

CPAP Outcomes	Corresponding UNDAF Outcomes and Outputs
Outcome 1: Improved access to land and sustainable use of natural resources	Outcome 1: Output 1.1
Outcome 2: Pro-poor planning mechanisms, harmonization of aid coordination and disaster management	Outcome 1: Output 1.4
Outcome 3: Enabled environment for growth with equity	Outcome 1: Output .1.5
Outcome 4: Strengthened capacity for policy and practice related to gender empowerment and poverty reduction	
Outcome 5: Increased coverage of quality HIV/AIDS prevention, treatment, care and support, with a focus on vulnerable groups	Outcome 2: Output 2.3
Outcome 6: Greater people's participation in and contribution to public policy, local development and nation building	Outcome 3: Output 3.1
Outcome 7: Increased and more equitable access to justice and strengthened rule of law	Outcome 3: Output 3.2
Outcome 8: Increased efficiency, effectiveness, transparency, and accountability of the public administration at both central and local levels	Outcome 3: Output 3.3
Outcome 9: Progressive realization of international treaty obligations, including protection of human rights, in accordance with the Lao Constitution and the Millennium Declaration	Outcome 3: Output 3.4

at strengthening the Round Table Process of aid coordination and harmonization. The second category includes a number of projects designed to strengthen the capacity of the government to undertake pro-poor planning, with special emphasis on the formulation and implementation of the NSEDP. The third category involves both short- and long-term measures to improve the government's capacity to manage natural disasters better.

Outcome 3: Enabled environment for growth with equity

This outcome is being pursued through two types of projects. The more important type is a set of trade-related projects designed to promote greater integration of Lao PDR with the global economy – e.g., through deeper integration with ASEAN, accession to WTO, and institutional strengthening of the Integrated Framework of trade promotion. The second type is a project aimed at promoting private sector development by strengthening the Lao National Chamber of

Commerce and Industries (LNCCI). The common goal is to create an economic environment that would promote rapid growth with equity.

Outcome 4: Strengthened capacity for policy and practice related to gender empowerment and poverty reduction

A single project entitled Gender Empowerment for Poverty Reduction (GEPR) has been undertaken to achieve this outcome.

Outcome 5: Increased coverage of quality HIV/AIDS prevention, treatment, care and support, with a focus on vulnerable groups

This outcome, too, has been pursued through a single project, entitled Enhancing Capacity for a Multi-Sectoral Response to HIV/AIDS in the Lao PDR.

Outcome 6: Greater people's participation in and contribution to public policy, local development and nation building

There are two projects under this outcome – one aimed at promoting the engagement of civil society in development activities, and a community radio project.

Outcome 7: Increased and more equitable access to justice and strengthened rule of law

The projects undertaken under this outcome aim at (a) strengthening the capacity of the government to implement legal reforms, (b) enhancing people’s access to justice by strengthening the Lao Bar Association (LBA), and (c) improving the capacity of the National Assembly to perform its duties better.

Outcome 8: Increased efficiency, effectiveness, transparency, and accountability of the public administration at both central and local levels

This outcome is being pursued through an inter-related set of projects that go under the generic name of Governance and Public Administration Reforms (GPAR), with both central- and provincial-level components.

Outcome 9: Progressive realization of international treaty obligations, including protection of human rights, in accordance with the Lao Constitution and the Millennium Declaration

An International Law Project (ILP) has been implemented in a number of phases to help the government ratify and implement various international treaties, including the human rights treaties.

Table 3 shows the allocation of regular resources, totalling around USD 10 million, among the nine outcome areas, as well as other resources to be mobilized for each outcome area, totalling roughly USD 44 million. The high figures for outcome 1 reflect the nature of UXO projects under this outcome area that involve support to field operations, as well as the high expectation of funds that can mobilized for these projects. Outcome 2 has a much higher proportion of regular resources because of the modest expectation of fund-raising opportunities for the aid coordination and planning process and because of the importance UNDP attaches to these activities. Smaller funding allocation for some outcome areas seems to be largely due to the focused

Table 3. Budget (Regular Resources Allocated and Other Resources Expected) (USD thousand, percentage)

	Regular resources		Other resources		Total resources	
	USD thousand	Percentage	USD thousand	Percentage	USD thousand	Percentage
Outcome 1	2,500	25%	17,000	38%	19,500	36%
Outcome 2	2,000	20%	1,000	2%	3,000	5%
Outcome 3	1,500	15%	5,000	11%	6,500	12%
Outcome 4	300	3%	1,000	2%	1,300	2%
Outcome 5	200	2%	1,000	2%	1,200	2%
Outcome 6	752	7%	3,000	7%	3,752	7%
Outcome 7	1,000	10%	7,000	16%	8,000	15%
Outcome 8	950	9%	5,500	12%	6,450	12%
Outcome 9	950	9%	4,000	9%	4,950	9%
Total	10,152	100%	44,500	100%	54,652	100%

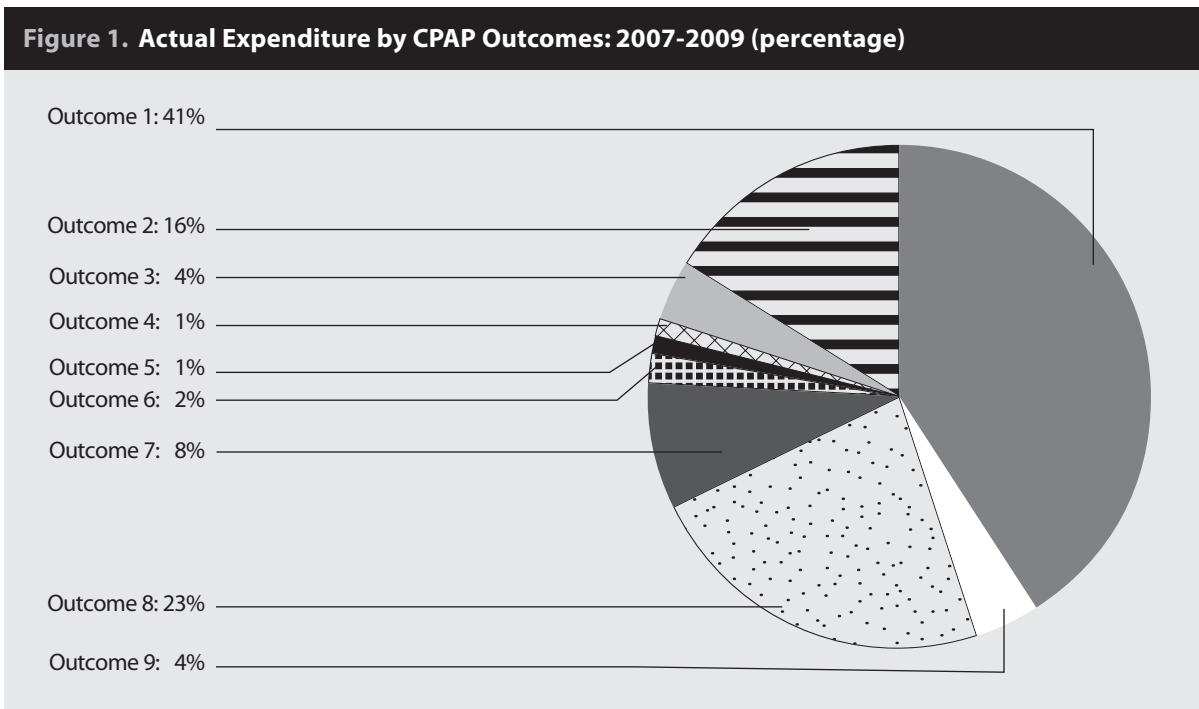
Source: UNDP, Country Programme Document for the Lao People’s Democratic Republic (2007-2011)

nature of activities either in the area of work (e.g. HIV/AIDS) or to capacity development of central institutions that would not require as large resources as those involving field operations.

Actual expenditures in the first three years of the CPAP (2007-2009) are shown in Figure 1. Compared to UNDP expectations at the outset (Table 3), the programme seemed to have attracted much greater external funds for outcomes 2 and 8. These outcome areas cover activities related to aid coordination, national planning, disaster management as well as governance and public administration reforms. These can be considered signature areas for UNDP, where the organization is known for its strength and expertise. On the other hand, outcomes 4, 5 and 6 have not fared as well in raising external funds. For the first two outcomes covering gender empowerment and HIV/AIDS, this may be due to a perception that other agencies have a comparative advantage in the areas, even if UNDP could complement their efforts by focusing on institutional and governance aspects. Although outcome 6 includes important field projects to develop community radio, the smallness of the

expenditure is probably because these projects were still at an early stage of development and were purely of a pilot nature during this period.

Some general remarks can be made on these analyses. First, in general, UNDP has been able to attract more funding when it is working in the areas widely recognized as under its mandate and where it has comparative strength. In areas often perceived as other agencies' specialities, it may be able to attract funding more effectively if it pursues joint programmes and projects (including joint fund mobilization), as it intends to do in the area of gender empowerment. Second, larger and more visible programmes tend to attract more funding than smaller and focused initiatives where UNDP's contribution to overall development results is not as visible. This points to the need to constantly review the usefulness of some of UNDP's small activities against their effectiveness in attracting funding. Third, in Lao PDR, UNDP has been playing a key role in supporting the government on aid coordination. An important objective of this is to promote coordinated support to national priorities and development programmes. In this context,



Source: UNDP

UNDP should avoid embarking on initiatives that lack at least some degree of consensus among development partners, including on funding issues. While solid consensus on every priority and initiative may be impossible to achieve, a conscious effort should be made to avoid cases in which UNDP embarks on an ambitious project of its own, only to scale back or fail to scale up because of fund-raising difficulties.

UNDP Lao PDR organizes its activities under four clusters: (1) poverty reduction, (2) crisis prevention and recovery, (3) environment and energy, and (4) democratic governance. These clusters do not correspond with CPAP outcomes in a straightforward way. CPAP outcome 1, for example, relates to activities organized under both the crisis prevention and recovery, and the environment and energy clusters, without any integrated approach between the two sets of activities in practice. Outcome 2 relates to projects on the planning process, aid coordination and disaster management, composed of activities from two different clusters. The poverty cluster, on the other hand, contains gender-related activities, which relates to outcome 4, but without the disaster management component of outcome 2. The poverty reduction cluster, moreover, contains quite heterogeneous sets of activities that relate to more cross-cutting than poverty issues, such as aid coordination and gender.

Instead of strictly following the cluster or outcome structure, the ADR team has organized its sectoral analysis in Chapter 5 according to themes. First, the report defines the poverty theme with activities directly related to poverty reduction, pro-poor planning and UXO projects (outcomes 1, 2 and 3; clusters 1 and 2). The UXO projects are discussed under this rubric because one of their chief objectives is to reduce poverty and vulnerability by increasing people's access to land. Under the environment and sustainable development theme, activities related to environmental treaties, as well as protection of natural resources and sustainable livelihood are discussed (outcomes 1, 2 and 9; cluster 3). The governance theme addresses issues related to administrative reform for better service delivery, access to justice and rule of law, and public participation in the policy- and decision-making processes (outcomes 6, 7, 8 and 9; cluster 4). Activities related to aid coordination, gender empowerment and human rights are discussed in the context of strategic positioning in Chapter 4, because of their strong cross-cutting or normative nature (outcomes 2, 4 and 9; clusters 1 and 4). This leaves outcome 5 on HIV/AIDS, which this report does not directly address. This is partly because HIV/AIDS is still only a minor problem in Lao PDR (although the threat of a bigger problem exists) and partly because UNDP had only a small project on HIV/AIDS, which has already ended.

UNDP'S STRATEGIC POSITIONING

4.1 STRATEGIC RELEVANCE AND RESPONSIVENESS

4.1.1 STRATEGIC RELEVANCE TO NATIONAL STRATEGIES AND CHALLENGES

UNDP has an exceptionally high-profile presence in Lao PDR, far disproportionate to its direct financial contribution. This is also true for the UNCT in general and the UN Resident Coordinator in particular. From meetings with government officials, development partners, and civil society organizations, it was evident to the evaluation team that UNDP is highly valued and trusted by the Government of Lao PDR – perhaps more so than any other development partner. UNDP's pre-eminence among Lao PDR's development partners is a testament to its success in making itself strategically highly relevant to the government through various programmes and other activities.

This success, in other words, stems from UNDP's readiness to lend a helping hand whenever the government wanted assistance and advice, even if it sometimes meant taking on a greater burden than it could realistically bear. Among the many activities that have served to enhance UNDP's strategic relevance in Lao PDR, the most important is its role in aid coordination. Considering that over 80 percent of public investment in the country is financed by ODA (not counting a growing amount of aid that remains off budget), coordination of foreign aid amounts in practice to coordination of most development activities. Therefore, UNDP, which has historically assumed the leading role in assisting the government in the aid-coordination process, ipso facto takes the centre stage in the development process itself. UNDP has made itself indispensable to the Government of Lao PDR, by managing RTP, by

taking an active role in informal donor meetings, and by being deeply involved in the SWGs. There are some challenges to be met with the aid coordination process in Lao PDR, as will be discussed in the next section on forging strategic partnerships. Still, UNDP must have been doing the basics right in Lao PDR to earn such a level of trust.

The RTP is not simply a mechanism for coordinating the use of foreign aid but is also a high-level forum for exchanging views between the government and development partners on major policy issues on development. In recent years, the RTM and RTIM have facilitated policy dialogue at the highest level through open and participatory discussion of critical and sensitive development issues. These include the social impact of the global financial crisis; the MDGs and the need for improved investments in the social sectors; natural resource management with a focus on the need for improved governance in mining, land allocation and forestry; creation of a more enabling environment for private-sector development combined with trade liberalization as engines of pro-poor growth; and an effective role and legal framework for civil society in the fight against poverty at the local level. As the lead development partner responsible for organizing these policy dialogues, UNDP has the opportunity to be the catalyst for policy reforms of far-reaching consequences, even in areas where it may not have direct programmatic involvement.

The high level of strategic relevance that UNDP has assumed in Lao PDR is also evident from various other activities, both at the level of programmes and otherwise. Discussions held by the ADR team with various stakeholders revealed that they thought highly of the strategic relevance of UNDP's involvement in a range of activities

such as UXO action, poverty reduction, and governance reforms.

The presence of UXO is universally acknowledged as one of the most serious problems facing Lao PDR, which has the dubious distinction of being the most bombed country in the world. More than half of the country's geographical area is still contaminated by UXO, not only endangering the personal safety and security of the people but also hindering crucial infrastructural development. Understandably, the Government of Lao PDR places a high degree of strategic relevance to UXO clearance both on humanitarian grounds and as an instrument for unlocking the development potential of the country. UNDP has aligned itself with the government's strategic priority as the leading development partner in coordinating the UXO clearance effort.²³ The importance UNDP attaches to this activity is evident from the fact that its UXO portfolio has been claiming a sizable share of its resources every year.

In development planning, the Government of Lao PDR uses the NSEDP as the principal strategic document for achieving the multiple objectives of ensuring pro-poor growth, meeting the MDG targets by 2015, and lifting the country out of LDC status by 2020. UNDP has positioned itself strategically here as well by taking on the role of the most important development partner in the planning process. It is helping the government to implement the Sixth NSEDP (2006-2010) by providing technical support towards translating the five-year plan into more operational annual plans. It is also helping the government to formulate the Seventh NSEDP (2011-2015) by providing both technical input and policy advice. In so doing, UNDP has become strategically (though not financially) the most relevant development partner of the Government of Lao PDR in the entire development process.

Governance reform is another area in which UNDP makes strategically relevant contribution

to the development of Lao PDR. The country is striving to evolve a governance structure – in particular, a legal framework – that is not only in conformity with international norms but is also conducive to the transition to a market-oriented and globally integrated economy. Overhauling the governance system has been a challenging task, complicated by the imperative to reconcile the different traditions and interests of an ethnically highly diverse society. UNDP has long been engaged with the government in carrying out this complicated and long drawn-out task by providing strategic advice as well as technical support on reforms in all spheres of governance – embracing the executive, the judiciary and the legislature. For the executive, the main instrument of support is the GPAR project. In the legal and judicial sphere, UNDP provides support through the ILP, Customary Justice Project (CJP), a project for strengthening the LBA and a project for helping the implementation of the Legal Sector Master Plan (LSMP). For the legislature UNDP has joined hands with several other development partners to launch the Support to an Effective Lao National Assembly (SELNA) project. The strategic relevance of this comprehensive set of programmes for enabling Lao PDR to deal with the demands of a modern society and to assure the respect from the outside world is clear enough.

While programmatic activities are powerful vehicles through which UNDP acquires strategic relevance in Lao PDR, its effort to engage the government with important strategic issues extends well beyond projects and programmes. In this context, the role played by policy dialogue in the RTP has already been mentioned. In addition, UNDP also works directly with policy-makers and legislators to discuss issues of strategic relevance. A concrete example is a policy paper prepared by the UNDP senior economist for the Economic and Finance Committee of the National Assembly to assess the expected impacts of a new legislation on opening land ownership to

23. This not actually surprising. Worldwide, UNDP is a major player in supporting mine clearance. It is one of the 14 agencies involved in UN Mine Action and the one with the most extensive country-level support.

foreigners. The paper deals with an issue of vital importance for the people of Lao PDR. As has been noted in Chapter 2, the growth process of Lao PDR has been propelled primarily by foreign direct investment and the government is understandably keen to promote such investment. One incentive, proposed in the new legislation, was to allow foreign investors to buy land, reversing the traditional policy allowing only Lao people to own land in the country. There is, however, a widespread apprehension in many quarters – articulated powerfully in the UNDP policy paper with economic logic and factual support – that in a country where land titling is still rudimentary, allowing foreigners to buy land might lead to the dispossession of many poor people without adequate compensation. Such a strategy might promote growth, but it would be far from pro-poor growth, a cornerstone of the government’s development plans. The paper’s argument touched a receptive chord with the legislators. The policy was subsequently amended to ensure better safeguards to for the Lao people, particularly the poor.

4.1.2 RESPONDING TO CRISES AND DISASTERS

In addition to contributing to longer term strategic issues, UNDP and the UN (through the Resident Coordinator) have also responded promptly and effectively to the government’s call for help in dealing with unforeseen short-term crises. In the recent past, several such crises have threatened to derail the country’s effort to improve the people’s living conditions.

The global financial crisis of 2007-2008 seemed ominous for Lao PDR, which had been trying hard to integrate fully into the global economy. Through formal and informal consultations and workshops, UNDP has provided the Government of Lao PDR with ongoing advice ever since the onset of the global crisis. The annual

RTIM in November 2008 provided a first major forum to highlight the significance of the crisis for the country. It also helped to begin exploring some of the more important challenges emerging from the crisis and related policy implications for Lao PDR. A follow-up meeting with the Prime Minister provided an opportunity for UNDP to further highlight some of the more pressing issues. Subsequently, UNDP prepared an advisory note offering further perspectives on the likely implications of the crisis for the most vulnerable groups and needed responses. UNDP also assisted the MPI in organizing a substantive workshop involving all key ministries on the likely implications of the global crisis for the Seventh NSEDP.

At the UNCT Retreat in January 2009, UNDP, in consultation with the other UN agencies, took further steps to provide substantive leadership in developing a coherent and coordinated framework to help the country better prepare for a deepening of the crisis. This was followed up by applied research aimed at developing common UNCT policy positions and assisting the government to respond in the following important areas: effective social safety nets to help mitigate the impact on people while providing a basis for mobilizing funding; smart macro-economic and financial policies that underpin socio-economic stability while assisting those in most need; and strategic structural/sectoral reforms offering immediate benefits to the most vulnerable groups.²⁴

UNDP has been actively involved in a wide range of disaster response initiatives with the government, which included the avian influenza pandemic, the Mekong flood, and the flash appeal following Typhoon Ketsana. At the request of the government, UNDP completed an initiation plan that led to the launch of a comprehensive disaster risk management capacity development programme in 2010. The initiation plan was aimed at supporting the government in continuing

24. UN Resident Coordinator in Lao PDR, ‘2008 Resident Coordinator’s Annual Report Lao PDR’, United Nations Resident Coordinator’s Office, Vientiane, 2009; and ‘Resident Coordinator’s Annual Report 2009’, United Nations Resident Coordinator’s Office, Vientiane, 2010.

the disaster management planning process, while concurrently developing a more comprehensive project addressing some of the key capacity issues related to disaster risk management. The terms of reference for operationalizing a common framework are currently being prepared. While evidence of requisite capacity development will emerge only in the event of future disasters, the National Disaster Management Office (NDMO) suggested that a degree of success was already evident while dealing with Typhoon Ketsana in September 2009.

The flooding of the Mekong River and its tributaries in August 2008 proved to be the worst in 200 years, affecting over 200,000 people in 11 provinces. The floods posed a tremendous challenge to the country. Beyond the need for relief, extensive damage was caused to agriculture and infrastructure, and hence livelihoods, with the potential to affect the health, nutrition and food security of many communities over the long term. With strong support from the UN, the government carried out a rapid assessment of impact and needs. Based on that, a USD 10 million Joint Government-United Nations Appeal for Flood Recovery and Rehabilitation was formulated and launched. The funds included for the first time ever an allocation of USD 2 million from the UN Central Emergency Response Fund to the country. They were used to provide immediate food relief, to rebuild livelihoods and to support the most vulnerable groups. Lao PDR is rated among the 12 countries likely to face the highest risk of floods in the near future. UNDP is continuing a close dialogue with the government on the nature and scope of partnerships among the government, international NGOs and the UN to best support the country during such emergencies.

Yet another natural disaster struck in September 2009, when devastating storms and floods caused by Typhoon Ketsana hit the southern Lao provinces of Savannaket, Attapeu, Saravan, Champasak and Sekong. An estimated 180,700 people, comprising 23 percent of the area's population, were affected, with 9,600 households displaced. Education was disrupted, UXO

were displaced, and health risks increased from damaged or contaminated water supplies and impeded access to health services. The UN immediately responded with the Flood Response and Recovery Assistance in Lao PDR project. Housed at the office of the UN Resident Coordinator but implemented by UNDP, the project supported the government relief effort. In response to immediate, medium- and long-term humanitarian needs, the government and the UN launched a flash appeal to the international community. Partners of the Inter-Agency Standing Committee, coordinated by the UN, engaged in activities at provincial and district levels to respond to people's immediate, medium- and long-term requirements.

4.2 FORGING STRATEGIC PARTNERSHIPS AND EXPLOITING COMPARATIVE STRENGTH

Although UNDP is the major development partner in Lao PDR in terms of its strategic influence on the government, it does not act alone in its attempt to promote all-round socioeconomic progress. In many activities, the organization has forged strategic partnerships with a wide range of other development partners both within and outside the UN family. The efficacy of UNDP activities depends a great deal on how it uses these partnerships to maximize the potential synergies and to specialize according to comparative advantage.

The most conspicuous case of such strategic partnership is that of the RTP on aid coordination discussed earlier. As part of this process, UNDP takes a pro-active role to involve most of the major donors as well as civil society representatives in strategic discussions with the government on the country's development challenges. UN/UNDP also organizes donors' meetings in advance of the annual RTM and RTIM to prepare a common position on issues of importance. In addition, UN/UNDP convenes quarterly informal meetings among development partners to exchange ideas and information as well as ad hoc meetings to deal with emerging issues.

UNDP's role in all these activities is in general highly lauded by other development partners (with some caveats to be discussed below). The ADR team's findings, based on discussions with a large number of stakeholders, coincide with the conclusion of the recent Mid-Term Review of CPAP: "Many stakeholders acknowledge significant confidence and see the value added of the Round Table Process co-chaired by the government and the UN/UNDP, which is closely linked to the perception that the UNDP is neutral and trusted partner bringing the government and donor community together."²⁵

At the programmatic level, too, UNDP joins hands with a wide range of development partners, partly to mobilize resources but also to harness diverse expertise in the formulation and execution of projects. A case in point is the SELNA project, in which six UN agencies (UNDP, UNIFEM, UNICEF, UNFPA, UNAIDS and UNODC) are working together in partnership with the European Union and the Governments of Singapore and Germany.

Another wide-ranging partnership is built around UNDP's attempt to help Lao PDR integrate with the global economy within the multi-donor multi-agency Integrated Framework. In addition to contributing funds, UNDP has managed the Integrated Framework Window II in Lao PDR on behalf of the six core agencies of the initiative (IMF, ITC, UNCTAD, UNDP, World Bank and WTO). UNDP's own assistance, although comparatively small, was the first under its Window II arrangement before other donors stepped in and was critical in mobilizing the donor community on the trade issue.

UNDP's partnership within the UN family is rooted in the UNDAF process through which the UN Resident Coordinator coordinates the activities of all UN agencies within a common framework of priorities and division of labour, based on the CCA. In addition to such

strategic-level collaboration, there are several instances of close project-level partnership with sister agencies within the UN family. For instance, UNDP has joined hands with UNICEF and UNFPA to help implement the 'LaoInfo' system, a database designed to strengthen the capacity of the government as well as the donor community to monitor the progress of MDG/NSEDP. UNDP has also cooperated with UNFPA on gender-related activities and is in the process of formulating a joint plan for gender empowerment and mainstreaming. It works jointly with UNIDO for the development of the private sector through a project designed to support the LNCCI. UNDP collaborates with UNEP on the highly promising PEI designed to integrate poverty and sustainable livelihood concerns in environmental projects and in investment activities in general. UNDP is currently collaborating with UNCDF to develop a programme of delivering credit for small and medium enterprises (SMEs).

UNDP's attempt to forge partnerships in Lao PDR extends beyond the donor community and reaches out to civil society. UNDP has been moving strategically to promote the idea that civil society, which has a rather rudimentary existence in the country, has an important role to play in society and development. One example is UNDP/UN's conscious effort to involve eminent NGOs (mainly international ones) in the high-level policy dialogue at the RTMs. In discussions with the ADR team, several civil society representatives expressed deep appreciation for the UNDP Resident Representative/UN Resident Coordinator's sustained effort to involve them in workshops and seminars, allowing them to voice concerns and offer perspectives on issues of national importance. A conference on civil society organized by the UN in 2008 was perceived to have helped the sector acquire greater respectability.

In terms of project-level strategic partnership with civil society, UNDP has successfully collaborated with the well-known international

25. Balakrishnan, S., 'Mid-Term Review of the UNDP Country Programme Action Plan (CPAP) 2007-2011 for Lao PDR', UNDP Lao PDR, Vientiane, 2010.

NGO Worldwide Concern to help the government formulate a decree on the registration of NGOs, which in the Lao context are officially described as non-profit associations. This partnership played a catalytic role in instilling recognition of civil society's role. The promulgation of the decree represented the first major step in that direction. UNDP has been extending the scope of its collaboration through the GEF-SGP initiative in which local community-based organizations will be involved in a participatory effort to combine environmental conservation with sustainable livelihoods.

While the strategic relevance of UNDP's partnerships with other development partners and civil society is beyond dispute, there are challenges that require further effort.

The most important challenge is in aid coordination itself. Several development partners told the evaluation team that, despite the presence of an elaborate structure, the aid coordination process continued to suffer from some weaknesses. This is resonated in the recent Mid-Term Review of CPAP, which noted, "While there have been some impressive cases of donor coordination, overall progress has been slow."²⁶ The government's own assessment of the state of aid coordination reflects the same concern: "The implementation of ODA projects is not seen by the government to be as effective as it could be as a large amount of projects provide what is seen as too many international technical advisors and also what is seen as unnecessary duplication and parallel project operational management teams." It adds, "The implementation of rural development and poverty eradication projects varies greatly between development partners; projects are often stand alone and are implemented individually. The currently limited coordination among the development

partners must be strengthened to ensure greater effectiveness, efficiency and sustainability of development inputs."²⁷ Overall, out of six goals set out by the action plan for implementing the Vientiane Declaration on aid effectiveness, progress was rated to be low in two, moderate in three and high in just one.

There are several issues to be raised in order to address these challenges. First, while the RTMs take the centre stage when it comes to government-donor coordination, until recently these were mostly a forum that saw important policy dialogues but very little practical coordination. The real work takes place at the level of SWGs. There was an early struggle to make the groups function properly. A 2007 review noted, "The current system is not meeting the needs of either government or partners, and this is reflected in the very small number of working group meetings that have actually taken place over the past 12 months (average 1.3 meetings across the 8 working groups)".²⁸

The evaluation team was informed that the situation had improved since the review, and wishes to underscore the importance of functioning aid coordination at the programme level so that assistance from different partners is coherent, effective and efficient. Instead of embarking on projects before raising funds, UNDP is advised to make further efforts to build consensus on strategy and role sharing among development partners. The involvement of potential partners from the conceptualization stage of projects would increase the prospects of funding and coherence.

Second, the RTP must fully bring on board a number of emerging donors from the developing countries – e.g., China, Vietnam, Republic of

26. Balakrishnan, S., 'Mid-Term Review of the UNDP Country Programme Action Plan (CPAP) 2007-2011 for Lao PDR', UNDP Lao PDR, Vientiane, 2010.

27. MPI, 'Foreign Aid Implementation Report 2006/07 and 2007/08', Ministry of Planning and Investment, Government of Lao PDR, Vientiane, 2009.

28. GOL, 'The Sectoral Working Group Mechanism in Laos: How Well is it Working and How Can It Be Strengthened?' (Zero Draft), Government of Lao PDR, Vientiane, 2007. According to the review, this weakness stems from: (i) line ministry dissatisfaction with a 'blueprint' approach; (ii) a lack of understanding of the potential benefits of vigorous SWGs; (iii) lack of or ad hoc technical support for chair ministries to organize SWGs effectively and follow up.

Korea and India – as their combined share in the ODA is rapidly growing. Yet the degree of involvement still varies among these partners. It is important that the government, and UNDP as the key supporter and co-chair of RTP, continue the effort to invite all the emerging donors to be fully involved in the coordination process.

Third, aid coordination is inherently difficult due to the differences among development partners on their agenda, policies and practices. At times, such differences affect the progress towards achieving development results. In particular, the evaluation team was made aware of cases where differences between UNDP and the World Bank had led to such deleterious effect, given the two organizations' heavy influence in setting the development agenda. These cases related both to the modus operandi in handling issues of natural resources within the aid-coordination mechanism itself and to the mechanism to fund trade assistance. A collaborative approach among key development partners is all the more important in Lao PDR where ODA occupies a huge share of public expenditure.

4.3 PROMOTION OF UN VALUES

4.3.1 POVERTY REDUCTION, HUMAN DEVELOPMENT AND THE MILLENNIUM DEVELOPMENT GOALS

UNDP's overarching mission is to help member countries to eliminate poverty and to promote all-round human development. Since the turn of the century, the organization has been trying to accomplish this by persuading member countries to focus development activities towards achieving the MDGs by the year 2015. UNDP of Lao PDR has taken this mission seriously and has built almost the entire range of its activities consciously around it.

From the programming viewpoint, only a subset of activities has been subsumed under the poverty reduction cluster. But a close look at project documents reveals that poverty reduction and human development is the underlying concern motivating almost all the projects regardless of

the cluster they belong to (democratic governance, environment and energy, or crisis prevention and recovery) or whether it is a cross-cutting theme such as gender empowerment. Thus in the democratic governance cluster, the stated primary objective of the projects related to administrative reform is to enable the government to provide better social services to the poor. A major objective of the projects related to legal reforms is to enhance access to justice for the poor and the vulnerable people. In the project related to the legislature, one aim is to enable the poor people to exercise their voice better. In the crisis prevention and recovery cluster, all the projects seek to better prepare the poor and the vulnerable people to withstand and overcome the effects of crises – both chronic ones such as UXO contamination and occasional ones such as natural disasters. In the environment and energy cluster, most projects seek to protect the poor people from the harmful consequences of global climate change and local environmental degradation. Under the cross-cutting theme of gender, an explicit linkage has been drawn between gender and poverty as the title of the GEPR project implies.

Despite the stated objective, as will be discussed in Chapter 5, the link with poverty in many projects – even in ones that belong to the poverty reduction cluster – is tenuous at best. Even where the link is potentially strong, the performance has not always matched expectations. Nonetheless, the fact that poverty is an explicit concern in most projects indicates the strong commitment UNDP in Lao PDR has towards reducing its incidence. This is most evident in the project designed to support the implementation of the government's NSEDP.

Until the launching of the Sixth NSEDP in 2006, the government's efforts at poverty reduction were somewhat disjointed from its main development planning. The NGPES, adopted in 2003, represented the government's first explicit strategy for poverty reduction. However, the ministries and the provinces saw the NGPES as a new programme outside the ambit of the Fifth NSEDP (2001-2005) and the constituent annual plans. The formulation of an "additional

three-year programme of support for NGPES implementation and monitoring” mentioned in the NGPES project document never materialized. Except for modest technical assistance from UNDP and the World Bank, few resources were earmarked either from the government or from development partners for the programmes identified in the NGPES. As a result, the overall implementation of the NGPES suffered.

At this point, UNDP, along with some other development partners, began to advocate vigorously for the integration of NGPES and the MDGs with the regular five-year plans of the country, as poverty reduction and the MDGs were seen to be integral parts of development. Primarily as an outcome of this advocacy, the government decided to integrate the NGPES and the MDGs in the Sixth NSEDP (2006-2010). The plan draws together the various strands of poverty reduction in the NGPES into a coherent strategy, and integrates as appropriate the various poverty reduction interventions, including the targeted ones, and the MDGs into the respective sectoral development and regional development chapters of the plan. It focuses on the eradication of poverty and promotion of equity among different groups of the multi-ethnic population of the country within a framework of rapid and sustainable economic growth. Thus for the first time in Lao PDR, poverty has been mainstreamed into the planning process.

UNDP, which provided substantial technical support for implementing the Sixth Plan, and other UN agencies made further attempts to promote the cause of the MDGs. The UNCT played the lead role in helping the government to produce an updated progress report on the achievement of MDGs in 2008. This helped to identify areas requiring attention if all the targets were to be met. The report’s finding on the persistence of child malnutrition despite decades

of rapid growth gave impetus to the formulation of a National Nutritional Policy, whose action plan the government approved in 2009.

The momentum generated in the process led the government to declare the achievement of MDGs the central goal of the Seventh NSEDP (2011-2015), especially since the terminal year of the plan coincides with the target date of the MDGs. UNDP assisted the government in MDG costing – i.e., estimating the resource requirement for meeting the targets based on concrete and feasible action plans for each sector.²⁹ The embryonic sectoral plans that evolved in the process provided the building blocks for the Seventh NSEDP, which the government was in the process of finalizing at the time of the evaluation mission. In this way, the MDGs have become the most important goal of the Seventh NSEDP, while the strategies to achieve them have been fully integrated into the planning process.

This marks a big departure from the government’s identification of graduation from LDC status as the sole overarching development goal for Lao PDR. Laudable as this goal is, it still very much embodies a growth-oriented view of development, since the main path towards being a non-LDC country is to sustain rapid growth of per capita Gross National Income over time.³⁰ By adding the attainment of MDGs by 2015 as an equally valued goal, the government has now fully introduced human development into its strategy. UNDP deserves much of the credit for making this transformation possible.

UNDP’s contribution here is part of a broader effort of UNCT to install human development explicitly in the Lao PDR’s policymaking agenda. An example is UNCT’s effort to highlight the problem of chronic malnutrition. As noted in Chapter 2, despite two decades of rapid growth, the extent of child malnutrition has remained unchanged – at around 40 percent. Recognizing

29. MPI, ‘MDG Costing: A Briefing for Lao PDR’, Ministry of Planning and Investment, Government of Lao PDR, Vientiane, 2010.

30. The graduation criteria also include some social indicators (nutrition, health, education, literacy). However, unlike MDGs, these factors are not set clearly as individual goals to achieve. The poverty dimension is not in the criteria, either.

the severity of the problem, the UN engaged in continuous and active evidence-based advocacy efforts over two years. To step up practical action against child malnutrition, the UNCT started to roll out an exciting new pilot initiative called 'REACH' in Lao PDR in August 2008, as one of two countries globally. 'REACH' brings together FAO, UNICEF, WFP and WHO in a bid to end child hunger through a multisectoral package of 11 simple and cost-effective interventions. This effort culminated in the cabinet adopting a National Nutrition Policy in December 2008. Further advocacy and increased collaboration in strategic planning enabled the creation of the first National Nutrition Policy Strategy and Plan of Action in November 2009. It is expected that common goals and distinct responsibilities outlined in the Strategy and Plan of Action would enable well-coordinated implementation and provide full transparency and accountability for all stakeholders.

4.3.2 HUMAN RIGHTS

UNDP – and the United Nations in general – uses different tools for promoting human rights such as advocacy, policy dialogues as well as project support. Through technical support provided by the ILP, UNDP has enabled the government to ratify several treaties. These include the International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, Convention on Elimination of All Forms of Discrimination against Women (CEDAW), United Nations Convention Against Corruption, Convention on the Rights of Persons with Disabilities, and the International Convention for the Protection of All Persons from Enforced Disappearance. In the process, Lao PDR has become a State party to most of the core international human rights instruments in the civil, cultural, economic, political, governance and social spheres. This represents a substantial

achievement for a country that only recently started to align its legal system with that of the international community at large. Part of the credit goes to the support provided by UNDP through the ILP.

Ratification of treaties is, of course, only the first step in establishing a system of governance based on human rights. The treaties have to be implemented through the national legal system, and the country must subject itself to international scrutiny by reporting to the treaty bodies. UNDP has been assisting the government in these areas as well. With the help provided through the ILP, Lao PDR submitted in May 2008 a combined Sixth and Seventh Report on implementation of CEDAW.³¹ In its concluding observations, the Committee on the Elimination of Discrimination against Women requested the government to provide, within two years, written information on the steps undertaken to implement the recommendations on violence against women and migrant women workers.³² The UN has been providing further support towards responding to the recommendations made in the concluding observations.

Support from UNDP has also enabled Lao PDR to subject itself to Universal Periodic Review by the Human Rights Council in 2010. This review is a State-driven process, under the auspices of the Council, which provides the opportunity for each State to declare what actions they have taken to improve the human rights situations in their countries and to fulfil their human rights obligations. The UN provided a compilation report, and stakeholders, such as civil society organizations, also provided a stakeholder report. Several positive achievements were outlined, such as efforts to eradicate poverty, increase in representation of women in senior positions in the government, wider access to education and public healthcare, and ratification of international conventions. However, many issues and questions

31. GOL, 'Combined Sixth and Seventh Periodic Reports under Article 18 of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)', Government of Lao PDR, Vientiane, 2008.

32. United Nations, 'Concluding Observations of CEDAW Committee: Towards the Combined Sixth and Seventh Periodic Report of the Lao PDR', United Nations Development Fund for Women, New York, 2009.

were raised during the session, e.g., violence against women and girls, freedom of religion and rights of ethnic groups.

For the crucial next step – translating treaty provisions into domestic law and implementing them – the UNDP project engaged a consultant to prepare an analytical study involving a comparison of selected human rights treaties with the domestic laws of Lao PDR. The objective was to identify the areas in which domestic laws were not in conformity with treaty norms. This and other ‘gap analyses’ have been provided by the project to the National Assembly for use when draft legislation was being proposed or amendments drafted. These efforts have yielded some concrete results. For example, the government has taken note of its treaty obligations while amending the Penal Code, the Labour Code and the Education Law and drafting new laws on children’s rights, trade unions, and the media.

The most conspicuous outcome of these activities is a heightened recognition in Lao PDR of the importance of abiding by international human rights norms. The Mid-Term Review of the phase II of the ILP noted: “The first step in improving the adequate incorporation of international legal obligations into the domestic legal system is a shared awareness of its necessity. In this respect, it was striking that interviewees (both participants in project activities and members of the international community in Lao PDR) noted a greatly improved knowledge and understanding of the need to incorporate treaties into domestic law (or to analyse domestic law to see whether any incorporating changes are necessary) that was attributed to the project’s activities. It was stated numerous times and in varied ways to the

evaluation team that ‘Lao PDR must meet its international legal obligations and must make our laws match’. This shared awareness by participants in the project’s activities demonstrated the success of the project in this area.”³³

Much remains to be done towards implementing international obligations in a way that would positively affect people’s daily lives. First, there is a need to develop sustainable capacity beyond the officials and experts in the central government. To this end, UNDP has undertaken a variety of activities.³⁴ For instance, it has been organizing seminars and trainings for parliamentarians, judges, lawyers, prosecutors, border control officials, and local government officials at the provincial and district levels. It has supported the introduction of international law curricula at the Military Academy and the Police Academy. It strengthened the Law Faculty of the National University by involving professors and students in project activities and incorporating human rights materials in the curricula. It has issued information materials, and supported civil society organization to advocate for human rights. It has helped to set up a Human Rights Centre to carry out research.³⁵ Whether these activities have actually resulted in improved practices needs to be assessed in the future.

Second, awareness of human rights of the population at large needs to be raised and effective access to justice and recourse needs to be provided when their rights are violated. UNDP has initiated a project to support the implementation of the Legal Sector Master Plan (LSMP), inter alia, to build capacity and improve access to justice throughout the country. An innovative Customary Law Project takes into account

33. Holbrook, S. and Pholsena, L., ‘Mid-Term Evaluation Report: Enhancing the Contribution of International Law to the Strengthening the Rule of Law in the Lao PDR (International Law Project Phase II)’, UNDP Lao PDR, the European Commission and the Government of Finland, Vientiane, 2007, p. 10.

34. Based on the evaluation of phase II of the project, the ILP phase III aims at creating national capacities to incorporate international human rights treaty obligations into the domestic legal system.

35. The evaluation team noted, however, that, despite being in existence for several years, the Human Rights Centre has yet to publish any substantive research output. Its main function so far has been to assist the government in preparing its report to the treaty bodies. While this is a useful function, the fact remains that the centre has yet to have developed the capacity to act as a think tank on human rights issues, which was the original motivation behind setting it up.

the special situation of Lao PDR with regard to its high ethnic diversity. As will be discussed in Chapter 5, there are large obstacles to overcome in these efforts, especially the dearth of qualified legal experts in remote regions. Nevertheless, these are extremely important steps towards eventually ensuring full access to justice for all the people in the country.

4.3.3 GENDER EQUALITY AND EMPOWERMENT

The concept of 'gender' as an explicit policy issue is relatively new to Lao PDR. The government first addressed the promotion of gender equality in the NGPES in 2003. The country's commitment to the MDGs includes two main areas explicitly targeting gender equality, namely, education and health. The Sixth NSEDP incorporated a section on gender equality, expressing a commitment to mainstream gender into the four priority sectors – agriculture, education, health and infrastructure.

Despite such commitment, women's socio-economic status remains low. They are disadvantaged in all spheres of lives. Violence against women is a stark reality of life, to which attention has been drawn forcefully by international human rights bodies – for example, by the Committee on the Elimination of Discrimination against Women in its concluding observations in 2008 and by the Human Rights Council during the Universal Periodic Review in 2010.

The government ratified CEDAW in 1981.³⁶ However, the perception of violence against women remains stubbornly male dominated, as manifested by the fact that over 80 percent of

women still believe that a husband is justified in beating his wife.³⁷ Concern over violence against women has recently been coupled with the issue of human trafficking. A joint study by UNICEF and the Ministry of Labour and Social Welfare in 2004 drew attention to the prevalence of child trafficking through borders, particularly to Thailand, estimating that some 35 percent of such trafficking consisted of forced prostitution.³⁸ In the same year, the Gender Development Group, an affiliation of 20 international NGOs, published the first domestic violence study in five provinces of Lao PDR, including a comprehensive analysis of domestic violence in rural areas.

Yet another manifestation of female disadvantage is the maternal mortality rate, which, at 530 deaths per 100,000 live births, is among the highest in the region.³⁹ Discrimination is also persistent in the field of education. Adult literacy rate is 63 percent for women compared to 83 percent for men and the combined gross enrolment ratio in education is 54 percent for girls compared to 65 percent for boys. This does not allow for the fact the dropout rates are often higher for girls who tend to abandon school for household labour or lack of school sanitary facilities in rural areas. Low educational levels of girls adversely affect women's prospects of non-agricultural wage employment. During the 1995-2005 decade, for which figures are available, the share of women in wage employment increased less than 1 percentage point per year, close to the rate at which girls narrowed the school enrolment gap. Because of the very slow pace at which the gender gap is closing, however, achieving the MDG targets for elimination of gender disparity at all levels of education by 2015 seems ambitious.⁴⁰

36. Although the Lao PDR has ratified the CEDAW, the Optional Protocol to the Convention, which has two enforcement mechanisms, is yet to be ratified.

37. GRID and UNDP, 'Domestic Violence Survey in Lao PDR', (Draft) Gender Resource Information & Development Centre, Lao Women's Union, and UNDP Lao PDR, Vientiane, 2009, p.18.

38. UNICEF and MLSW, 'Broken Promises Shattered Dreams – A Profile of Child Trafficking in the Lao PDR', UNICEF and Ministry of Labour and Social Welfare, Vientiane, 2004.

39. This data is as of 2000, and taken from GRID and World Bank, 'Lao PDR Gender Profile', Gender Resource Information & Development Centre, Lao Women's Union and the World Bank, Vientiane, 2005, p.63.

40. GOL and UN, 'Millennium Development Goals Progress Report, Lao PDR', Government of Lao PDR and the United Nations, Vientiane, 2008, p.xii.

Representation of women in positions of power is lopsided, unusually high at the top but very little at the bottom. The proportion of women members of the national legislature tripled between 1990 and 2003 and is among the highest in the region. But the national trend has not yet percolated to the sub-national levels, where real rigidities on gender roles continue to prevail. While the proportion of women's representation is 25 percent in the National Assembly and 14 percent in the Cabinet, it is only 3 percent among district chiefs and 1 percent among village chiefs. The village level committees are almost entirely male except for representatives of Lao Women's Union (LWU).

Such multifaceted discrimination exists despite the fact that the Lao Constitution and various laws guarantee gender equality. Over the last ten years, the government has brought in several pieces of such legislation. The Law on Women's Development and Protection was passed in 2004 and the definition of 'discrimination against women' was added in 2006.⁴¹ The Penal Code was revised to make discrimination against women a criminal offence in 2005. However, this law does not specifically address domestic violence, and marital rape remains legal. Even though property law grants men and women equal access to land, customary traditions still prevail in practice in favour of men. Moreover, although these amendments provide a basis for the advancement of women, the level of legal awareness between genders remains low, particularly regarding laws that affect women.⁴²

Against this backdrop, UNDP/UN in Lao PDR has followed a multi-pronged strategy to promote

gender equality and women's empowerment. The UN Gender Theme Group coordinates the UN family's activities in this area. The group functions mainly to share information and promote policy dialogue, monitor progress towards UNDAF outcomes, including ensuring gender mainstreaming in UN programmes, fulfilling UN reporting obligations, and facilitating joint resource mobilization. Membership is given to all UN agencies and international financial institutions, and the meeting is opened to the government at times.

A major accomplishment of this group was to bring CEDAW into sharp focus. Most people in Lao PDR did not know about CEDAW until 2007 when UNIFEM sensitized government officials with a CEDAW session for the review of the combined sixth and seventh periodic reports. The government prepared these reports for the CEDAW Committee in 2009 with the help of UNDP's ILP and the GEPR programme. Considering the virtual non-existence of civil society in Lao PDR, the UN Gender Theme Group took it upon itself to produce the 'shadow report', which in most other countries would be produced by civil society organizations.⁴³ Under-scoring the value of the exercise, the concluding observations by the CEDAW Committee drew heavily on this shadow report.

UNDP and UNFPA are the two major agencies of UNCT actively engaged in gender empowerment, but their modus operandi slightly differs. Historically, UNDP has collaborated with the mass-based LWU, a traditional party organization that works at the field level to disseminate

41. GRID and World Bank, 'Lao PDR Gender Profile', Gender Resource Information & Development Centre, Lao Women's Union, Government of Lao PDR, and World Bank, Vientiane, 2005, p.24; and UN, 'Concluding Observations of CEDAW Committee: Towards the Combined Sixth and Seventh Periodic Report of the Lao PDR,' United Nations Development Fund for Women, New York, 2009, p.7; Colebatch, P., Phonethip, C., Inlorkham, V. and Santavasy, B., 'Participatory Evaluation of Lao National Commission for the Advancement of Women with a Focus on LNCAW Secretariat and Selected Sub-CAWs: Mid-Term Evaluation Report', Oxfam Novib Netherlands and UNFPA Lao PDR, Vientiane, 2009, p.86.

42. GRID and World Bank, 'Lao PDR Gender Profile', Gender Resource Information & Development Centre, Lao Women's Union, Government of Lao PDR, and World Bank, Vientiane, 2005, pp.12-13.

43. UNCT, 'Brief for the Committee on the Elimination of All Forms of Discrimination against Women by the United Nations Country Team in Lao PDR' (Shadow Report), United Nations Country Team Lao PDR, United Nations Gender Theme Group, Vientiane, 2009.

information on maternal welfare, childcare and women's skill improvement and to create awareness on gender discrimination. UNFPA, on the other hand, has supported the governmental body dealing mainly with policy coordination, the Lao National Council for the Advancement of Women (NCAW), and assisted the council in formulating the National Strategy for the Advancement of Women 2011-2015. Recognizing the importance of a coherent – and, where appropriate, collaborative – approach to women's advancement, UNDP and UNFPA are planning to work together on a new gender empowerment project involving both NCAW and LWU.

Within UNDP, the main platform for gender-related activities is the GEPR programme, which ended in 2009. The project had three components:

- strengthening capacity of selected central and provincial governments to effectively mainstream gender equality for poverty reduction into policies, planning and development activities;
- increasing gender equality in participatory planning in selected provinces, districts, and villages, and local decision-making and development activities; and
- formulating strategic tools for pro-poor gender-sensitive planning, policy formulation and resource allocation and strengthening capacity of GRID centres of the LWU as a gender-mainstreaming resource for Lao PDR.

Under the first component, the capacity building of the central government was attempted through introducing the concept of gender-responsive budgeting, starting from high-level staff from GRID/LWU and moving on to the National Assembly and the line ministries. These efforts are yet to bear tangible fruits, however. In a pilot exercise in Saravane province, the project conducted a field survey to introduce gender-responsive

planning and budgeting. Data was collected but the report was not completed because of a management issue. Extensive training on gender-responsive budgeting is considered with a view to imparting knowledge about how to implement gender-responsive budgeting to all ministries in collaboration with LNCAW and LWU.

A Domestic Violence Survey was undertaken, partly to strengthen the capacity of central and provincial government levels by feeding into the development of the National Strategy on Domestic Violence Prevention, and partly to strengthen research capacity of the GRID Centre (the third component). The completion of the survey was delayed and it is too recent to have had a tangible impact yet. However, it has laid the ground for the next project on violence against women and a national campaign planned around the issue.⁴⁴ At the same time, the survey has provided a research framework for the government to be able to address the problem of domestic violence against women on a more informed basis.

Another aspect of capacity building involved strengthening the capacity of the Department of Statistics (DOS) to produce gender-disaggregated data. This resulted in the publication of a compendium on gender statistics, but the quality and adequacy of the statistics is questionable. The DOS acknowledges this limitation and attributes it to limited funding.

The objective of the second component – to increase gender equality in participatory planning at sub-national levels – was to be achieved by applying the guidelines provided in the 'revised' Participatory Planning Manual to be produced by the MPI, and the Gender Mainstreaming Toolkit for Kumban levels⁴⁵, to be produced with support from SNV. Partly due to a delay in the production of these products, progress towards promoting women's participation in planning processes has

44. The next UNDP project on gender and HIV/AIDS has a component of conducting a national campaign on violence against women.

45. Kumban is a cluster of villages, which is a focal development area.

been slow. The findings of a recent assessment of the Participatory Planning Process,⁴⁶ which are broadly corroborated by the evaluation team's own investigations during its field visits, stated:

- The observed participatory process at the Kumban level planning reveals a good degree of community participation, but representation was limited to specific groups, and there was poor accommodation of the need of the poorest and female-headed households.
- All the project proposals were agency specific; as a result, there were no integrated proposals with gender sensitivity, e.g., combining agriculture, nutrition and education to improve child and maternal health, or, combining road improvement with marketing skills for women to improve market participation, etc.

Field visits by the evaluation team also revealed that women's preferences were seldom accommodated in the planning process. For instance, women may prefer a kindergarten to an irrigation system because having a kindergarten in a village would enable them to work outside home more freely. However, the space for such discussion was often not available to women in the first place.

Changing traditional practices, of course, requires much more than providing such tools. It takes a long-term campaign to make societal changes. As these interventions are only the first steps towards that objective, there is still a long way to go in redressing the situation.

As for the third component – aiming at capacity building for gender research – the evaluation team found that in spite of the delay in producing the Domestic Violence Survey, the very process has led to some capacity building of the GRID centre. GRID/LWU has participated in various training programmes and it has been successful in funding applications such as microfinance schemes from various international NGOs.

The overall achievement of GEPR – be it capacity building for gender mainstreaming, producing gender-disaggregated data, or ensuring women's participation in the planning process – has generally fallen short of targets. Largely, this is because of shortfalls in the resources mobilized for the project. Between 2006 and 2009, USD 407,763 was mobilized as against the initial target of USD 1,455,504. As a result, the scale of activities had to be cut down, many were delayed and some outputs were achieved well after the project ended.

Although GEPR is UNDP's main vehicle in seeking to address the issue of gender in Lao PDR, the organization has, in fact, a much wider range of instruments. Most UNDP projects have provisions for gender mainstreaming, some in collaboration with GEPR, but others quite independent. An examination of the record, however, reveals mixed achievements on actual mainstreaming of the gender dimension into projects that lead to tangible outputs and development results.

An outstanding case of success is the Community Radio Project in Khoun district (discussed more fully in Chapter 5), where locally produced broadcasts have left a tangible impact on the awareness and behaviour of men and women on gender relations. There is also some evidence of a beginning towards involving women in participatory decision-making processes at the village level in various UN projects (e.g., in the GPAR and support to the planning projects), although long-held traditions of male domination persist (see Chapter 5). Some other examples of mixed achievements are briefly discussed below.

- 1) With the help of SELNA project, the Women's Caucus of the National Assembly has been active in providing legislative oversight on the existing and future laws on behalf of women citizens. For instance, the women's caucus influenced the labour law amendment that increased women's

46. Cornish, A., 'National Socio-Economic Development Plan Support Project: Participatory Planning Assessment', Ministry of Planning and Investment and UNDP Lao PDR, Vientiane, 2007.

retirement age from 55 to 60 in 2006. Furthermore, based on the recognition that gender mainstreaming ought to go beyond the women's caucus to educate and motivate male members as well, a move is under way to create a parliamentary committee for the purpose of gender mainstreaming.

- 2) The GPAR SBSB project document contains a strong policy statement on gender as well as a number of gender-related activities. However, no strategy was spelled out on ways of mainstreaming gender in a practical manner for each output. Despite its delay, Gender in Governance Strategy and Action Plan 2009-2015 was drafted in September 2009 and disseminated in the governance SWG. The strategy has a particular focus on the improvement of sub-national systems in finance and budgeting, which integrates gender analysis as well as ensures gender balance in participation in civil service. Since this is a new strategy, the evaluation team cannot assess its impact. However, it is an important step that needed to be taken and the UN gender team ought to follow up on its implementation.
- 3) Several GPAR projects at the provincial level took valuable first steps towards gender mainstreaming by collecting benchmark data on gender gaps. But in most cases, this was not followed up by tangible actions. A case in point is the GPAR Luang Prabang project, which sought to mainstream gender into the design and operation of a Service Delivery Information System, in collaboration with the GEPR project. GEPR supported the collection of data disaggregated by sex, ethnic groups and levels of education through the GRID centre. Collection of this data was an important first step towards identifying the priority needs of the community, especially of women. However, there is no indication of proper analysis or utilization of this data to close the gender gaps.⁴⁷ Similarly, in GPAR Saravane, a benchmark gender assessment survey was carried out in 2005⁴⁸ but the findings remained unused, as no mainstreaming strategy was developed. In GPAR Xieng Khouang, a similar baseline survey was utilized to create a guiding document, with the help of SNV, to implement gender mainstreaming in the project.⁴⁹ Consequently, a plan to develop this mainstreaming strategy was included in the project, but it never materialized. The underlying problem in all these cases has been the lack of adequate gender training of the provincial staff. The Provincial Commission for the Advancement of Women (PCAW) established in 2008 was supposed to fill this lacuna. These are early days yet, but if the PCAWs can be made effective, they would enable gender information to be integrated more fully with the activities of GPAR.
- 4) The projects on providing support to the NSDEP and the NHDR both forged a partnership with the GEPR project for dealing with the parts that required gender analysis. Under the NSEDP project, a national participatory planning manual was to be revised, including guidance on how to mainstream gender in planning at the district and Kumban levels. The NHDR project was to help generate gender-disaggregated data at the national level. Both of these activities are worthy of adequate technical and financial support.

47. Chiweza, A.B., Hindson, D.C., Saisouphanh, S. and Souphanh, D. 'Final Review of GPAR Luang Prabang Project: Combined Output and Outcome Evaluation, Vol. 2', UNDP Lao PDR, Vientiane, 2010.

48. Gender and Development Team, 'Identifying Gender Bias in District Development Fund for Public Infrastructure and Service Delivery: Contribution to GPAR Saravane Technical Inception', National University of Laos, Tadthong Campus, 2005.

49. SNV, 'More Gender Equity in and through Human Resource Management and Development - Gender Mainstreaming and Personnel Affairs in Xieng Khouang Provincial Administration', Nederlandse Vrijwilligers, Netherlands Development Organisation, Vientiane.

- 5) A thorough gender assessment of the UXO programme was carried out in 2008.⁵⁰ The report revealed that women's participation in the clearance prioritization process was low and that current approaches lacked support for the creation of better environment for women. It also identified gaps in mine risk education. However, it did not specifically address gender-based risk behaviours.
- 6) In many projects, such as the ASEAN Integration Phase II and Capacity Building and Technical Support to Laos in the WTO Accession Negotiation, gender mainstreaming is measured by the number of women participants in project activities, mostly training/seminars/workshops. While greater participation by women in project activities is an important first step, that in itself does not amount to gender mainstreaming. True mainstreaming would have been achieved, for example, if these projects had identified the possible impacts of the ASEAN Free Trade Area (AFTA) and the

country's accession to WTO on women as entrepreneurs, workers and consumers.

In summary, while UNCT and UNDP have no doubt been successful in promoting awareness on gender equality and women's empowerment in Lao PDR through multifarious activities, especially through their contribution to CEDAW reporting and collaboration with the LWU, the important next task of translating awareness into action through gender mainstreaming remains at an early stage. Since mainstreaming was still inadequate in UNDP's own programmes and projects, there was correspondingly little impact in government activities as a whole. There are some notable exceptions, though. Some ministries such as the Ministry of Agriculture and Forestry (MAF) and the Ministry of Education (MOE) have successfully established gender networks and integrated gender concerns into their work.⁵¹ The MAF, for instance, has incorporated gender analysis into its planning strategies. These examples need to be replicated much more widely.

50. Irish Aid, UNDP Lao PDR and Mine Advisory Group, 'Assessment of Gender Perspectives in UXO Action in the Lao PDR' Vientiane, 2008.

51. Colebatch, P., Phonethip, C., Inlorkham, V. and Santavasy, B., 'Participatory Evaluation of Lao National Commission for the Advancement of Women with a focus on LNCAW Secretariat and Selected Sub-CAWs: Mid-Term Evaluation Report', Oxfam Novib Netherlands and UNFPA Lao PDR, Vientiane, 2009, p.15.

Chapter 5

UNDP'S CONTRIBUTION TO DEVELOPMENT RESULTS

5.1 POVERTY REDUCTION AND EQUITABLE GROWTH

The primary objective of UNDP in Lao PDR is to assist the government in its quest to achieve the overarching development goal of poverty reduction and equitable growth. Almost everything that UNDP does has direct or indirect bearing on this outcome. However, some activities are intended to be more directly relevant to poverty reduction than others are. These are the ones that will be reviewed in this section for their relevance and for their effectiveness in terms of development impact.⁵²

The poverty reduction strategy of the Sixth NSEDP (2006-2010) consists of four broad components: (i) creating an enabling environment to generate and expand opportunities for the economic participation of the poor and improving their productivity and incomes; (ii) promoting the participation of the poor and other vulnerable groups in deciding upon and managing development in their villages, focal development areas or village clusters (Kumbans), districts and provinces, especially in the poorest districts; (iii) helping to ensure the security of the people against natural disasters, unforeseen shocks and food scarcity; and (iv) providing and encouraging others to provide basic social services to the poor at affordable terms.⁵³

UNDP, for its part, is directly involved in the first three of these four components. The range of UNDP projects in the poverty reduction cluster related to the promotion of international trade and the private sector are relevant to the first

component – extension of economic opportunities. Parts of the Support to NSEDP project, also belonging to the poverty reduction cluster, are relevant to the second component – participation of the poor in planning for development in the poorest districts. Several projects under the crisis prevention and recovery cluster are relevant to the third component – ensuring the security of people and property. Thus, the first three components of the government's strategy together provide a convenient benchmark against which to assess the development outcome of a large number of UNDP activities that fall under the poverty reduction and the crisis prevention and recovery clusters. For organizational purposes, we may classify these activities into three groups: (a) support to the planning process, (b) support for employment creation through trade expansion and private sector development, and (c) support for security of people and property.

5.1.1 SUPPORT TO THE PLANNING PROCESS

Perhaps the most important project is the one designed to support the NSEDP. The project not only has direct relevance to the second component of the government's four-pronged poverty reduction strategy but also has direct and indirect relevance for the government's entire strategy because the project is supposed to support the formulation and the implementation of the NSEDP as a whole. The project on supporting the production of the NHDR, belonging to the poverty reduction cluster, also has a potentially pervasive impact on poverty outcome. This is because its main objective is to

52. Efficiency and sustainability issues will be examined in Section 5.4. For the explanation on why the sections are constructed as such, see Chapter 1, Section 1.3 Methodology, 1.3.4 Evaluation criteria and methods used.

53. GOL, 'National Socio-Economic Development Plan (NSEDP) 2006-2010', Committee for Planning and Investment, Government of Lao PDR, Vientiane, 2006.

sensitize the relevant stakeholders on the significance of the idea of human development and to expand the knowledge base that would enable the government to support activities for implementing the idea.

The Support to NSEDP programme aims to help the government with the following tasks:

- incorporate poverty reduction and MDG priorities and programmes of the Sixth NSEDP (2006-2010) in the annual plan and budgets of selected ministries and three pilot provinces;
- ensure that the Seventh NSEDP is formulated in a participatory manner and is results-oriented, enables effective monitoring and integrates the MDGs and other national priorities;
- enhance the capacities of the MPI, selected ministries and three pilot provinces for improved implementation, monitoring and evaluation (M&E) and reporting for the Sixth and Seventh NSEDPs;
- establish a research network comprising the National Economic Research Institute (NERI) and selected ministries and agencies to undertake policy research to support planning, and M&E.

The first task is in a sense the most fundamental of all, because it provides UNDP with a unique leverage. The organization could shape the nature and content of the government's poverty reduction strategy in concrete terms by helping to translate the vision of the five-year plan into more operational annual plans and public investment programmes. How well has UNDP made use of this leverage? In the overall assessment of the evaluation team, not very well. This assessment is based on the team's analysis of the annual plans prepared by the Ministry of Planning.

Scrutiny of those plans reveals that despite the

Sixth NSEDP's holistic view on poverty reduction, as exemplified by its four-pronged strategy mentioned earlier, a rather narrow approach was adopted when it came to implementing the vision. While integrating the erstwhile poverty reduction strategy – the NGPES – in the Sixth NSEDP, two core components were transferred as well. These were: (a) the strategy to focus on four priority sectors – agriculture, infrastructure, health and education (because these sectors were perceived to be critical for both expanding the income earning opportunities of the poor and to equip them with the necessary human capital), and (b) the strategy to focus on 72 poor districts, with priority to the 47 poorest ones. In practice, the first component did not receive the attention it deserved. Almost exclusive attention was given to the second component, but, as will be discussed below, a very small scale of activities was undertaken in this area.

On the first component, data on the pattern of budgetary allocation compiled by the World Bank reveals that the share of expenditure on the four priority sectors actually declined during the Sixth NSEDP period, despite the national plan's intention to accord these sectors higher priority (Table 4).

Evidently, the share of resources allocated to the four priority sectors declined continuously in the first three years of the NSEDP.⁵⁴ As a proportion of total expenditure, their combined share fell from 52.4 percent in 2005/2006 to 39.1 percent in 2007/2008. As a proportion of GDP, it declined from 9.6 to 6.6 percent. Apart from health, which had the lowest share to begin with, each priority sector suffered a decline. This is a continuation of a trend observed in the preceding five years as well, even though for a part of this period NGPES – which first identified these priority sectors – was in operation.⁵⁵ Thus for most of the present decade, allocation on the priority sectors has been declining.

54. The data for the final two years were not available to the evaluation team.

55. World Bank, 'Lao PDR Poverty Assessment Report', Vientiane, 2006.

Table 4. Budgetary Allocation to the Priority Sectors

	2005/2006	2006/2007	2007/2008
As percentage of total expenditure			
Four priority sectors	52.4	45.8	39.1
Agriculture	7.6	5.0	6.0
Infrastructure	24.8	21.5	15.8
Education	16.4	16.1	13.6
Health	3.6	3.2	3.7
As percentage of GDP			
Four priority sectors	9.6	8.4	6.6
Agriculture	1.4	0.9	1.0
Infrastructure	4.5	3.9	2.7
Education	3.0	2.9	2.3
Health	0.7	0.6	0.6

Source: World Bank, 'Lao PDR Recent Economic Developments', Lao PDR Economic Monitor No. 14, Vientiane, 2009.

There are several reasons for this discordance between intention and practice. First, the inflow of ODA earmarked for these four sectors declined over time. Second, the government has been unable to raise adequate domestic revenue to compensate for the shortfall in ODA allocation, let alone to raise the share of these sectors. Third, rising share of expenditure on defence and debt repayment squeezed the resources of the government further, making it hard to maintain the share of development expenditure. Fourth, since the provinces collect almost 60 percent of total revenue and spend 45 percent of total expenditure without a great deal of accountability to the centre, it is difficult to align actual allocation to the national plan's intended priorities. Whatever the reason, the fact that 'allocations tend not to follow stated policy priorities' (as the World Bank's Public Expenditure Review of 2006 put it) means that UNDP's intervention in the planning process has not succeeded in making one of the two central planks of the NSEDP's poverty reduction strategy effective in reality.

Turning now to the second plank – targeted interventions for the poor, focusing especially on the poorest districts – the annual NSEDPs identify the following major components: (1) Village Development Funds, created partly by government money and partly by villagers' contributions, (2) participatory poverty reduction plans at the Kumban level (village clusters or focal development area), funded partly by the government's own resources and partly by the donors, (3) credit for the poor at low interest rates provided by the Nayobai Bank, (4) the PRF, financed by the World Bank, and (5) moving upland farmers away from shifting cultivation towards alternative livelihoods.

Village Development Funds have been set up to encourage and promote poverty eradication through plantation, animal-raising, handicrafts, trading and other income-generating activities. It operates in 315 villages with 20,487 members. Nayobai Bank provides low-interest credit to 24,261 families in 569 villages spread across 63 districts in 17 provinces. The activities

taken up with the help of this credit include crop production, planting of commercial crops and self-employment in the non-farm sector. Kumban plans consist of small-scale infrastructural projects chosen by the communities themselves through a participatory process. So far Village Development Plans have been drawn up in 133 Kumbans in 69 (out of 72) poor districts. The participatory nature of the planning process has been questioned, however, as the poorest households and women are hardly represented in the process.⁵⁶ Partly for this reason and partly to integrate a variety of local level planning manuals in existence under various projects, UNDP took the initiative to help the MPI to prepare a revised manual, which was completed in 2010. What kind of improvement the new manual would be able to bring about remains to be seen.

Second, the amount of resources devoted to the government-sponsored targeted interventions (leaving aside the World Bank's PRF) remained very small. The government earmarked 124 billion kips on Kumban development plans for the period 2008-2011. This amounted to 0.49 percent of total public investment or 0.26 percent of total public expenditure and 0.11 percent of total investment in the country during the five-year plan period.⁵⁷ The funds set aside by the government for Village Development Funds is smaller (41.7 billion kips). The combined resources on these accounts amounted to less than 0.15 percent of total investment in the country during the five-year period 2006-2010. This was supplemented by the PRF financed by the World Bank. With an average annual expenditure of around USD 6 million per year, however, it still amounted to only 0.02 percent of total investment per year.

The Nayobai Bank disbursed more substantial funds. During 2009, for instance, the bank disbursed over 599 billion kips to 40,669 households in 1171 villages of 46 out of the 47 poorest districts. However, it is not known how much of it actually went to the households designated as poor. The evaluation team's own field-level investigations could not find much evidence that credit has actually reached the poor households.

Third, Kumban development, the flagship programme of the government's poverty reduction strategy, involves creation of focal development zones through village consolidation. The intention was to increase the villagers' access to health, education and other services through consolidation. There is a merit to this policy in a country with very low population density. However, the consequences of displacement and resettlement of large numbers of people that this policy invariably involved also bear consideration. A couple of Participatory Poverty Assessments carried out by the Asian Development Bank (ADB) in 2000 and 2006 have shown that, through relocation, the Kumban approach also created traumatic conditions. Incidence of disease and mortality rates have increased and many children do not attend school because their labour is required to eke out a living on poor soils in overcrowded conditions.⁵⁸ Similar pressure is created by the attempt to relocate upland farmers with the objective of eradicating swidden farming or shifting cultivation. As a result, "...some of the conventional solutions to poverty, especially those that involve relocation of villages, eradication of swidden farming, or land allocation, in spite of their good intentions, have caused severe hardships for the poorest villagers. This underscores a need to reassess these

56. Cornish, A., 'National Socio-Economic Development Plan Support Project: Participatory Planning Assessment', Ministry of Planning and Investment and UNDP Lao PDR, Vientiane, 2007.

57. Public investment during the five years of the Sixth NSEDP was 24,747 billion kips; total government expenditure was 46,981 billion kips; and total investment in the country (including approved foreign direct investment and domestic private investment along with public investment) was 112,840 billion kips. See, GOL, 'Draft Seventh National Socio-Economic Development Plan (2011-2015): Executive Summary', Ministry of Planning and Investment, Government of Lao PDR, Vientiane, 2010.

58. ADB, 'Participatory Poverty Assessment: Lao PDR', Asian Development Bank, National Statistics Centre & State Planning Committee, Government of Lao PDR, Vientiane, 2001; ADB, 'Participatory Poverty Assessment (2006): Lao People's Democratic Republic', Asian Development Bank, Vientiane, 2008.

policies and to seek other approaches that are less socially disruptive.”⁵⁹

UNDP’s own study on participatory planning echoes similar concerns, by drawing attention to currently available research that has found that consolidation and resettlement, whether voluntary or involuntary, have actually negative impacts on communities, at least in the short and medium terms.⁶⁰ The same study also notes that many donors are actually opposed to the Kumban policy because of its negative effects (p.3).

The loss of access to arable land and traditional forest resources arising from the policy of relocation and resettlement is a matter of serious concern from the perspective of poverty reduction, since access to these resources is the primary determinant of poverty status in Lao PDR.⁶¹ As the aforementioned Participatory Poverty Assessment notes, “As in the Participatory Poverty Assessment 2000, the primary cause of poverty identified by villagers in the study continues to be limited access to cultivation land, especially for rice production. This situation, villagers report, is due to attempts by local officials to carry out land reform, consolidate villages, and to reduce or eradicate swidden cultivation. These policies have led to population pressure and scarcity of land resources.”⁶²

The preceding analysis suggests that there are reasons to be concerned about how the poverty reduction strategy of the Sixth NSEDP, despite its

intentions, has actually affected poverty. Although the government correctly identified four priority sectors for expanding income-earning opportunities of the poor, the share of budgetary resources devoted to these sectors has paradoxically declined during the plan period. The government did put a lot of emphasis on targeted interventions for the poor, but the allocations awarded to them were too small to offset the effect of either declining expenditures on the priority sectors or the negative effects of some of the interventions themselves. This is not to suggest that UNDP is to be held responsible for such these shortfalls. Nevertheless, it has to be acknowledged that UNDP’s effort to encourage incorporation of poverty reduction and MDG priorities in the NSEDP has not yet produced results in terms of actual policies with a significant poverty impact, which were, after all, the primary objective of the Support to the NSEDP project.

5.1.2 SUPPORT FOR EMPLOYMENT CREATION THROUGH TRADE EXPANSION AND PRIVATE SECTOR DEVELOPMENT

UNDP actively supports the Government of Lao PDR in its attempt to integrate with the global economy as a way of promoting rapid growth and employment expansion. In 2004, the government decided to join the Integrated Framework initiative to push forward its trade agenda and boost the country’s export competitiveness and growth. Support to WTO accession has been identified as

59. ADB, ‘Participatory Poverty Assessment (2006): Lao People’s Democratic Republic’, Asian Development Bank, Vientiane, 2008, p.14.

60. Cornish, A., ‘National Socio-Economic Development Plan Support Project: Participatory Planning Assessment’, Ministry of Planning and Investment and UNDP Lao PDR, Vientiane, 2007. The relevant evidence for the Laotian context can be found in ADB, ‘Participatory Poverty Assessment (2006): Lao People’s Democratic Republic’, Asian Development Bank, Vientiane, 2008; and WFP, ‘Lao PDR: Comprehensive Food Security and Vulnerability Analysis’, World Food Programme, Vientiane, 2007. The latter study makes the point thus: “Studies conducted in the remote upland areas show that families faced with the reduction of available surface areas for shifting cultivation may adopt soil depleting farming practices. Without soil improvements these lead to reduced yields. Although labour inputs remain the same, yields have decreased ‘in many cases to less than half of the original pre-Land Allocation amounts’”. (p.27)

61. A study on explaining the poverty differential among different ethnic groups in Lao PDR decomposed the differential into two parts – one arising from differential access to assets (mainly land) and another arising from differential returns to assets, and found the former to be by far the major contributor. See, Andersson, M., Engvall, A. and Kokko, A., ‘Determinants of Poverty in Lao PDR’, Working Paper No. 223, Stockholm School of Economics, Stockholm, 2005.

62. ADB, ‘Participatory Poverty Assessment (2006): Lao People’s Democratic Republic’, Asian Development Bank, Vientiane, 2008, p.12.

one of the four priority projects by the Ministry of Industry and Commerce, to be funded by the Integrated Framework Trust Fund (Window II). UNDP in Lao PDR has been providing technical support to the government in this endeavour through the project entitled Capacity Building and Technical Support to Laos in the World Trade Organization Accession Negotiation. UNDP also supports three additional Window II projects: Strengthening the Integrated Framework National Implement Unit, Implementation of the Rules of Origin, and Support to Exports from the Garment Industry. All but the last named project have been implemented during the current programming cycle.⁶³

Lao PDR applied to join the WTO on 16 July 1997. The government has now entered the second stage of the accession process, which involves market access negotiations. These negotiations are one of the more technically complex, resource-intensive and politically sensitive stages of the WTO accession process. Going by the experience of other LDC accession countries, this second stage promises to be challenging as the government endeavours to negotiate terms of accession, which balances members' demand with Laos' LDC status. The major challenges which the coordinating agency for WTO accession, i.e., the Ministry of Industry and Commerce (MOIC) of Laos, faces in these negotiations is its constrained human resources and the need to work in close consultation with other line ministries and the private sector. UNDP's WTO project provides technical support to help face these challenges.

In addition to promoting global integration through the Integrated Framework Window II projects, UNDP also supports the government's attempt to achieve closer regional integration through membership of the Association of Southeast Asian Nations (ASEAN). Since

joining the association in July 1997, Lao PDR has emphasized the importance of full integration into ASEAN through active participation in economic, political, security and socio-cultural affairs. Economic cooperation, particularly the integration in the ASEAN Free Trade Area (AFTA) is seen as crucial for the country's development. The government recognizes, however, that full integration poses various challenges for Laos. These include: increasing the capacity of the government to manage the process of integration, analysing the impacts of AFTA and other trade agreements, and finding ways to achieve maximum benefits from ASEAN economic integration and other aspects of ASEAN integration. The UNDP project, Enabling More Effective Integration of Lao PDR into ASEAN Phase II, is designed to help the country overcome these challenges.

At a basic level, the development outcomes of these activities are too early to assess, since WTO accession has yet to occur and Lao PDR just started implementation of AFTA in 2010.⁶⁴ Therefore, whatever benefits are supposed to accrue to the Lao economy through these processes are still in the future. Through ongoing projects, UNDP is only developing the capacities for achieving these outcomes. Nonetheless, it is possible to make some comments regarding the programmatic relevance of these activities as well as their potential effectiveness.

In considering relevance, it is important to ask what exactly these activities are trying to achieve. It is worth noting that all the Window II projects, including the project on WTO accession, were undertaken in the light of the Diagnostic Trade and Integration Study (DTIS), completed by the government in 2006. DTIS identified the key obstacles that exist in expanding trade and export opportunities and in using trade as an engine for growth and poverty reduction in Lao PDR. The government accepted the policy recommendations

63. In this section, questions are raised on the relevance and effectiveness of UNDP's support in trade capacity building. However, no question is raised on the need of such assistance for Lao PDR overall. In fact, the proportion of ODA provided to help trade capacity building is one of the MDG targets identified for Lao PDR (MDG target 8.9).

64. Lao PDR has been a member of AFTA since 1998 but its implementation just started in 2010.

emerging from the DTIS and its action matrix, committing to move forward a complex reform process. The DTIS identified five priority areas where external assistance should be concentrated:

1. export competitiveness,
2. trade facilitation,
3. business environment,
4. trade policy, trade agreements and global opportunities,
5. trade opportunities for the poor.

The WTO project document explicitly mentions, “This project is especially designed to address the fourth priority area of the DTIS action matrix: Trade policy, trade agreements and global opportunities.”⁶⁵ This is puzzling because, given its overriding concern with poverty reduction and human development, it seems more natural for UNDP to support the fifth priority area of the DTIS action matrix: trade opportunities for the poor. Instead, it chose to focus on a rather technical area where it is not generally considered to have a comparative advantage over other Integrated-Framework agencies such as UNCTAD, WTO and World Bank.

To be fair, though, the project did not ignore the poverty implication of trade expansion even though the fourth priority area of the DTIS matrix, which it professed to support, did not directly refer to poverty. Indeed, the project document took pains to highlight the link between trade and poverty, and emphasized the importance of seeking out and strengthening the link. The project document first of all acknowledged that “...in order to ensure that Laos benefits from WTO membership and negotiates a *pro-poor and pro-growth agreement*, the capacity of [the government] on WTO-related issues and the dynamics between growth, trade, and poverty reduction strategies will need to be significantly strengthened.” It further noted: “The link

between trade, growth, and poverty alleviation is neither simple nor automatic. While the transmission mechanism between trade and growth may seem straightforward, those between trade and poverty reduction are complex. They depend not only on the trade-growth relationship but also on the way in which trade affects income inequality and employment.”

Having noted the importance and complexity of the trade-poverty nexus, the project document went on to spell out the approach that must be taken if a trade agreement were to be beneficial for the poor: “A pro-poor and pro-growth agreement will be one which will reconcile the need of [the government] to open up its markets, improve the Lao business environment and attract foreign direct investment, *whilst keeping in check income disparities and ensuring that the benefits of trade liberalization are captured by the middle class and the rural poor*. This will imply taking a phased approach to market liberalization and putting in place accompanying measure for macro-economic adjustments and policy reform in favour of the private sector and of the poor.”

All this amounts to very sound analysis and is deeply sensitive to the cause of the poor. Reality, however, has been very different. The project’s main engagement has been to enable the Ministry of Commerce to respond to various rounds of queries from WTO on the structure of protection and subsidy in Lao PDR and the steps being taken to reform the current trade system in preparation for WTO accession. In the process, the part of the project document’s well-thought-out approach that is being addressed in practice is how to “...open up its market, improve the Lao business environment and attract foreign direct investment...”, with precious little being done to address the part dealing with “...keeping in check income disparities and ensuring that the benefits of trade liberalization are captured by the middle class and the rural poor.” In particular, there is nothing in the project activities that will

65. MOIC and UNDP, ‘Capacity Building and Technical Support to Laos in the World Trade Organization Accession Negotiation’, Ministry of Industry and Commerce and UNDP, Vientiane, 2007, pp. 5, 6, 7.

ensure that the benefits of trade liberalization are captured by the rural poor, or any kind of poor for that matter.

The same is true of the ASEAN project, even though the project document avers that its main objective is to: “Facilitate and support the exploration of opportunities, and *promotion of activities that address poverty reduction* in the CLMV countries and narrowing of the development gap within ASEAN and between ASEAN and other regions.”⁶⁶

If the idea of pro-poor trade liberalization is to be translated into practice, the minimal requirement is to investigate how alternative trade liberalization strategies are going to affect the poor and then to propose ways and means of ensuring that the strategy that serves the poor best is in fact adopted. However, no such thing has been done in any of the trade-related projects. The WTO project did commission a study to examine the implications of WTO accession on three domestic industries – brewery, cement and steel bars – and the report has a section on impact on vulnerable groups.⁶⁷ But the three selected industries hardly constitute a good starting point for analysing the poverty impact of trade liberalization in Lao PDR, since their direct and indirect employment contribution is miniscule in comparison with the size of the country’s labour force. In any case, the report’s analysis of the impact on vulnerable groups is rather perfunctory in nature, simply noting the various conditions under which the impact would be either positive or negative. In particular, the recommendations do not include anything about how to ensure and enhance the contribution of trade liberalization on poverty reduction.

The analysis contained in the third NHDR, on the impact of international trade on human development, produced with UNDP support, is much more informative.⁶⁸ The relevant parts are worth quoting in full:

Some exports (manufactured exports, handicrafts, tourism, agricultural exports and labour exports) are labour-intensive, favourable to employment, to backward linkages, and to reduction of poverty and other improvements in human development. Agriculture is the most important sector, employing more people in the export trade and having the highest potential to enhance human development.

Many of these Lao exports benefit from regional trade agreements and from trade preferences from the Peoples’ Republic of China, the European Union, Japan and the Kingdom of Thailand. *WTO membership would not improve market access for Lao exports and WTO accession under unfavourable terms could hurt human development.*

Other Lao exports (minerals, timber, electricity, transit trade and over-flights) use much less labour and some pose threats to the environment. But these exports will also greatly increase the government budget, which can be used to enhance human development and reduce other impediments to trade.

Good policy is important for increasing the positive benefits of international trade and reducing the negative impacts. Some suggested changes will cost the government nothing and may save money. These suggestions include: fewer restrictions on exports

66. MOFA and UNDP, ‘Enabling More Effective Integration of Lao PDR into ASEAN, Phase II: Annual Project Report 2008’, Ministry of Foreign Affairs and UNDP, Vientiane, 2009. CLMV countries refer to Cambodia, Lao PDR, Myanmar and Vietnam, p. 6.

67. Lord, M., ‘Implications of WTO Accession for Selected Domestic Industries of Laos’, Ministry of Industry and Commerce and UNDP, Vientiane, 2009.

68. GOL and UNDP, ‘International Trade and Human Development Lao PDR 2006: The Third Lao PDR National Human Development Report’, Committee for Planning and Investment, Government of Lao PDR and UNDP Lao PDR, Vientiane, 2006.

and imports, leaving informal patterns of cross-border trade alone, normalizing Lao labour exports to Thailand, and *taking it slow on WTO entry.*”

This analysis reinforces the arguments made above to cast doubt on the relevance of UNDP’s trade-related activities from the standpoint of poverty reduction – a concern the projects in principle share.

The question of market access, referred to by the NHDR in the quotation above, also raises an issue with the potential effectiveness of the WTO and the ASEAN projects. The point here is that as an LDC Lao PDR already enjoys wide-ranging concessions in the arena of market access. Why then so much effort on negotiating further market access? The project document for UNDP’s Rules of Origin project makes the same point. Indeed, the whole rationale of the project is that market access is not a problem for Lao PDR – the real problem lies in the obstacles that prevent the country from taking advantage of the existing market access, and the complication arising from the rules of origin is one of them. To justify this position, the project document quotes from the DTIS, the fountain of all current trade-related projects in Lao PDR: “With the wide range of preferences given to Laos, especially given its least developed country status, *market access should not be an issue.* However, it turns out that Laos is not making full use of the preferences available to it – while a major part of the problem is certainly due to supply constraints in the country and lack of competitiveness in certain sectors, the other part of the problem is due to complex rules of origin and difficulty in managing them. Therefore, to understand and utilize the rules of origin of both public and private sector is very crucial for Lao exporters to be able to take advantage of those preferences.”⁶⁹

A couple of implications follow from this line of argument. First, projects such as WTO Accession

and ASEAN that are focused primarily on creating conditions of market access are unlikely to be effective in achieving any significant outcome because they are pushing at an already open door. Second, activities along the lines of the Rules of Origin project are likely to be more effective in achieving something tangible because they seek to overcome real obstacles. But this is not an area in which UNDP has particularly good reasons to be involved. Important as it is, the rules of origin problem involves technicalities that require much specialized expertise, in which UNDP cannot claim a comparative advantage. It is also related only indirectly to UNDP’s main mission of poverty reduction and human development.

UNDP’s trade-related activities are part of its endeavour to respond to the government’s strategy of making the private sector the vanguard in promoting growth with poverty reduction in Lao PDR. Another part of this strategy involves a project entitled Promoting Private Sector Development through Strengthening of Lao Chamber of Commerce and Business Associations, run jointly with UNIDO. While dealing with the private sector, this project focuses particularly on SMEs, and this is what imparts a poverty orientation to the project. The government recognizes that private sector and SME development is the cornerstone of overall economic development and poverty reduction, and intends to implement the SME Decree promulgated in 2007 to remove policy and legal obstacles to SME growth. The UNDP project seeks to contribute towards achieving this goal.

The project strategy is based on the premise that strong and functional Business Members Organizations (BMOs) are essential for the development of a vigorous private business sector. Accordingly, the project seeks to promote private sector development, in particular SMEs, through the strengthening of Lao chambers of commerce and industry and business associations. Specifically, the project seeks to provide support to Lao BMOs

69. MOIC and UNDP, ‘Capacity Building for MOIC’s Department of Import and Export in Rules of Origins, Product Specific Rules and Operational Certification Procedures’, Ministry of Industry and Commerce and UNDP, Vientiane, 2007, p. 6.

for (i) optimum utilization of research findings on private sector development; (ii) management and capacity building; (iii) improved services for businesses; and (iv) strengthened advocacy capability.

Given that SMEs comprise almost 95 percent of all economic establishments in Lao PDR and that nearly two-thirds of SME entrepreneurs happen to be women, this project is highly relevant from the standpoint of UNDP's twin concerns with creating employment opportunities for the poor and empowering women. There are, however, reasons to doubt the project's effectiveness in achieving these outcomes.

First, despite four years of support provided by the project to the LNCCI, the organization remains an invisible entity. The annual progress report 2009 admits: "The LNCCI is not well known to public, many people do not (*sic*) aware of the existence of Lao National Chamber of Commerce and Industry. People do not have any idea of who is LNCCI, what they are doing and for what purpose."⁷⁰ It is difficult to see how such an anonymous body would be able to offer effective services to small isolated entrepreneurs dispersed in far-flung areas of the country. This is evident from the low level of SME participation in events organized by LNCCI. For instance, the LNCCI did organize a number of training sessions – some in the provinces – to impart basic training on running businesses, which helped to raise its profile to some extent, but with a participation rate of less than 100 out of 134,000 SMEs⁷¹ it could hardly make much difference.

Second, a pre-requisite for the BMOs' ability to assist the member organizations effectively is to have knowledge about the nature of the

challenges confronting different types of enterprises. In recognition of this fact, the project commissioned a study by the NERI to identify the main constraints facing the private sector, in particular the SMEs, in Lao PDR. But even after four years, the research output is not yet published, although the actual work has recently been completed. According to LNCCI, this delay has been caused at least in part by lack of coordination between UNDP and UNIDO and the problems of managing a joint project of two organizations that have very different modes of operation. Because of this delay, the LNCCI has not been able to offer support of the kind that really matters. This is evident from the fact that although the training programmes organized by the LNCCI were well received by the participants⁷², the topics covered were very general in nature, offered by a foreign expert based on theoretical considerations and international experience, and did not address specific problems facing the SMEs in Lao PDR.

Third, although the kind of support the project is designed to offer is useful, it does not address what is generally perceived to be the main problem the SMEs are facing – access to finance. As the Mid Term Review of the Sixth NSEDP has observed, "Lao PDR has made great strides in the Sixth Plan period to improve and grow its financial sector and although the financial sector is developing rapidly, access to finance is still one of the major constraints for Lao businesses, especially for SMEs."⁷³ This issue deserves serious attention. One option UNDP may consider is to link up with a project currently being prepared by UNCDF to provide SMEs with better access to finance. UNDP already collaborates with UNCDF in managing the DDF component

70. LNCCI and UNDP, 'Promoting Private Sector Development through Strengthening of Lao Chambers of Commerce and Industry and Business Associations: Annual Project Report 2009', Lao National Chamber of Commerce and Industry, and UNDP Lao PDR, Vientiane, 2010.

71. This figure is quoted from MPI and UNDP, 'Mid-Term Review of the Sixth National Socio-Economic Development Plan (2006-2010)', Ministry of Planning and Investment and UNDP, Vientiane, 2008.

72. As gathered from the participants' feedback reported in LNCCI, 'Questionnaire Result "How to Start Business"', June 18, 2008', Lao National Chamber of Commerce and Industry, National Economic Research Institute, Vientiane, 2008.

73. MPI and UNDP, 'Mid-Term Review of the Sixth National Socio-Economic Development Plan (2006-2010)', Ministry of Planning and Investment and UNDP, Vientiane, 2008, p. 13.

of the governance reform programme (to be discussed below); the scope of collaboration should be extended in other areas as well.

There are opportunities for forging further productive partnerships in this area. For instance, the evaluation team's discussions with the Ministry of Labour and Social Welfare revealed that it was trying, in collaboration with ILO, to help the unemployed youth to take up opportunities for business start-ups. The support from ILO is largely limited to technical assistance, such as to provide materials and experts for training, and the lack of finance for the operation was felt to be a serious handicap. Moreover, the difficulties in accessing financing by the trained youth posed a great threat to the initiative's success. There is an opportunity here for UNDP to join hands with UNCDF and ILO (and possibly UNIDO) to work through the LNCCI and the Ministry of Labour and Social Welfare to address the problem of access to finance facing the SMEs, and thereby create more employment opportunities at the lower end of the income scale.

5.1.3 SUPPORT FOR SECURITY OF PEOPLE AND PROPERTY

UNDP's most important activity in the area of supporting the security of people and property⁷⁴ involves the UXO action projects that support two national UXO bodies: the inter-ministerial NRA and UXO Lao, the national clearance operator.⁷⁵ With support from UNDP, UXO Lao was created in 1996 and engages in technical surveys of land, the actual clearance activities on the ground and risk reduction education. Following the adoption of the national strategy for UXO action, *the Safe Path Forward II for the Period 2010-2020*, in 2003, NRA was created in 2005 with the overall responsibility for the implementation of this strategy, and to formulate policies, set priorities, monitor the progress and coordinate actions to this end.

The strategy was revised recently to *the Safe Path Forward for the Period 2003-2013*, taking into account its alignment with NSEDP and the findings of the sector evaluation conducted in 2008 by NRA and UNDP.⁷⁶

UXO action has made certain headway in securing the safety of the people. According to recent NRA statistics, over the period from 1996 to 2009, over one million UXO items were destroyed, 23 thousand hectares of land were cleared and 914 hectares of land was released after technical surveys. Although there is still a long way to go before the country becomes reasonably free of these remnants of war, this is a tangible accomplishment and there is no doubt that such an effort will be continued.

The presence of the UXO not only threatens the personal security of the people, especially the poor rural people who live in remote areas, but also obstructs their pursuit of sustainable livelihood by reducing safe access to land. Therefore, UNDP's heavy involvement in UXO action is highly relevant not only to human security but also to the organization's primary mission of poverty reduction and human development.

The UXO action generally engages in three sets of actions: (1) risk reduction, mainly through raising community awareness about the dangers of UXO, (2) clearing land contaminated by UXO, and (3) assisting victims of accidents. The sector evaluation has assessed performance in terms of all three, and found that performance with regard to victim assistance was overall quite satisfactory, but raised some issues with regard to the other two set of actions.

On the awareness-raising campaign, UXO Lao would appear to have exceeded the target in numerical terms. A National Impact Survey carried out in 1997 had identified 2,861 heavily

74. Other activities, involving response to natural disasters, have already been discussed in Chapter 4 in the context of strategic relevance of responsiveness of UNDP.

75. Today, UXO clearance is done also by international NGOs and commercial operators.

76. Griffin, R., Keeley, R. and Sayyasouk, P., 'UXO Sector Evaluation Lao PDR', (Final Report) UNDP Lao PDR, Vientiane, 2008.

contaminated villages. UXO Lao has in fact reached 6,659 villages through its awareness-raising campaign over the last ten years. There are also other operators who are conducting risk education.

The sector evaluation has observed however, first, there is no mechanism for checking whether the villages where community awareness activities were conducted were indeed on the list of contaminated villages. This has led to inefficiencies in operations. Second, the campaign has reached the stage of diminishing returns. While the campaign has successfully arrested inhabitants' *unintentional* interactions with UXO, the campaign is unable to make much headway against *intentional* interactions because people who engage in such interaction do so out of economic desperation and are thus impervious to the counsel of restraint.⁷⁷ These concerns appear to have been largely addressed in the recent revision of the strategy.

There is a more fundamental issue with the process of land clearance. Given the enormity of the scale of contamination, setting of priorities is an essential part of the land clearance process. The NRA provides guidance on priorities for clearance and identifies priority land, based on the information collected by UXO Lao and taking into account existing village, district, provincial and national development plans. The sector evaluation, having found the prioritization process was "complicated, unwieldy and, as a result, rather unresponsive" at the time, recommended a strategy to prioritize in the following order: (a) clearance for public development projects; (b) public clearance tasks that affect communities as a whole though not linked to development projects; and (c) clearance of private land for agricultural development by families or individuals, commensurate with their ability to

develop and utilize it. The current prioritization process seems to reflect in large part this prioritization strategy recommended by the evaluation.

The ADR team has found that this strategy is based solely on the consideration of economic rate of return: "...the internal rate of return of a single hectare destined for a development project is almost certainly going to be larger than the rate of return of a single hectare intended for agricultural use, even in the most productive regions. Furthermore, given that most of the UXO contamination is in the parts of Lao PDR that are, by various measures, ecologically the most poor, there is very little potential high value agricultural land that is likely to be contaminated by UXO." It may be noted that private agricultural land is given low priority here because it would have 'low value' – in the sense of a low rate of return to the investment on land clearance. The fact that the contaminated agricultural lands are mostly in the poorest areas and therefore would benefit the poor people even if the rate of return happen to be low is not accorded any weight in this reasoning. In fact, the poor who lack access to capital are likely to be least productive in terms of commercial return to investment.

While rejecting the focus on private agricultural land, the report argues, "The scoping exercise suggests that the clearance of such land is unlikely to ever make a commercial return, though it shows a positive benefit when examined from a welfare economics perspective." What matters in this approach is the overall or aggregate benefit to the country as a whole, without regard to how the benefit is distributed among different groups of people. Thus, while the poor may benefit from communal clearance, this strategy can hardly be 'pro-poor' which requires conscious direction of benefits to the poor.

77. A recent report has observed that "...despite known risks many people, on an almost daily basis, continue to interact with live or potentially live ordnance...intentional UXO risk taking was found to be based on a rational decision making process involving weighing up of the potential costs and benefits of a range of available livelihood options...The most common ways in which people voluntarily expose themselves to UXO risk is through collecting or dealing in scrap metal, moving UXO from farmland and dismantling UXO." See, MAG, 'UXO Risk Education Needs Assessment', Mines Advisory Group, Vientiane, 2006, pp. 7, 35, 37.

Conscious of the need for gauging the benefit of clearance, the national UXO bodies conduct post-clearance impact assessments. However, the ADR team could not find any clear evidence that such prioritization process would be most effective in poverty reduction.⁷⁸ The ADR team also found that, although officials involved with the clearance process had a poverty-reduction perspective, there was no conscious attempt to target the lands of poor farmers. The field level officials of UXO Lao admitted in their discussions with the evaluation team that they were more interested in maximizing the amount of land area cleared. When asked to report the progress they have made, the only statistic they refer to is the amount of land that has been cleared and the rate at which it has been done. There were no reliable statistics on how many farmers have been enabled to work on their land safely. The consequence of this approach is evident from the findings of a recent report. It quotes small farmers working on contaminated land: “No clearance team comes and helps us so even though it is not safe to move, when we find UXO...we need to move them. Otherwise the following (planting season) we don’t know where they are”.⁷⁹ In their desperate bid to eke out a livelihood, the farmers take it upon themselves the hazardous task of removing the UXO, thereby risking their lives and limbs.⁸⁰

UNDP, which provides policy and technical support to national UXO bodies, should be conscious of the fact that the current policy is thus not clearly ‘pro-poor’ and, in its support

to the national bodies, should consider ways to strengthen the linkage of the clearance process to poverty reduction in a more direct manner. As a major supporter of the national effort on UXO action, UNDP certainly has a leverage to promote ‘pro-poor’ concept in policy thinking.

5.1.4 OVERALL ASSESSMENT OF THE POVERTY OUTCOME

It was noted in Chapter 2 that rapid economic growth in Lao PDR has brought about significant reduction in poverty – from 33.5 percent in 2002/2003 to 27.6 percent in 2007/2008. However, this statistic by itself does not say much about the success of the poverty reduction strategy. When per capita GDP grows by over 5 percent per annum, as it did in Lao PDR during 2002/2003–2007/2008, some reduction in poverty is bound to occur through the trickle-down process, regardless of the poverty reduction strategy. In order to assess the success of the poverty reduction strategy, it is necessary to look more deeply into the details hidden behind the averages. Table 5 draws attention to some disturbing trends.

The lynchpin of the government’s poverty reduction strategy, supported by UNDP, was the targeted attention to the priority districts (47 poorest and 25 poor districts). But Table 5 reveals that poverty declined at half the pace in priority districts, which were the poorest to begin with, as compared to the non-priority districts, which already had a much lower level of poverty.⁸¹ Similarly, the minority ethnic groups

78. See, for example, the discussions at meeting “Ensuring Mine/UXO Action Promotes Development: Priority-Setting and Pre/Post Clearance Assessment,” on 11-13 March 2009 in Vientiane organized by NRA, UNDP and Geneva International Centre for Humanitarian Demining. For its summary report, <http://www.gichd.org/fileadmin/pdf/ma_development/practitioners-network/wk-march2009/LMAD-Wk-SUMMARYREPORT-Mar2009.pdf>

79. MAG, ‘UXO Risk Education Needs Assessment’, Mines Advisory Group, Vientiane, 2006, pp. 8-10.

80. This is confirmed by another study (funded by UNDP itself) which investigated the accidents caused by UXO: “the majority of the recorded findings appear to be the result of accidents when victims were knowingly carrying out hazardous activities...” See, Geneva International Centre for Humanitarian Demining, ‘Lao PDR Risk Education Management and Mitigation Model’, Geneva International Centre for Humanitarian Demining, 2007, p.42.

81. Furthermore, the first priority districts, which account for one quarter of the country’s population, were the only part of the country where there was hardly any decline in poverty gap (as measured by the average shortfall of poor people’s income from the poverty line) and there was in fact an increase in the severity of poverty (measured in the same way as the poverty gap but by giving higher weight to the shortfall of the poorer people). See, DOS, ‘Poverty in Lao PDR 2008: Lao Expenditure and Consumption Survey 1992/93-2007/08’, Department of Statistics, Ministry of Planning and Investment, Vientiane, 2010, Appendix Tables 16 and 18.

Table 5. Incidence of Poverty in Lao PDR: 2002/2003 and 2007/2008 (Head-count ratio; percentage)

	2002/2003	2007/2008	% change
Priority Districts			
First priority districts	49.4	43.5	-12.0
Second priority districts	41.2	36.2	-12.1
Non-priority districts	26.3	19.9	-24.0
Ethnic groups			
Lao-Tai	25.1	18.4	-26.7
Mon-Khmer	53.7	47.3	-12.0
Chinese-Tibetan	40.0	42.2	+5.5
Hmong-lu Mien	45.8	43.7	-4.6
Altitude			
Lowland	28.2	20.4	-27.7
Midland	36.5	29.1	-20.3
Upland	43.9	42.6	-3.0

Source: DOS, 'Poverty in Lao PDR 2008: Lao Expenditure and Consumption Survey 1992/93-2007/08', Department of Statistics, Ministry of Planning and Investment, Vientiane, 2010.

(Mon Khmer, Chinese-Tibetan and Hmong-lu Mien), who had a much higher level of poverty compared to the majority ethnic group (Lao-Tai) to begin with, experienced a much slower reduction of poverty than the better-off majority group. In fact, poverty declined only marginally for Hmong-lu Mien and actually increased slightly for the Chinese-Tibetan. Furthermore, people living at higher altitudes, where poverty was deeper to begin with, experienced a much slower reduction in poverty compared to the people living in the lowlands. Indeed, the poorest of them, living in the uplands, experienced hardly any decline in poverty at all.

Another way of looking at the matter is to compare the rate of economic growth with the rate of poverty reduction. Per capita income

growth accelerated quite sharply from 4.1 percent per annum during 1992/1993-2002/2003 to 5.6 percent during 2002/2003-2007/2008. But poverty reduction accelerated only marginally from 3.1 to 3.8 percent per annum. As a result, the growth elasticity of poverty has declined from 0.77 to 0.68.⁸² In other words, the ability of economic growth to reduce poverty has declined in recent years.

All this suggests that the pro-poor development outcome that UNDP has sought to bring about through its support to the government has not actually been achieved. Unfortunate as it is, this outcome is not in fact surprising in view of the growth process that has prevailed in Lao PDR in the last decade. Growth was indeed rapid, but it was driven mainly by foreign direct investment

82. The growth elasticity of poverty refers to the percentage change in the rate of poverty that is accompanied by one percent change in the growth of GDP.

into natural resource-based activities that had very little scope for leaving a positive impact on those living at the bottom end of the income scale. For example, analysing the growth pattern for 2008/2009, a study by the World Bank reports: “*The contribution to GDP growth has shown a noticeable shift toward the resource sectors. The mining and power sectors together contribute about 3.3 percentage points to the overall growth of 6.4 percent this year (this includes both direct and indirect contributions) compared to 2 percentage points in 2008 ... of which the mining sector (mostly copper and gold) contributes about 2.5 percentage points; manufacturing and construction together and agriculture about 1 percentage point each, and services account for the remainder.*”⁸³

The MDG Progress Report of 2008 also notes: “While the economy has grown considerably in the last two decades, with a significant slice of growth originating from the non-agricultural sector, *sectors that create work and are skills-based have not grown in equal measure.*”⁸⁴ The Mid Term Review of the Sixth NSEDP frankly admits to the failure to create adequate jobs: “The target for job creation during the Sixth Plan is set at 652,000 positions with an average of 130,000 jobs per year. Because of data constraints it is difficult to get precise number of jobs created, but it is estimated that the level of job creation over the past two years has been low and it may be difficult to meet the Sixth Plan target.”⁸⁵

When a growth process fails to create adequate employment opportunities for the poor, it is hardly surprising that the ability of growth to reduce poverty would decline and the poorer segments of the society will fare worse than their better-off counterparts. This is, of course, a challenge faced by the national policy, for which UNDP is not

directly responsible. But as the analysis of this section has shown, the projects and programmes implemented by UNDP to advance the cause of poverty reduction did not actually succeed in their aim. The projects designed to influence the planning process did not sufficiently nudge that process towards a pro-poor direction, and the projects related to trade expansion, private sector development, and security of people and property did not have a sufficiently pro-poor focus either.

5.2 GOVERNANCE REFORMS, SERVICE DELIVERY AND PEOPLE’S EMPOWERMENT

The government’s Strategic Plan on Governance (2006–2010) outlines the key initiatives to be undertaken in the sector to implement the targets of the Sixth NSEDP. The objective of the plan is to bring about improvement in the four key areas of (i) public service delivery, (ii) people’s participation in decision-making processes, (iii) rule of law, and (iv) financial management. UNDP’s programmes in the democratic governance cluster aim to support each of these areas, especially the first three.⁸⁶ The most important of these is the GPAR programme, which addresses mainly the first two areas (public service delivery and people’s participation) and, to some extent, also the fourth (financial management), especially at sub-national levels. Public participation is also promoted through a number of other projects operating at different levels of the society – viz., the National Assembly, civil society organizations, and village communities. Finally, there is a group of projects related to the second area – the rule of law.

Each of these areas is clearly important from the perspective of UNDP’s concern with human development. Efficient and equitable public service

83. World Bank, ‘Lao PDR Recent Economic Developments’, Lao PDR Economic Monitor No. 14, Vientiane, 2009. The pattern was essentially similar in the preceding couple of years, p. 6.

84. GOL and UN, ‘Millennium Development Goals Progress Report, Lao PDR’, Government of Lao PDR and the United Nations, Vientiane, 2008., p. XI

85. MPI and UNDP, ‘Mid-Term Review of the Sixth National Socio-Economic Development Plan (2006–2010)’, Ministry of Planning and Investment and UNDP, Vientiane, 2008, p.14.

86. GOL, ‘Strategic Plan for Governance’, Government of Lao PDR, Vientiane, 2006.

delivery is essential for enhancing people's health, education and income-earning capacity, which are vital for all-round human development. People's participation in decision-making processes is valuable in its own right as a component of freedom that is inherent in the concept of human development. It is also instrumentally important for efficient and equitable policy-making and policy implementation. And a rule of law that protects the security and interests of all citizens, especially the poorer and weaker segments of the society, must underpin any strategy that seeks to promote growth with equity. It is thus evident that UNDP's choice of projects and programmes in the democratic governance cluster is highly relevant to the government's strategy in the arena of governance but also to its broader development goals.

5.2.1 GOVERNANCE REFORMS FOR BETTER PUBLIC SERVICE DELIVERY

The GPAR programme assists the government to develop and implement its decentralization strategy. Established in 1997 to promote civil service reform, it is situated within the Public Administration and Civil Service Authority (PACSA), a sub-ministry within the Prime Minister's Office. In 2007, GPAR added the sub-title Support for Better Service Delivery to its name. This marked an important shift in the programme's orientation. From this point onwards, governance and public administration reforms were conceived explicitly with the aim of improving public service delivery, particularly for the poor. Through improvements in service delivery, reform of the civil service was intended to bring about poverty reduction and help stimulate equitable economic growth. Service delivery would focus on agriculture, education and health, which the Sixth NSEDP identified as among the priority sectors for poverty reduction.

The primary objective of GPAR was not so much to deliver actual services (although it was a part of the programme) but to create the conditions in which the government would be better able to provide the services the people need. For this purpose, GPAR experimented with a number of alternative forms of 'enabling environment' that would suit the Lao people best. These experiments were conducted through the central project (which came to be known as GPAR SBSD) and four provincial components, undertaken in Saravane, Sekong, Xieng Khouang and Luang Prabang.

The enabling environment GPAR sought to create consisted of the following core elements:

- a streamlined and modernized administration, especially at the provincial level, with clear delineation of the roles and responsibilities of all functionaries so that everyone knows what is expected of them and is equipped to deal with the demands of a modern bureaucracy;
- a two-way information management system that would enable both the administration to know what people really want and would enable the citizens to know what services are on offer and where;
- a flexible funding mechanism that would enable the sub-national authorities to provide the services desired by communities;
- a planning procedure that would involve the communities in decision-making processes, the idea being that people's participation would help bring to the attention of the civil servants what the communities really need and would also help to implement the community projects more efficiently.

A recent comprehensive evaluation of GPAR shows mixed achievements in all four areas.⁸⁷

87. Chiweza, A. B., Hindson, D. C., Saisouphanh, S. and Souphanh, D., 'Overall Report on GPAR Projects Final Report, Combined Output and Outcome Evaluation Vol. 1', UNDP Lao PDR, Vientiane, 2010. The present evaluation team did not attempt an independent verification of all the findings of the GPAR evaluation. This was in deference to the suggestion of the country office that since the GPAR had already been comprehensively evaluated the present team would do well to devote its scarce time and human resources to other areas of UNDP activities which did not benefit from such comprehensive evaluation. Nonetheless, the observations that the team was able to make during its field visits to the provinces were generally consistent with the findings of GPAR evaluation.

Some of the major findings, supplemented by the present evaluation team's own investigations, are summarized below.

Streamlined and Modernized Administration

The activities geared towards streamlining and modernizing the administration focused on the following areas: a functional analysis of various administrative positions, training of staff, and the development of a Personnel Information Management System (PIMS). The functional analysis was carried out with the help of the project's technical advisors but this was done in the provinces without reference to similar work being done in PACSA and central ministries. The result is that even though the functional analysis was completed in many cases, it did not lead to any organizational restructuring because of a lack of approval from PACSA and line ministries. There is, moreover, a danger that the provincial-level functional analysis would be inconsistent with the central one. In that case, the effort and resources invested in the provinces would be wasted.

Training of staff at the sub-national level was found to be of good quality, as demonstrated by their improved capacity for office management and reporting. However, the PIMS initiative was found to have stalled in all projects.

Information Management System

A number of alternative information management systems were tried out in the provinces. Of these, three seemed to perform quite well: the Service Delivery Information System in Luang Prabang, the District Development Planning in Saravane, and the Resource Centre in Luang Prabang.

Another notable initiative is the piloting of a multipurpose One Door Service (ODS) designed to make services easily accessible to the citizens. Altogether ten ODS centres have been opened

in the country, out of which seven are fully operational. Several centres (in Vientiane, Xieng Khouang, and Luang Prabang) have proved useful in providing basic services like marriage, birth and death registration. However, in terms of tangible services (e.g., health, education, water, sanitation etc.), the ODS centres provide only referral services, not the required information.

In addition, GPAR SBSB has initiated the system of Citizen Report Card to examine public views on access, quality, cost and satisfaction of services in four main sectors: education, health, business, and agriculture. The first round of Citizen Report Card surveys was conducted in ten districts in Luang Prabang, Saravane and Xieng Khouang provinces. It took too long to produce the report, however. The survey was conducted in 2007 but the report was published only in mid-2010. In any case, since no benchmark exists to describe the pre-GPAR situation, it is not possible to judge from the survey whether the citizens perceive an improvement in the quality of service delivery because of GPAR.

One interesting finding from the survey is the ostensible insignificance of mere reporting of whether citizens are satisfied with a particular service. Referring to the apparently high level of satisfaction reported by the citizens in many instances, the report cautions: "The explanation for these findings probably relates to the fact that satisfaction is a subjective indicator. At the same time, overall levels of expectation with regard to public services may be low and socio-cultural factors may prevent people from voicing grievances."⁸⁸ The report further notes: "The level of satisfaction appears to be related to the level of engagement with the service by citizens. A higher level of engagement allows for a more informed assessment and indicates lower levels of satisfaction. Higher levels of satisfaction could reflect indifference towards the service."⁸⁹ This implies

88. EDC, 'Citizen Report Card Survey Final Report', Enterprise & Development Consultants, Vientiane, 2007, p. 6.

89. The report shows that "In Ngoi for example, school attendance is twice as high as in Taoi and the level of reported satisfaction in Taoi three times that of Ngoi. Similarly, fewer reported difficulties with the curriculum and teachers appear (sic) to be a reflection of lower levels of parent engagement with education," p. 6.

that the survey results on citizen's satisfaction cannot be meaningfully used to compare the quality of service across locations. However, if the survey is repeated in future, it will provide a useful basis for monitoring the quality of service delivery over time.

Flexible Funding Mechanism

GPAR has piloted a mix of operational and investment block grants. These include the Service Delivery Fund in Luang Prabang, the Agriculture Development Support Fund in Xieng Khouang and the DDF, which was first piloted in Saravane and is now being replicated more widely. The effort to integrate these financing facilities into the governance reform process at the district level represents a crucial departure from GPAR's earlier approach, which attempted to build human capacities and transform institutional arrangements without linking these directly to capital investment for service delivery. This approach constitutes a model of governance reform in which capacity building and direct service delivery occur simultaneously, thereby attempting to overcome the conventional capacity building/service delivery trade-off that often plagues decentralization reforms.

The DDF has proved to be the most promising approach so far. This is the only financing mechanism that provides a block grant to district administrations so they can plan expenditures at their own discretion. The discretionary power is intended to give them the flexibility to tailor their activities to the precise needs in the respective districts. The districts that receive block grants are expected to follow a technically sound and participatory planning and budgeting process. The aim is to ensure that local communities have an opportunity to voice their priorities based on robust and transparent prioritization processes.

The final evaluation of GPAR found that in Saravane province, where the DDF approach

was first tried, district-level capacity to facilitate citizen participation and cooperation with villages in project activities was strengthened. Decentralized planning has promoted the involvement of communities (men, women, ethnic groups) in the choice of infrastructure projects. Furthermore, the establishment of District Planning Teams and District Planning Committees under the DDF has introduced structures that promote district-wide coordination and monitoring of planning and budgeting of investment.

The GPAR SBSB Project has been replicating the DDF model in four new provinces: Xieng Khouang, Huaphanh, Oudomxay and Sekong.⁹⁰ Unlike GPAR Saravane, where provincial officers are playing their roles very successfully, these SBSB initiatives have still been facing such problems as poor understanding of DDF procedures and a weak role for the key provincial officers in managing and backstopping district DDF activities. The GPAR evaluation team stated, "Unless these issues are resolved the replication of DDF under GPAR SBSB runs the risk of not achieving the stated project goals in this area."⁹¹ The project is aware of these implementation issues, and in the course of addressing them.

Participatory Planning Process

Some degree of participatory planning is embedded in all the financing mechanisms that GPAR has experimented with, but it has taken the most advanced form in the DDF model, especially as it has been practised in Saravane. The objective is to ensure that local communities have an opportunity to voice their priorities based on robust and transparent appraisal and prioritization processes at the district level. The process starts with village units identifying their development priorities. These are sent to the Kumban, where priorities at that level are identified. At this point, the district-level line departments identify sector priorities for district-level investments and

90. A fifth province, Khammouane, has also been replicating the DDF model under the World Bank Khammouane Development Project.

91. Chiweza, A. B., Hindson, D. C., Saisouphanh, S. and Souphanh, D., 'Overall Report on GPAR Projects Final Report, Combined Output and Outcome Evaluation Vol. 1', UNDP Lao PDR, Vientiane, 2010, p. 38.

submit them to the District Planning Team. The team then integrates Kumban and sector priorities, verifies and appraises sub-projects, prepares a list of priority projects, and submits it to the District Planning Committee. Based on this input, the committee finally puts together a draft District Investment Plan and submits to the district head for approval.

In order to boost the participatory process, the project seeks to build capacities of village and Kumban leadership through training on village administration, rules of law, finance, roles and responsibilities of mass organizations at village level, and security issues. The final evaluation of GPAR has noted that these activities have been able to improve the capacity of Kumban leaders, as indicated by the quality of monthly and quarterly planning reports they produce.

In sum, UNDP has attempted a wide range of reforms in public administration and service delivery through the GPAR programme, some on an experimental basis, hoping to find the right model for Lao PDR. It was certainly a worthwhile experiment, even if, as can be expected from such an ambitious undertaking, not all the desired outcomes were achieved. In particular, reforms aimed at administrative streamlining fell short of targets. But there were notable successes too. The Citizen Report Card, the One Door Service, the Service Delivery Information System are all promising innovations that, if scaled up efficiently, can potentially transform the quality of service delivery in Lao PDR.

The most promising innovation, however, is the DDF approach to flexible financing, especially in the framework in which it has been applied in Saravane. By making the DDF the centrepiece of all administrative and financial management reforms in the districts, this approach has enabled district authorities to build their capacity in public expenditure management in the process of delivering services. By building the capacity to effectively manage development finance, the DDF approach has presented a model with a good prospect to avoid a trade-off between capacity

building and service delivery that often bedevils attempts at decentralization.

A potential problem remains for the future, however, when it comes to scaling up the model for wider application: funding. In terms of resource allocation, the DDF has been resourced as a part of GPAR expenditure because it was meant to be an experimental model. If the DDF model, or some variation of it, is now to become the central element of future administrative reforms at sub-national levels to build capacity through the process of service delivery, greater resources would have to be allocated.

One possible solution is to forge some kind of partnership between UNDP's GPAR programme (or some future variant of this programme) and World Bank's PRF. The latter is a better-resourced programme and similar to the DDF in that it provides funding for infrastructure development at the local level through a participatory planning process. However, it has an administrative structure of its own, which is project based, and does not integrate with district-level administration in the way that the DDF does and, therefore, does not contribute to capacity building for service delivery by civil servants. This means that once the PRF project comes to end, nothing will remain by way of sustainable capacity building. On the other hand, if GPAR simply tries to build capacity without mobilizing enough resources to provide continuous and sufficient funding through its mechanism, it will not be sustainable either. Thus, Lao PDR currently has two parallel processes at the local level – GPAR and the PRF – neither of which is sustainable on its own. However, they have a potential complementarity that, if properly harnessed, can together build a sustainable model of efficient service delivery at the local level, by utilizing the capacity-building framework of the DDF and the resources of the PRF.

The present evaluation team has found the World Bank in Lao PDR to be quite receptive to this idea. Indeed, the World Bank, as well as the Luxembourg aid agency, already uses the DDF

model in one of their development projects in the provinces on an experimental basis. The final evaluation of GPAR has also recommended a move in this direction: “In terms of donor relationships, UNDP’s relationship to the PRF is a crucial one, even if it has not, for the moment, been given sufficient attention. The DDF and PRF have the same overall goal of poverty reduction. These two development support modalities seek to achieve the same goal by different means, DDF through building the capacity for service delivery within local government and PRF by running its own delivery vehicle parallel to the government and focusing on building capacity at the Kumban and village level. This situation provides an important opportunity for UNDP to bring the experience of the DDF and other financing vehicles that have emerged in the provincial pilots into the discussions taking place between PRF and the Lao National Board for Rural Development and Poverty Reduction. The aim of these discussions would be to help the government move step by step towards a harmonized national approach to poverty reduction in which the capacities of local government are built to provide services to the poor visibly, rapidly and sustainably.”⁹² The present evaluation team endorses this recommendation.

5.2.2 RULE OF LAW AND ACCESS TO JUSTICE

The Government of Lao PDR outlined its commitment to implementing a strategy of governance reform in the Governance Policy Paper in 2003. This commitment was reaffirmed by the Strategic Plan on Governance (2006-2010) presented in 2006. One of the major focus areas in these documents was strengthening of the legal sector, including people’s access to justice. This commitment was based on the understanding that the economic empowerment of the Lao people that the NSEDP sought to achieve could not be accomplished without an enabling environment under the rule of law, which would protect both people and property from abuse and provide

widest possible access to justice, especially to the poor and vulnerable people. UNDP has tried to assist the government in achieving this objective through a number of projects and programmes: an international law project, a project to help implement the LSMP, a project to strengthen the LBA and a project on the customary justice system in Lao PDR.

The relevance and effectiveness of the ILP has already been discussed in Chapter 4 in the context of UNDP’s efforts at promoting the values of human rights. As for the project designed to help implement the LSMP, the plan is yet to be implemented and its effectiveness cannot be evaluated at this point. It should be emphasized though that support to the implementation of LSMP is an enormously important exercise because a successful outcome is vital for sustaining positive outcomes of all other legal-sector projects implemented by the government and supported by UNDP and other development partners.

As a means to expanding people’s access to justice, the government declared its intention to make the LBA, which was supervised by the Ministry of Justice (MOJ), a more independent institution. The Legal Sector Evaluation (2003) also highlighted the need to support the development of the LBA so that it would eventually be able to provide a range of professional legal services to the population, including legal aid to the poor.

In response to these felt needs, UNDP launched the first phase of the project, Strengthening Access to Justice through the LBA, in 2003. The second phase, Enhancing Access to Justice through the LBA, builds on the success and achievements of Phase I.

This project aimed to:

- facilitate and improve access to justice, particularly among the poor and vulnerable populations, including women, elderly, ethnic groups, disabled persons and children;

92. Chiweza, A. B., Hindson, D. C., Saisouphanh, S. and Souphanh, D., ‘Overall Report on GPAR Projects Final Report, Combined Output and Outcome Evaluation Vol. 1’, UNDP Lao PDR, Vientiane, 2010, p. 66.

- strengthen the institutional capacity of the LBA to regulate the legal profession, by improving the legal knowledge and advocacy skills of the legal profession; and
- provide legal aid to the poor and vulnerable who would otherwise not have been able to access or afford such services.

The project's main component, improving access to justice, comprised such activities as running legal aid clinics, disseminating legal information through various channels, involving the National University's Faculty of Law in the legal aid programme, and conducting study tours on legal aid. The project had in addition two other components: institutional and policy development; and human resource development.

Most of these activities have progressed well.⁹³ In addition to the legal aid clinic that already existed in Vientiane, two more have been set up in Oudomxai and Champasak provinces that provided access to legal services for the poor and vulnerable living in far-flung areas. Nearly 4,500 people, a third of them women, attended information dissemination activities conducted by the pilot clinic at the village level. The clinic has also introduced a system of free legal advice called Legal Aid Mobile Clinic, through which some 300 people (a third of them females) from different villages asked for legal advice.

The project has also disseminated legal knowledge by various means such as posters and brochures, newspaper articles and radio and television programmes. Priority was given to disseminating information of particular importance to women and children, by producing posters and brochures on human trafficking and gender equality.

While these activities have the potential to improve the citizen's access to justice, the overall impact so far has been negligible simply because the scale of activities has been small, as the numbers quoted above suggest. Many activities are at the pilot

stage, so the small numbers are understandable. Still, there are some structural limitations that would stand in the way of scaling up the activities and achieving a more widespread effect. The project itself recognizes most of these problems:

- As many of these activities depended on members volunteering their time – either for free or with small compensation, the LBA has had a difficulty in securing volunteers for these activities. For conducting outreach programmes and legal aid clinics, the low fee and allowances made it difficult to attract enough experts and volunteers.
- Although the LBA wanted to expand the clinics in the provinces, most lawyers are centred in Vientiane and few lawyers are able and willing to undertake legal aid work in the provinces.
- There is a general dearth of trained lawyers in the country. Any attempt to expand the legal aid programme could be counter-productive if good quality legal-aid lawyers are not made available to the public.

Apart from these resource constraints, there is an information problem that must limit the effectiveness of the programme. The project intended to carry out a survey to assess the status of access to justice in the country and identify the nature of constraints faced by different segments of the society. However, this survey has yet to be conducted, and it is difficult to see how the LBA can offer legal aid and education effectively without detailed information about those constraints.

By contrast, the Customary Law Project has fully appreciated the value of a benchmark survey that sets out the contours of the current status clearly. The rationale of the project is that in an ethnically diverse country like Lao PDR, access to justice cannot be ensured, especially for the minority groups, without a proper understanding of the customary quasi-legal practices of different ethnic

93. LBA and UNDP, 'Enhancing Access to Justice through Lao Bar Association Phase II: Annual Project Report 2009', Lao Bar Association and UNDP Lao PDR, Vientiane, 2010.

groups. The ultimate objective of the project is to support the formulation of national strategy guidelines on the reconciliation of customary laws with state laws and to ensure that customary rules and practices are harmoniously integrated into the Lao PDR overall legal system.

In order to achieve this objective, the project gave priority to conducting a field survey on Lao customary laws and practices and is in the process of creating a database that would be used while formulating National Strategy and Guidelines on customary justice practices. The eventual outcome of this process would depend on how well the (yet to be formulated) guidelines succeed in integrating the customary practices with the mainstream legal system in the process of implementing the Legal Sector Master Plan. But at least the project has built the foundation for such integration to take place.

5.2.3 PROMOTING VOICE, EMPOWERMENT AND ACCOUNTABILITY

UNDP undertakes a range of activities to promote the people's voice in the national decision-making process and to enhance the accountability of those who take decisions on behalf of the people. Some of the mechanisms relate to participatory planning for local economic development – e.g., the Kumban planning process under the Support to NSEDP project, and local-level planning under the DDF mechanism in the GPAR project. These have already been discussed earlier in this chapter (and partly in Chapter 4 in the context of gender empowerment). While these mechanisms have for the first time opened up an avenue for the communities and individuals to have a say in planning processes that affect their lives directly at the local level, the reach and quality of participation leaves a lot of room for

improvement because the poor and the vulnerable groups as well as women are still not adequately represented in the consultation process.⁹⁴

There are other avenues through which citizens can voice their concerns on broader socio-economic and political issues. Several projects in UNDP's democratic governance cluster aim to help them do so. These activities operate at various levels – starting from the village level (e.g., through a community radio project) up to the highest level of national law-making (through support to the National Assembly). In between, there is also an attempt to expand and nurture a space for the civil society to operate more freely and more effectively in conveying the voice of ordinary citizens to the decision-makers at the highest level. As noted in Chapter 4, efforts in this area have generated greater recognition by the political authorities that civil society is an essential institution in a democratic nation, resulting in a decree that would systematize and legitimize the activities of civil society organizations in Lao PDR. Since all this is very recent, it will require time to see how well civil society is actually able to use the newly created space to advance the people's voice and promote accountability. For the purpose of the present evaluation, this section will focus on the other two initiatives – one at the level of the National Assembly and another at the level of village communities.

Promoting Voice and Accountability Through People's Representatives

UNDP in Lao PDR has long been involved in strengthening the capacity of the National Assembly, in collaboration with other development partners, through successive programming cycles. The joint UN programme⁹⁵ in the current cycle is known as Support to an Effective Lao National Assembly (SELNA), which started

94. This assessment is based on the observations from the evaluation team's field visits, and independent assessments made by others evaluating the participatory planning process in the NSEDP project and in the DDF and other financing mechanisms of the GPAR project. See, Cornish, A., 'National Socio-Economic Development Plan Support Project: Participatory Planning Assessment', Ministry of Planning and Investment and UNDP Lao PDR, Vientiane, 2007; and Chiweza, A. B., Hindson, D. C., Saisouphanh, S. and Souphanh, D., 'Overall Report on GPAR Projects Final Report, Combined Output and Outcome Evaluation Vol. 1', UNDP Lao PDR, Vientiane, 2010.

95. SELNA, the joint UN programme, is managed by UNDP and uses a pooled-funding modality.

in 2009 and is expected to end in 2012. The intended overall outcome of the programme is *An efficient, effective and accountable parliament supporting development and poverty reduction for the citizens of the Lao PDR*.⁹⁶

The programme comprises three main components:

- Enhanced Parliamentary Capacity for Exercising Legislative and Oversight Responsibility
- Effective Parliamentary Representation of Citizens
- Strengthened Parliamentary Support Services

In a country where strong executive power and leadership is embodied in the party system, the parliament has been in a constant process of capacity development in its exercise of legislative and oversight functions. There are some very encouraging signs now that the parliamentarians have begun to take proactive steps to reflect the views and concerns of the people in their decision-making process.

This is evident especially from the activities involving the second component of the SELNA project (Effective Parliamentary Representation of the Citizens). Increased interaction between the parliamentarians and their constituencies has come about through field missions organized by SELNA. For instance, the Social and Cultural Affairs Committee of the National Assembly undertook in 2010 a Children's Law Advocacy and Women and Children's Health Mission in the provinces of Khammouane and Bolikhamxay in 2010, accompanied by officials and experts from the Ministry of Justice and development partners. Another mission in 2010 was undertaken jointly by the Ethnic Affairs Committee, the Women's Caucus, the Social and Cultural Affairs Committee, and the Foreign Affairs Committee of the National Assembly in three

provinces in southern Laos. The latter mission not only gathered information and views from local villagers but also looked at the pressing issues affecting women and children from the impact of Typhoon Ketsana – such as water-borne diseases and nutrition – and provided assistance in public health initiatives to distribute medicines and clothes in target village groups.

As a result of these missions, legislators plan to raise the following issues during the forthcoming ninth ordinary session of the Parliament:⁹⁷

- lack of long-term planning for assistance of the people impacted by Typhoon Ketsana with regard to shelter, hygiene, latrine, clean water and health education;
- high poverty and illiteracy among women and children and very limited access to education at all levels;
- very limited health education for women and villagers on issues such as family planning, disease prevention and the risk of child-bearing at very young age;
- lack of knowledge among the general population about the existing laws protecting women's, children's and overall family rights.

SELNA arranged a workshop in May 2010 on more effective management of petitions and other forms of communication between parliamentarians and the citizens. The exercise involved members and staff from the Petitions Department of the National Assembly and constituencies' offices, and officials from the Public Prosecutor and Supreme Court. The workshop allowed the participants to conduct a case-review of selected petitions, either pending or resolved, and analyse the lessons learned on improving handling.

Public awareness of the constitutional role and mandate of the National Assembly and citizen's access to its proceedings has been improved

96. Lao National Assembly and the United Nations, 'Joint United Nations Programme: Support to Lao National Assembly (SELNA)', Vientiane, 2008.

97. Source: written communication to the evaluation team from the SELNA team.

through radio and television broadcasts of live sessions. During interviews with a large number of stakeholders, the ADR team found that these broadcasts were becoming increasingly popular. Sessions that discussed some of the more sensitive issues (such as corruption and land concession to foreign investors) especially aroused a great deal of interest.

Citizens have been able to voice their concerns to National Assembly members through a number of ways such as the mailbox, telephone, fax, e-mail. An important medium is a hotline that operates during the parliamentary sessions. More than 300 calls have been made through the hotline per session in recent times. Legislators actually raised several of the callers' grievances – relating, for example, to corruption in the education system, teachers' salaries and abuse of the environment – holding the relevant ministries to account. These stories were subsequently reported in the national newspapers. Some examples taken from the *Vientiane Times*, the premier English language daily, are reported in Boxes 5, 6 and 7.

All this amounts to a significant advance in promoting voice and accountability through the parliamentary process. However, any further support to build the capacity of the National Assembly to effectively exercise its legislative and oversight functions will have to reckon with some inherent limitations of the system. A practical matter that limits the effectiveness of the National Assembly is the very short period of time for which it sits in session.⁹⁸ Some discussions are currently taking place within the highest policy-making levels to increase the number and/or the length of the sessions. UNDP along with its collaborating partners should give wholehearted support to this move. One improvement could be to move to a hotline system that works all year round, not just during the sessions. A year-round hotline was actually part of SELNA's original plan, but faced an apparent lack of funding. In view of the huge popular success of the hotline, it would be desirable to ensure that funding does not stand in the way of a permanent system.

Box 5. Corruption Concerns Plague Education Sector

The government is being asked to investigate the veracity of university entrance examinations amid claims that corruption is rife. A resident of Champhone district in Savannakhet province claimed education officials were accepting bribes to enroll students who did not qualify, leaving many legitimate students out in the cold.

The claim was made through the public hotline set up by the National Assembly during its last session. "My son passed the entrance examination for the University of Health Sciences," the caller said in a transcript presented to the Assembly. "The exam result appeared on the computer screen, but his name disappeared from the list when the results were officially announced."

In response, Head of the Education Ministry's Office, Bounsouk Thirasack, raised questions on how the caller was able to know the results before they were released, as only the committee in charge had access. "Members of the public have no right to access the unannounced results," he said. However, he said those who are in any doubt or are interested in checking can make a request to verify results in line with government regulations. He asked the public to make it clear when an irregularity appeared and to seek clarification from the relevant sector, whether the university came under the auspices of the ministry of Education or Health.

Several claims were also put forward suggesting that the construction of many primary schools had not been up to standard, with inadequate classroom and restroom facilities. Mr. Bounsouk conceded that these claims were true in some cases, attributing the varying standard to the numerous funding sources, some of which were not government controlled.

Source: *Vientiane Times*, 8 April 2010

98. Under the current practice, only two sessions are held in a year, for six weeks each, which must be one of the shortest periods in the democratic world. For the rest of the year a standing committee carries out some of the functions of the parliament, but this is not the same thing as holding open debate involving all the members and thereby allowing all the constituencies to have their voice heard.

Box 6. Teachers Frustrated With Delays in Salary Payments

Teachers have called on the government to ensure they consistently receive their salaries on a monthly basis. A teacher in Champasak province raised the issue through the hotline set up to encourage public comments during the last sitting of the National Assembly. According to a transcript written by the assembly, the caller said teachers' salaries are not paid regularly on a monthly basis, and salary payment is sometimes delayed by up to three months.

Education Ministry Office Head Bounsouk Thirasack admitted that the claims are true in some places, particularly for teachers working in remote areas where roads are rough and no banking services are available. "In recent years, salary payments have been very slow, just as teachers in many provinces have claimed," he said. "It is our obligation to continue addressing this matter so as to improve the living conditions of teachers, especially in rural areas."

Teachers' salaries in many provinces are paid through bank transfer, to provide more convenience and reliability. The fact that many rural areas lack banking services has made it difficult to pay salaries on a monthly basis. Transporting money by road can take several days and is not easy to do every month.

It is also highly impractical for teachers to travel to urban centres to get their salary from a bank, as transport costs would take up a large portion of their monthly pay. To encourage more teachers to work in rural areas, the ministry is providing incentives. "Teachers in remote areas are provided with both financial and material support," Mr. Bounsouk said.

Source: *Vientiane Times*, 9 May 2010

Box 7. Officials Raise Environmental Concerns

The future of tourism and living standards are top of a list of concerns raised by a group of officials warning of environmental degradation. Social-Cultural Affairs Committee Vice Chairman Prof. Dr. Phonethep Pholsena of the National Assembly expressed his concern over the issue last week after hearing about the problems through the assembly's public hotline.

He said he is particularly concerned about the impacts of businesses that dump waste into the Ngum, Theun, and Mekong rivers. "The percentage of people infected with parasites is high, especially along the Ngum and Theun rivers," he said. "The restaurants all along there simply throw their waste into the water."

"On a visit to Sen village in Khong district, I also saw an enormous amount of plastic bags and dirty waste simply being thrown into the Mekong. By doing that, we are destroying our own livelihoods."

Dr. Phonethep also expressed concern about air pollution from machines, automobiles, and firewood which he said needs to be given a more prominent position on the national agenda. "Exhaust from automobiles is devastating for the environment and for our health, but most people are simply not aware of this. It's also things like the use of rubber slippers or tyres to stoke up a fire," he said. As a measure for environmental protection in industry, Dr. Phonethep suggested an environment tax be imposed, with the revenue generated to be reinvested back into protection and education campaigns.

Source: *Vientiane Times*, 25 March 2010

Enhancing Voice and Knowledge Through Community Radio

UNDP has undertaken an innovative approach to people's empowerment and community development by supporting the establishment of the first community radio station of the Lao PDR in Khoun district in Xieng Khouang province, one of the officially designated poorest districts in the country. Khoun Radio broadcasts development and entertainment programmes in the three local

languages, produced, edited and presented by volunteers from all sections of the Khoun district community.

By providing the community a forum to discuss issues of local interest, the radio aims to increase the voice of local people and, in turn, improve access to information for the wider community. These issues include information about markets and prices, job opportunities, UXO, agriculture, health, education, law, and women's rights.

The importance of this initiative in the Lao context can be readily appreciated. A large part of the Lao population lives in remote areas and has limited access to vital information about opportunities and social development issues. Moreover, in a multicultural society with 49 officially recognized ethnic groups and over 160 sub-ethnic groups, it is difficult to disseminate such information in a language that people would understand and that, too, in locally relevant context.

Amid the paucity of paved roads and the persistence of large-scale illiteracy, the penetration of the print media is understandably small. While radio has the potential to overcome these obstacles, the national media's reach remains quite limited. Lao National Radio covers about 70 percent of the geographical area of the country and there are official radio stations in all the provinces and some districts as well. However, most programmes are in the Lao language and their contents are general. Most programmes of Lao National Radio are broadcast in Lao language with only two daily programmes in the two main ethnic languages, Hmong and Khamu. Some provincial stations have translators for ethnic languages, but they find it difficult to pay salaries. In this context, community radio can play a very valuable role, broadcasting in local languages and dealing with locally relevant issues.

In addition to its local relevance in terms of language and issues, Khoun Radio contains a couple of innovative and useful features.⁹⁹

First, there is strong community ownership of the whole enterprise. The radio employs volunteers from the community to develop and run programmes (which also helps to keep operational costs down). Second, the radio encourages a two-way information flow by encouraging villagers to take part in the programme and to devise their own programmes – an innovative approach that encourages participation and promotes ownership.

This initiative, barely three years old, has made quite an impact on community life. Field observations of the present evaluation team and from an impact assessment study carried out in 2009¹⁰⁰ found that:

- More than 80 percent of all respondents had Khoun Radio as their first choice source for information, and the rest as their second choice. None of the respondents listed Khoun Radio lower than second choice.
- More than 90 percent of all those interviewed believed that Khoun Radio would be able to assist them in finding solutions to their diverse development challenges.

As for impact, some of the more remarkable findings of the study relate to the lives of the vulnerable groups within the Khoun community such as ethnic minorities, women, the poor, the disabled and the youth. Here are some examples of the assessed impact:

- increased harmony in families; increased equality and less abusive practices towards women;
- 60 to 70 percent more ethnic women use health facilities when pregnant;
- 50 percent more women vaccinate their children, especially amongst the ethnic minority group Hmong;
- important decrease in diarrhoea-related illness due to improved practices;
- parents take more responsibility for children's welfare (before it was more left to the school)
- new agriculture techniques were demonstrated and adopted – with positive results.

In addition to providing valuable information, Khoun Radio has also provided a channel for communicating the local voices of Lao citizens – in particular of ethnic minorities – and

99. In Lao PDR, there are two other radio stations (Ta-Oy and Samoi radio stations) that are oriented to specific communities. Khoun Radio supported by UNDP is the first 'community-run' radio station.

100. Induangchanthy, X. and Jallof, B., 'Report of the Review, Impact and Sustainability Assessment Project "Khoun Radio Support Project: Bringing local news to local people in Xieng Khouang', UNDP Lao PDR, Vientiane, 2009.

empowering them in many ways. This is evident from several findings of the impact study:

- community volunteers have confirmed the empowerment working with the radio has brought to their lives, their satisfaction seeing the positive impact their work was having on their communities, and the positive experiences of working in groups that included all ethnic groups and both genders – which is a new experience to many;
- people are recognizing the radio as a forum for debate, dialogue and its potential for solving conflicts, resolving issues related to tradition, promoting and providing access to rights, including workers' rights;
- workers have started to demand higher wages after hearing reports about the government's minimum wage policy.

Fields visits by the ADR team in three villages (of different ethnic compositions) of Khoun district also revealed some startling effects of the radio on the life of women and children. The following are the testimonies from the discussions with women's groups:

- There is gradual change in men's attitudes towards women since the radio started in 2007. Although other programmes on women's empowerment such as those conducted by the LWU have also been useful, they address only women. On the other hand, the radio reaches out to both women and men. When a radio programme talks about women and men living in harmony by helping each other, not only women but also men are sensitized.
- The change is apparent more in younger generations, who can accept the idea of gender equality and put it into practice much more easily compared to older generations.
- Women have gained more knowledge on childcare and children's education. Most importantly, they have put this knowledge into practice by explaining the importance of education to children. As a result, children can be sent to school more easily.

- Youth who do not listen to their mothers tend to listen to the radio. The radio communication is so effective that mothers want more programmes targeted at the youth.
- Women have also gained skills to avoid domestic violence. Most violence occurs when husbands get drunk. With advice from radio programmes, women have developed coping strategies when their husbands are drunk.
- At the same time, many men have started to cut down on heavy drinking. This may be a result of many factors such as socio-economic development of villages in general as well as the radio programme.

The experiment with Khoun Radio has been so successful that the government has requested UNDP to assist in scaling up the model to all 47 poorest districts in Laos. It might be scaled up even more widely later on. UNDP should seize this opportunity, partnering with other UN agencies such as UNCDF that are also interested in community development. It should also collaborate with specialized agencies such as UNICEF, WHO, UNIFEM, UNFPA and others that may want to use the radio to target people and areas normally hard to reach due to language barriers and geographical remoteness. Such joint effort may also create an opportunity for strengthening the financial base of the initiative.

5.3 ENVIRONMENT AND SUSTAINABLE LIVELIHOODS

Environment and natural resources are critical elements in the lives and livelihoods of the people of Lao PDR. At the macro level, natural resources contribute, directly and indirectly, almost three quarters of GDP and more than 90 percent of employment in the country. Over 60 percent of foreign direct investment in Lao PDR is related to natural resources. The role of biodiversity and natural resources in Lao PDR's economy, especially the contribution to government revenue and export earnings, is greater than in any other country of the Greater Mekong sub-region. At the micro level, the rural people of Lao PDR

are highly dependent on natural resources and environment for their food security and livelihoods. Aquatic resources account for as much as 70 to 90 percent of protein intake in parts of lowland Lao PDR and non-timber forest products are estimated to make up 40 percent of total rural income.

However, forests, which once covered about 70 percent of total land area, had declined to 42 percent by 2002. Widespread soil erosion resulting from the loss of forest cover, especially in the uplands, and shorter fallow periods have also led to declining agricultural productivity. This has potentially serious consequences for the livelihoods of the rural poor. A Participatory Poverty Assessment carried out with the involvement of UNDP in 2006 indicated that poverty was caused in rural areas of the country mainly by external events over which villagers had no control, e.g., unfavourable weather conditions, war, resettlement, poorly implemented development programmes and livestock disease.¹⁰¹ The first, unfavourable weather conditions, is one of the most critical factors, since approximately 40 percent of the rural population is considered to be at risk of becoming food insecure because of either loss of access to natural resource, floods, drought or a sudden increase in food prices.¹⁰²

Conscious of the importance of the environment, the government has taken several initiatives. However, the amount of resources devoted to the environment has been quite low. The Public Expenditure Review of the World Bank found that the environment accounted for only 0.7 percent of total public expenditure in 2005, and that the share had declined by 36 percent between 2000 and 2005.¹⁰³ Although recent figures are not available to judge whether this trend has now been reversed, it is clear that such a low level of public expenditure was not sufficient in addressing the scale of challenge the country faces in preserving its natural resources.

5.3.1 UNDP'S APPROACH TO ENVIRONMENT CHALLENGES

UNDP has supported the government's efforts with a number of projects and programmes. Until recently, the UNDP Environment Programme has been focused primarily on strengthening national capacity to understand and to implement global environmental concerns and conventions through such projects as Multilateral Environment Agreement (MEA), the National Capacity Self-Assessment (NCSA) for Global Environment, the National Adaptation Programme of Action (NAPA) on climate change, and the Second National Communication on Climate Change. These projects focus heavily on the issue of climate change and related technical issues.

Two issues are related to the relevance of UNDP's programme in this regard. First, building the government's capacity to deal with international treaties may be an important step, but it is far from sufficient in addressing the country's environmental challenges. Implementing policies and programmes not only to implement these treaties but also to address environmental challenges outside these treaties is imperative. Clearly, setting up the policy and regulatory framework is the first step, but there is need for more vigorous action. The speed and the scale of environmental degradation and related risks faced by the country, as noted above, coupled with the government's inability to devote requisite resources, calls for a more intensive and accelerated support from the international community, including UNDP, on implementation.

Secondly, a heavy attention to climate change tends to edge out a vast area of environmental concern for Lao PDR – the concern that emanates from the damage being done by economic and developmental activities to the environment and natural resources. Lao PDR is, of course, vulnerable to global climate change. Even though it

101. Actionaid International, 'Participatory Poverty Assessment, Attapeu Province, Lao PDR', Vientiane, 2006.

102. WFP, 'Lao PDR: Comprehensive Food Security and Vulnerability Analysis', World Food Programme, Vientiane, 2007, p.10.

103. World Bank, 'Lao PDR Public Expenditure Review: Integrated Fiduciary Assessment', Vientiane, 2007, p.8.

is a negligible contributor, learning to adapt to the potential impact of global climate change is very important for the country. However, the precipitous fall in forest cover in Lao PDR is not primarily a consequence of global climate change but predominantly that of activities undertaken within the country. These include activities by ordinary people in the course of eking out their livelihood, by the government in the course of its developmental activities and, most of all, by investors exploiting natural resources for commercial purposes. Arguably, this indigenous process of environmental damage should rank higher than global climate change in the scale of priorities for Lao PDR because it threatens the lives and livelihoods of the rural poor most directly and immediately. Until recently, UNDP's environment programme did not pay this aspect of environmental concern the attention it deserves.¹⁰⁴

This does not imply that UNDP should withdraw from activities related to climate change. As has been suggested to the evaluation team, the global concern on climate change and biodiversity provides funding opportunities that otherwise would not have existed. The low level of public expenditure on environment protection may have further compelled UNDP to actively look for such funding opportunities. The issue is not about the funding source, however, but of its use. For example, one of the negative consequences of climate change in Lao PDR is considered to be possible changes in the pattern and frequency of flooding. UNDP could consider utilizing funding for climate change adaptation to augment the aforementioned Disaster Risk Management capacity development programme. Although rapid deforestation or dilapidation of wetlands is primarily caused by economic activities, initiatives to combat them might also be funded in the framework of climate change adaptation.

Deforestation and dilapidation of wetlands, after all, would certainly exacerbate the impact of flooding. The recent reorientation of the environment programme, as discussed below, is a positive sign that UNDP is directing the resources to meet the critical challenges the country faces.

5.3.2 PROTECTING NATURAL RESOURCES BY ADDRESSING SUSTAINABLE LIVELIHOOD

In a positive move, UNDP has recently reoriented its environment portfolio towards local environmental concerns as well as local-level adaptation to environmental damage regardless of whether it is induced globally or locally. The following recent initiatives stand out in this regard – the PEI, the GEF-SGP and Participatory Wetland Management in Attapeu: Support to Lao PDR Water and Wetland Policy (LWP).

The PEI is a joint global effort led by UNDP and UNEP to build a common operational platform to help countries meet the challenge of poverty-environment mainstreaming. This initiative is based on the premise that poverty and environment are linked through a nexus involving two-way causation. Environmental degradation accentuates poverty by depleting the resource base on which the livelihoods of many poor people depend, and in its turn poverty aggravates environmental degradation since the poor are often left with no option but to choose livelihood strategies that damage the environment. The recognition of this nexus implies that the twin concerns for poverty and environment must be integrated in the planning and investment processes. Only through such integration can environmental sustainability be combined with sustainable livelihoods.

104. The previous UNDP programme cycle in Lao PDR had a somewhat stronger focus on the environment-livelihood nexus – in particular, through its contribution to the National Biodiversity Strategy and Action Plan (NBSAP) which provided a framework for sustainable use, protection and management of biodiversity in Lao PDR and the Mekong Wetlands Biodiversity Conservation and Sustainable Use Programme which focused specifically on the wetlands. Nonetheless, as in the current cycle, the overall balance was tilted towards international agreements. As the last ADR for Lao PDR noted, “Most of UNDP's support to the environment sector pertains to enabling the country to fulfil its obligations towards multilateral environmental agreements (MEAs).” See, UNDP, ‘Assessment of Development Results: Evaluation of UNDP's Contribution; Lao PDR’, Evaluation Office, United Nations Development Programme, New York, 2007, p.42.

Accordingly, the PEI in Lao PDR aims to strengthen capacity of targeted central and provincial authorities to integrate poverty-environment concerns and opportunities in key development planning processes. The programme has five distinctive but mutually reinforcing components to strengthen institutional capacity of targeted national and provincial government authorities to integrate the environmental concerns of poor and vulnerable groups into policy, planning and implementation processes for poverty reduction. These are:

- strengthening poverty reduction and environmental sustainability linkages in the Seventh NSEDP 2011-2015;
- enhancing capacities of national and provincial authorities to plan and manage investments for poverty reduction and sound environmental management;
- supporting the strengthening of the Environmental and Social Impact Assessment Department of Water Resources and Environment Administration (WREA) to ensure proper review and approval processes of environmental and social assessments and management plans based on the law and good science in effective coordination with the concerned line ministries and state enterprises;
- increasing National Assembly members' understanding of poverty reduction and environmental management and their capacity in reviewing new legislation and policies related to environmental conservation, rural livelihoods and natural resource management;
- research on ecosystems services valuation and policy-making with a focus on poverty reduction and ecosystem degradation.

The most critical element is the emphasis on embedding poverty-environment concerns in all investment activities. The major focus of the project is, therefore, on strengthening the capacity of national and provincial authorities to plan and manage investment in a manner that

seeks to maximize pro-poor and pro-environmental outcomes.

To this end, the project is working with the Investment Promotion Department in the MPI and provincial authorities to strengthen the skills required to design, negotiate, plan, monitor and enforce appropriate investment contracts. In particular, the project seeks to encourage central and provincial authorities to use integrated spatial planning resources, existing cost-benefit analysis techniques, and community consultation mechanisms, in close coordination with WREA. These activities are expected, among other things, to assist the government in enforcing the recently approved investment law with a view to making future investments more respectful of the poverty-environment nexus.

Since considerable investments flow directly through the provincial authorities in Lao PDR, without prior approval of the central government, the PEI seeks to work at the provincial level as well. The MPI has selected four provinces within which to focus the PEI's provincial activities – Oudomxay, Phongsaly, Saravane and Savannakhet. The PEI will coordinate its provincial activities with two parallel development initiatives – the Northern Uplands Core Coherent Programme (AFD/EC/GTZ/SDC) in Phongsaly, and the ADB-IFAD Sustainable Natural Resource Management and Productivity Enhancement project in Saravane and Savannakhet. PEI activities also aim to link closely with the ongoing UNDP GPAR programme in Saravane.

Since the project is very recent, having commenced in May 2009, its development outcome will be observed in the future. At the levels of both concept and design, however, the project seems highly promising. Conceptually, it starts on the right track by emphasizing the poverty-environment nexus as the central environmental issue facing Lao PDR. At the level of design, it is right on focusing on investment activities as the main vehicle through which pro-poor and pro-environmental concerns are

to be integrated. Furthermore, even in the short period of its existence, the PEI has already begun to make some tangible contributions:¹⁰⁵

- The PEI has been able to provide input in the preparation of the Seventh NSEDP. The NSEDP component manager of the PEI is a key member of the drafting committee within the MPI which coordinates the sectoral plans submitted by the line ministries. This has provided an important channel for communication for the PEI to influence the actual plan drafting process.
- The PEI prepared some policy recommendations on key poverty-environment issues focusing on agriculture, forestry, and land use planning and management, public expenditure and financing. These recommendations were submitted to the MPI NSEDP drafting committee as part of the UN Resident Coordinator's official input into the Seventh NSEDP.
- The PEI has facilitated the development of the selection criteria that would be used in screening investment projects.
- The PEI has provided input to the MPI's revised participatory planning manual to embed considerations of poverty-environment nexus in local-level community-based planning processes.

The PEI is currently working with the Investment Promotion Department of the MPI to develop a strategy for investment management based on the modalities of the recently revised new Law on Investment 2009, with a specific focus on strengthening capacity and institutional coordination. In addition, given the Seventh NSEDP's stress on the need to focus on quality investment that maximizes local benefits and minimizes environmental damage, the PEI is attempting to equip and sensitize the Investment Promotion Department on criteria for attracting,

selecting, and screening for quality investments at both the central and provincial levels. Despite these promising beginnings, it needs to be recognized that the PEI, or for that matter any other environmental programme in Lao PDR, will have to contend with certain exogenous constraints that might limit effectiveness. First, it is widely believed that political patronage often enables large-scale FDI designed to exploit natural resources to pass through the approval process without adequate scrutiny of environmental impact. If such patronage becomes prevalent, the good intentions of the PEI cannot materialize. During discussions with the ADR team, a project advisor was optimistic that, with the expected institutionalization of a screening process that takes due cognizance of poverty-environment nexus, instances of such political interference would be minimized. But the advisor agreed that the possibility of patronage triumphing over the system could not be ruled out.

Second, as noted before, the government's public expenditure on the environment has been quite low. Clearly, a radical departure is needed in the scale of environmental financing if initiatives such as the PEI are to succeed.

Another recent initiative is the GEF-SGP. It is a global enterprise which aims to deliver global environmental benefits in the GEF focal areas of biodiversity conservation, climate change mitigation and adaptation, protection of international waters, prevention of land degradation (primarily desertification and deforestation), and elimination of persistent organic pollutants through community-based approaches.

In Lao PDR, the programme was launched in September 2009. So it is too early to make any judgement on effectiveness. Yet it is important to highlight some special features of the programme that seem promising.¹⁰⁶

105. UNEP, 'Poverty Environment Initiative Lao PDR Mission Report', United Nations Environment Programme, Lao PDR, Vientiane, 2010.

106. GEF and UNDP, 'Country Programme Strategy: Small Grants Programme Lao PDR', Global Environment Fund and UNDP Lao PDR, Vientiane, 2009.

- The programme actively seeks to involve community-based organizations in preparing adaptation plans that are tailor-made for local conditions. This approach has the twin advantage that it makes use of local knowledge in dealing with local problems and at the same time encourages the growth of civil society at the grass-roots level.
- The SGP in Lao PDR consciously employs the rights-based approach with a view to combating social inequality and exclusion in local development efforts.
- The activities supported by this programme aim to strengthen the heritage and ethnic identity of each group as well as their capacity to engage in sustainable natural resource and environmental management.
- The SGP in Lao PDR seeks to create and ensure gender sensitiveness and equity as a mandatory and a key crosscutting issue in all projects.

The third initiative is the LWP, a pilot project currently being implemented in Attapeu province. It is expected to generate the knowledge necessary for formulating an effective wetlands management policy in Lao PDR that would combine the concern for environmental conservation with the concern for sustainable livelihoods.¹⁰⁷

Lao PDR is rich in wetland biodiversity, essential to the large proportion of people whose livelihood is based upon natural resources.¹⁰⁸ In all, approximately thirty wetlands in Lao PDR have been identified that are of international or national importance and meet at least one of the criteria for designation as a Ramsar site.¹⁰⁹ Wetlands, whose total economic value in Lao PDR (natural

and man-made) is estimated at USD 2.26 billion per year, are an important contributor to economic growth. Between 6 to 8 percent of Lao PDR's GDP comes from wild capture fisheries, which comprise 78 percent of the country's total fish production. The wetlands yield other indirect ecosystem services such as water retention, purification, and flood protection.

These wetlands have recently come under major threats emanating from conversion to alternative uses, expansion of hydropower development, overfishing, and others. In recognition of these threats, the government has implemented a number of activities to improve wetland management. One major initiative was the Mekong Wetlands Biodiversity Conservation and Sustainable Use Programme adopted in 2004, which focused on the wise use of wetlands by the people who depend on them. This GEF-funded regional project encompassed Cambodia, Lao PDR, Thailand and Vietnam, and was intended to establish an approach to conserving the wetlands at the regional and national levels and to improve their community-based management. UNDP has played an important role in chairing the regional steering committee as well as in helping to position the programme within the country. The first phase of the programme ended in 2007 and the LWP project is trying to build on the experience gained in the first phase.

The LWP project focuses on the strengthening of national wetland management regulations and policies, based on knowledge gathered from the grass-roots level. In recognition of the connection between environment and livelihoods, the project supports village funds and training on wetland resources conservation and sustainable use for

107. In addition to improving participatory natural resources management and livelihoods at the local level, the project aims at completing/updating the wetlands policy and legal framework review; propose application decrees for fisheries co-management and developing a simple wetlands valuation tool to inform decision-makers about the importance and value of wetlands.

108. The data quoted in this paragraph are taken from GOL and UNDP, 'Participatory Wetland Management in Attapeu (Support to Lao PDR Water and Wetland Policy LWP)', Project Document, Government of Lao PDR and UNDP, Vientiane, 2009.

109. Ramsar is the name of a city in Iran where the Convention on Wetlands was signed in 1971. Ramsar Convention is an intergovernmental treaty, which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources.

poor households; marketing and processing of wetlands and non-timber forest products; and income-generation opportunities based on improvement of agricultural activities. In all these activities, the project seeks to involve the communities themselves in a participatory planning and management process.

Since all three initiatives discussed above – the PEI, the GEF-SFP and the LWP – are still very new, it is not possible at this stage to judge what their development impact might be. In all three cases, the right ingredients are in place, which gives reason for optimism. Two of these ingredients are especially important – the recognition that environment and livelihoods are integrally linked to each other and, second, the realization that sustainable environment-livelihood nexus can be developed at the local level only with the help of the communities themselves.

The last ADR for Lao PDR had commented that “...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.”¹¹⁰ The three new initiatives mentioned above offer a fresh opportunity to UNDP to play the missing role.

5.4 EFFICIENCY AND SUSTAINABILITY ISSUES

5.4.1 EFFICIENCY

There are three major ways, according to the evaluation team, in which UNDP can enhance the efficiency of its resource use: (1) by ensuring a better alignment between the scope of its programme and the resources it commands, (2) by

exploiting potential synergies among its various projects, and (3) by tackling certain efficiency issues that arise in the context of its relationship with other development partners.

There is an evident mismatch of the scope of UNDP’s programme, i.e., its overall programme portfolio and the objectives set in each programme component, with the resources at its command. As seen in Chapters 3 and 4, UNDP appears to have its resources spread too thinly across a large number of projects, with just over 10 percent of its resources shared among five out of nine outcome areas.¹¹¹ The consequence is that UNDP has projects in these outcome areas for which resources do not seem to fully meet the objectives. Another possible consequence is the high cost of project management as compared to their size, especially in terms of core staff time required to attend project needs.

A case in point is the GEPR project, which was undertaken on a grand scale. However, many of its outcomes could not be achieved, primarily because the resources actually mobilized fell far short of the projected amount. For instance, a gender specialist could not be recruited to run the project on a sustained basis for the entire project duration. Towards the end of the project period, a UNV volunteer was put in charge, who was candid enough to tell the evaluation team that she was not a gender specialist. Other cases of mismatch of expertise or experience were alleged. Although it is not within the scope of ADR to examine such individual cases and make an assessment, there is a general lesson to be learned. UNDP should not embark on projects without viable funding prospects. It should also consider its core-staff capacity to properly manage a number of projects and its ability to find experts who can undertake the assignments within the allocated budget.

On this issue, the ADR team fully concurs with the Mid-Term Review of CPAP, which observed:

110. UNDP, ‘Assessment of Development Results: Evaluation of UNDP’s Contribution: Lao PDR’, Evaluation Office, United Nations Development Programme, New York, 2007, p.44.

111. Outcomes 3, 4, 5, 6 and 9 combined have spent around 12 percent of the total expenditure (see Figure 1).

“The wide range of projects and initiatives, many of which are not large-scale, has made significant demands on time and effort without always delivering adequate impact. UNDP’s human and administrative resources are limited, and fully absorbed. New initiatives would need to be considered with a careful assessment of capacities in UNDP and the potential partner institutions, as well as UNDP’s comparative advantage and strategic added value in the area of proposed support.”¹¹²

UNDP can make significant improvements in the efficiency of resource use by exploiting the potential synergies that exist among its various projects. One obvious area is people’s participation in the development of their respective communities. A number of UNDP projects aim to promote participatory development, but each does so in its own way without a good deal of coordination among them. The Support to NSEDP project has a component that seeks to promote participatory planning at the Kumban level. The DDF component of the GPAR project implements small infrastructural development projects based on a prioritization process that requires community’s participation. The UXO clearance also involves local communities in the prioritization process. Several environmental projects – the PEI, the GEF-SGP, and the LWP – strongly involve local communities in deciding how best to combine sustainable use of natural resources with sustainable livelihoods.

Coordination among all these local-level activities through a unified structure of participatory decision-making could lead to a more efficient use of resources. First, coordination could achieve economies of time and effort on the part of both local communities who are expected to participate in decision-making and possibly the project staff supposed to manage the participation process. Secondly, efficiency will be enhanced by reaping the synergies that exist among decision-making in diverse areas of economic and social life. For example, when the environmental projects identify livelihood strategies that are conducive to

sustainable use of natural resources, other projects (such as the DDF or the NSEDP) can identify the infrastructural and other support that might be needed to make the chosen livelihood strategies commercially viable. The PEI project already recognizes the potential synergies with the participatory planning component of the Support to NSEDP project and seeks coordination with the latter. But coordination is desirable on a much bigger scale involving a whole range of projects, as noted above. A step in the right direction was recently taken. With support from UNDP, the Ministry of Planning prepared a common manual for participatory planning at the local level, which all projects requiring community participation are supposed to use. What remains to be ensured is that commonality does not remain confined to the use of the manual but extends to the whole process of participatory planning.

Coordination should be sought not just among the UNDP projects but also between UNDP and other development partners working on similar or related projects. For example, as was noted earlier, there is great potential of coordinating the DDF of UNDP and the PRF of the World Bank. Further possibilities are being opened up with the proposed Inclusive Finance project in which UNDP is expected to collaborate with UNCDF. As the objective of this project is to help small entrepreneurs overcome their credit constraint by providing them with small funds, it has a particular potential to achieve synergies with environmental projects that seek to create alternative livelihoods for the people who are overly dependent on the use of natural resources.

In the context of UNDP’s relationship with other development partners, certain efficiency issues arise. Complaints were raised by many government agencies about how their work was being hampered by the requirement to follow different systems of managing information and accounts for different donors in the same project. For example, a case was made on the project to support the LNCCI, in which UNDP collaborates with UNIDO, both belonging to the same

112. Balakrishnan, S., ‘Mid Term Review of the UNDP Country Programme Action Plan (CPAP) 2007-2011 for Lao PDR’, UNDP Lao PDR, Vientiane, 2010.

UN family. The problem is obviously not particular to UN operations in Lao PDR, and the issue is to be solved mainly by respective headquarters. Nevertheless, the frequency and intensity of the complaints about procedural multiplicity that the evaluation team came across raises serious concerns because the shortage of skilled personnel is a serious constraint in Lao PDR.

Another case of efficiency loss is the duplication of support being provided by the donor community to the Ministry of Commerce (as discussed in Chapter 4). Two parallel arrangements are currently in place – one led by UNDP working through the Integrated Framework and the other led by the World Bank working through a multi-donor Trust Fund. The objective of the two initiatives is essentially identical – to strengthen the capacity of the Ministry of Commerce to deal with trade-related issues. The ministry officials were very frustrated with the inefficiency caused by such a duplication of efforts, which places unnecessary burden on the country and the government the international community aimed to assist.

5.4.2 SUSTAINABILITY

Regarding sustainability of the development outcomes achieved by UNDP, some general points can be made on overall UNDP programmes in Lao PDR. Two critical factors affect the sustainability of development results achieved by the UNDP projects after they end. One is the willingness of the government and beneficiaries to take over the initiatives, using the capacities built, maintaining the systems and institutions established and carrying on necessary activities. The other is their actual capacity and the availability of resources to do so.

Since the UNDP-supported activities are closely aligned with the government's own priorities, even if UNDP withdraws from the activities in some of the areas, there is little question about the government's willingness to continue to pay attention to the work required. It is a totally different matter when it comes to capacity and resources. First, in view of Lao PDR's excessive dependence on foreign aid and its very limited ability

to mobilize domestic resources, the government would still be required to rely on external funding if UNDP withdraws financial support. There is no guarantee that such funding can be found. Even if it is in a priority area for the government, there is a general tendency, understandably, for donors to wish to fund their own fresh initiatives than taking over UNDP initiatives. It is therefore important for the donor community to have a shared understanding and willingness to finance development in a coordinated manner with a long-term view, share a common strategy with appropriate role sharing, and utilize the capacity that UNDP built and replicate successful pilot cases of each other. Although such coordination is not easy, due to differences among development partners on policies and agenda, UNDP is in the position, as the lead development partner in the aid coordination process, to promote such a coordinated approach and assist the government in bringing in necessary funds to continue work on its priority areas.

Second, in most government ministries and departments, the capacity to manage large-scale projects is still very limited. Even the few officials who had improved their individual capacity through long association with UNDP and other development partners expressed concern that overall institutional capacity within the government was too weak to be able to function effectively if UNDP were to withdraw its technical advisors.

The degree of sustainability, of course, varies at the level of individual projects and programmes. This is mainly because the capacity for national implementation has been created differently in different programmes. Support to the planning process is one area in which a conscious effort has been made to strengthen national capacity through appropriate programme design. For example, while external experts played a major role in preparing the NHDR, officials from the Department of Statistics were also integrally involved in the process – not just in providing the data but also in analysing them. Furthermore, senior officials from various sectoral ministries were involved as members of the advisory board. This facilitated greater interaction between the NHDR team and the sectoral ministries than

would otherwise have been the case, leading to greater ownership of the NHDR process by the government. UNDP's support to the costing of MDGs is another positive example. Once again, UNDP's technical advisor played a leading role, but actual costing of various sectoral policies was left to the respective ministries themselves. This helped create the national capacity that later on stood the ministries in good stead when it came to preparing the sectoral plan components of the Seventh NSEDP.¹¹³

By contrast, little national capacity seems to have been created in dealing with the challenges of climate change despite considerable UNDP support in the area. The main objective of projects such as NCSA, MEA and NAPA was to build local capacity for handling global environmental concerns. But a recent evaluation of these projects stated that even though there has been a high level of stakeholder involvement in these projects, not much has been achieved by way of actual capacity building. As the evaluation notes: "But the projects have not achieved the capacity, tools or multi-agency commitments to implement the issues-based approach to MEAs implementation. It is apparent that, on the basis of document review and limited participant discussions the results from the projects have been relatively modest in terms of developing substantive institutional capacity development to advance MEAs implementation. Nevertheless they have established a basic framework and awareness of the tasks ahead."¹¹⁴ The evaluation adds: "The overall outcome can be described as: a new awareness and understanding amongst stakeholders of the requirements and implications of the multilateral environmental agreements for Lao PDR and a set of reports that provide guidance on convention implementation actions, but relatively minor institutional capacity building of the coordinating mechanisms and information systems necessary for effective implementation of programmes."

In the current programming cycle, UNDP has introduced the National Implementation (NIM) Capacity Development project to further develop the institutional and management capacities of the implementing partners of UN and UNDP in such areas as results-based management, financial management, human resources management, and procurement and asset management. The longer-term objective of this initiative is to make it possible for development partners to fully use national systems, procedures and institutions for ODA management in line with the Vientiane Declaration on Aid Effectiveness. This is a move in the right direction.

It should be recognized, however, that enhancing the capacity for national implementation is a necessary but not always a sufficient condition for ensuring sustainability of development outcomes. Additional measures would be needed in certain cases. For example, as discussed earlier in this chapter, the Khoun Radio Project has been highly successful in its limited sphere, but longer term sustainability of its good outcomes would require scaling up and replication across the country. This may have to involve other development partners, which will not just provide funds but also actively engage in radio activities by disseminating information on their respective areas of interest – for example, UNICEF on maternity and childhood education and child welfare, UNFPA on gender issues, IFAD/ADB on agriculture, and so on. Ideally, UNDP could cooperate with some NGO with relevant experience that could be entrusted with the operational responsibility of managing the larger project, while UNDP could play the coordinating role among donors.

Similar issues arise with the sustainability of the good work done by the DDF component of the governance reform programme. The capacity for service delivery that DDF has created among sub-national administrations can only be sustained if this capacity is put to use on an increasing scale through greater infusion of resources.

113. The executive summary of the Seventh NSEDP acknowledges the constructive role played by the MDG costing exercise in providing the foundation of the new plan.

114. Ferguson, A., 'Evaluation of UNDP Lao PDR Environment Programme', UNDP Lao PDR, Vientiane, 2009, pp. v, vi.

CONCLUSIONS AND RECOMMENDATIONS

6.1 MAIN CONCLUSIONS

Conclusion 1: UNDP of Lao PDR has been able to align its activities very closely with the stated goals and priorities of the government for long-term development and has been able to respond to unforeseen short-term needs.

The highest priority of the Government of Lao PDR is to graduate from the LDC status by 2020. To this end, the government has devised strategies to ensure rapid and pro-poor growth, to develop a legal and governance structure commensurate with a modern globalized economy, and to pursue economic growth in an environmentally sustainable manner. In all these areas, UNDP has been playing a major role in assisting the government in devising as well as implementing strategies. UNDP has also made a major contribution on the issue of special significance to Lao PDR – mitigating impact of UXO inherited from the Second Indochina War. While focusing mainly on long-term development, UNDP has also responded flexibly to meet the short-term needs of the government in dealing with natural disasters and epidemics.

Conclusion 2: UNDP has acquired the status of the most trusted and valuable development partner of the Government of Lao PDR quite out of proportion to the resources it contributes directly. While this has provided UNDP great leverage in pursuing its objectives with the government, sometimes it has compelled the organization to stretch its resources beyond its capacity and competence.

UNDP's perceived status as a 'neutral' development partner almost always stands it in good stead in terms of trust and respect from the governments with which it collaborates. This is also true in Lao PDR. An additional boost to UNDP's

influence in the country comes from the leading role it plays in the aid coordination process.

To some extent, however, this position of trust and influence has acted as a double-edged sword. On the one hand, it gives UNDP a high degree of leverage in providing policy advice to the government and in pursuance of its programme objectives. On the other hand, it places excessive burden on the organization as it strives to fill the gaps in assistance, sometimes even when providing such assistance might be beyond its capacity and competence.

Conclusion 3: UNDP has performed its leadership role assiduously and effectively in assisting the government in the aid coordination process. This has provided the organization with a high degree of leverage in policy advocacy and made an impact on the formulation and evolution of successive NSEDPs. It requires continuous effort from all parties, especially UNDP as the lead development partner in this area, to ensure that development assistance is provided in a coherent, effective and efficient manner through coordination.

In a country where ODA accounts for over 80 percent of public investment and close to half of the national budget, coordination and harmonization of foreign aid assumes critical importance in the development process. UNDP has performed its role as the lead development partner assiduously and effectively in assisting the government in the aid coordination process. This has given it considerable prestige and influence with the government and among development partners. The impact is evident in the formulation and evolution of successive NSEDPs.

While much has been achieved, there are inherent difficulties of aid coordination that stem from

differences among development partners in their agenda, policies and practices. Given Lao PDR's heavy reliance on ODA for public spending, it becomes all the more important for all the parties involved to make an extra effort to reach consensus on the strategy to follow, the roles to share and the approach to take. This would help to ensure that development assistance is provided in a coherent, effective and efficient manner.

Conclusion 4: UNDP has made serious attempts to promote the organization's values in the country's development process through its programmes and policy advocacy. There are, however, areas where further efforts are needed to make a difference in the lives of the Lao people at large.

Promotion of UN values – for example, with regard to poverty reduction and human development, achievement of the MDGs, respect for human rights, elimination of gender discrimination, and sustainable development – has been a guiding principle of UNDP activities in Lao PDR. Meeting the MDG targets by 2015 has been declared by the government as the primary focus of the Seventh NSEDP (2011-2015). UNDP's policy advocacy has played a major role in ensuring this focus and its support in costing the MDGs has provided the foundation for formulating the sectoral policies of the plan. Lao PDR has made much progress in recent years towards ratifying the core international human rights treaties and multilateral environment treaties, thanks in large part to UNDP support.

Yet much remains to be done to ensure full respect for human rights within the country, especially to overcome capacity constraints in implementing policies and to provide effective access to justice to all the people, particularly those in remote areas. Something similar is true about gender equality and women's empowerment. There has been notable progress in some areas – for example, in increasing representation of women in the legislature and in the executive branch of the government at the national level. Gender discrimination, however, remains rife in a large part of social life, manifesting, for example,

in violence against women. The gender-mainstreaming effort of UNDP's programme itself has had mixed results at best. The notable exception is a small but pioneering radio programme at the local level that has achieved remarkable success in raising awareness about gender-related issues within the target community.

Conclusion 5: A major objective of UNDP's programming in Lao PDR is to ensure that the country's quest for rapid growth is pursued in a pro-poor manner. It has achieved great success in putting the poverty and equity issues on the policy agenda of the government and in the formulation of national development strategies. However, the result achieved so far has been limited in terms of strategy implementation and resource allocation in a sufficiently pro-poor manner. UNDP's programme itself has not been pro-poor enough, making tangible results on the ground elusive.

Thanks in a large part to UNDP's effort, the government's strategy has become increasingly pro-poor, and 'growth with equity' is now firmly on the agenda. The government has undertaken some pro-poor policies such as targeting development programmes to the poorest districts, and vocational training programmes run by some ministries. However, overall resources devoted to pro-poor policies and programmes have been too modest to make a significant impact. As a result, despite the high rate of economic growth in the last two decades, poverty has declined far too slowly, especially in the regions and population groups suffering most from high poverty incidence.

Even within UNDP's programme itself, activities have often been not specifically pro-poor where they could have been. For example, UNDP's trade-related projects have undertaken activities that may contribute to trade expansion in general, but do not promote policies that would direct the gains from trade to the poor or stimulate the pro-poor economic sectors. The project to support the private sector through the Lao National Chamber of Commerce and Industries was designed to strengthen entrepreneurship but

did not address key constraints faced by the poor in translating the knowledge into practice. The UXO programme has contributed significantly to minimizing UXO's impact on all, but has not introduced a clear 'pro-poor' policy in its support in which the prioritization process could have directly targeted the alleviation of problems faced by the poor, especially of those whose livelihood compulsions make them vulnerable to UXO.

Conclusion 6: UNDP's support to governance reforms at the sub-national level has yielded some important lessons and achieved some good results. Follow-up actions are needed to translate these lessons into effective development outcomes and to sustain the results achieved by the reforms.

UNDP's experimentation with alternative financing mechanisms for development activities at the sub-national level has highlighted the potential of the District Development Fund, which gives adequate discretionary power to local authorities and at the same time involves communities in the decision-making process. DDF strengthened the capacity of sub-national administrations to undertake development activities that are valued by the communities themselves. However, for this capacity to be sustained, it must be supported by increased flow of resources, which DDF as an experimental approach cannot itself provide. There is, however, a potential for linking up DDF with the World Bank's Poverty Reduction Fund, which also provides resources for local development but has not so far sought to strengthen the capacity of local administration.

Conclusion 7: UNDP's efforts at strengthening people's voice and participation in decision-making processes are yielding some tangible results.

UNDP undertakes a range of activities to strengthen the people's voice and participation in decision-making processes at both national and local levels. While this is not an easy task, some tangible results are emerging in a number of areas. The National Assembly members are better able to absorb and reflect the grievances of the public, thanks to a live hotline during parliamentary

sessions and a streamlined system for complaints management. Village communities are better able to participate in planning for local development through a variety of initiatives involving poverty reduction, local-level governance, and sustainable use of natural resources. Small communities are better able to voice their concerns through their local radio. A legal framework has recently been put in place allowing civil society organizations to emerge and function more effectively.

Conclusion 8: UNDP's activities in the area of sustainable environment required reorientation of support to the implementation of policies and programmes and to local-level adaptation to environmental damage, paying particular attention to the environment-livelihood linkages. A beginning has been made in moving towards the right direction.

Until recently, UNDP's environment programme has heavily focused on strengthening national capacity to better understand and implement global environmental concerns and conventions, especially those related to climate change. These efforts have raised awareness of the issues and increased the government's capacity to develop necessary policy frameworks and programmes. To effectively address the environmental challenges of the country, it is imperative to scale up the effort to help implement policies and programmes.

Moreover, UNDP should pay greater attention to the linkage between economic and developmental activities and environmental and natural resources. It is not so much the global climate change as the economic activities undertaken within the country that threatens the sustainability of both natural resources and people's livelihoods. Until recently, UNDP's environment programme did not pay this reality the attention it deserves.

This has been changing, however, with the introduction of, among others, the Poverty Environment Initiative (PEI), the GEF Small Funds Programme (GEF-SGP), and the Support to Lao PDR Water and Wetland Policy (LWP). As these initiatives are still very new, it is not possible

at this stage to judge their potential impact. However, there is reason for hope, since all of them have put the right ingredients in place. Two of these ingredients are especially important: first, the recognition that environment and livelihoods are integrally linked, and, second, the realization that a sustainable environment-livelihood nexus can be created at the local level only with the help of the communities themselves.

Conclusion 9: UNDP can improve in several ways the efficiency with which its resources are used towards realizing its desired outcomes.

First, there is scope for exploiting potential synergies both across UNDP's own portfolio of activities and with other development partners working in similar areas. This is especially true of a whole range of activities each of which tries independently to involve the local community in participatory planning for local development. Second, UNDP can try to redress an evident mismatch between the scope of its programme and its resources, which compromises the efficiency of resource use in several areas. It should not respond to every request that comes its way without taking into account its managerial capacity. Finally, whenever UNDP collaborates with other development partners in the same project, there is scope for improving the efficiency of resource use by avoiding as much as possible multiplicity of procedures for managing information and accounts. This, in turn, would help to avoid a heavy toll on the management capacity of the agencies they seek to help.

Conclusion 10: Sustainability of development outcomes promoted by UNDP of Lao PDR is subject to positive and negative influences. While the alignment of government priorities and UNDP's support is ensuring the ownership of results, the national institutional and financial capacity is still very weak for sustaining the results achieved without further support.

UNDP-supported activities are so well aligned with the priorities of the government that there is little question about the ownership of the effort and its results. The government will probably be

keen to carry them forward. On the other hand, national capacity to continue necessary activities that ensure the sustainability of results is still very weak without support from donors. With a few exceptions, as in the case of support to the planning process, the projects have yet to create the national capacity for independent functioning. In a few cases where capacity has been created, as with the Community Radio Project and the DDF, sustainability requires supplementing capacity with sustained flow of resources.

6.2 RECOMMENDATIONS

Recommendation 1: As the government's lead development partner in aid coordination, UNDP should continue to take initiatives to ensure the system functions effectively. UNDP could also support the capacity development of the government and the National Assembly on monitoring and evaluation of policy impact and development assistance.

Effective aid coordination is crucial for Lao PDR, given its heavy dependence on external assistance. As the leading development partner in aid coordination, UNDP should take pro-active steps to ensure the process functions effectively. It should do this by helping the government to reinforce the sectoral working groups so that assistance is coordinated at the practical and programme levels, and by enhancing government capacity to monitor these groups' performance. It should also further promote closer involvement of emerging donors in the aid coordination process.

Further, for effective implementation of the NSEDP and maximizing contribution from development assistance to its implementation, the capacity of the government to monitor and evaluate policy and programme impact would need to be strengthened. UNDP could support such capacity development of the government as well as the National Assembly.

Recommendation 2: Taking advantage of its leadership role in aid coordination, UNDP should help the government to build

consensus among development partners on priority actions for achieving national strategy goals, how the roles should be shared, what approach should be taken in implementing the activities, and how the activities should be financed. Through such a coordinating mechanism, UNDP should involve partners from the conceptualization stage of its projects and activities, rather than coming up with a proposal of its own and trying to mobilize funds ex post.

UNDP should take advantage of its leadership role in aid coordination, and help the government garner support around priority actions needed to achieve national strategy goals, while achieving better role sharing among development partners and securing funding required for implementing agreed priority actions. Through such a coordinating mechanism, UNDP should involve partners from the conceptualization stage of its projects and activities, rather than coming up with a proposal of its own and trying to mobilize funds ex post, so as to ensure that partners are fully on board from the outset.

Recommendation 3: UNDP should focus on projects and activities more closely linked to its human development mandate and comparative strength, reorienting existing activities where necessary.

While working together with the government and development partners through aid coordination, UNDP on its part should focus on activities that accord more closely with its human development mandate and comparative strength – namely, directly poverty-focused activities, strengthening people’s voice and participation, improving administrative capacity for better service delivery for the poor, and forging a strong nexus between sustainable livelihoods and sustainable environment.

Recommendation 4: UNDP could pursue the cause of gender equality more vigorously, based on a coherent strategy, in collaboration with UN Women, Lao Women’s Union, Committees for the Advancement of Women at the national, provincial and district

levels, and possibly other development partners. In doing so, it should also strive for better mainstreaming of gender in its own programmes as well as in various government departments and agencies.

In the present programming cycle, UNDP’s efforts on the gender front have been seriously handicapped mainly by the failure to mobilize adequate resources for its Gender Empowerment and Poverty Reduction project. UNDP could seize the opportunity provided by the new joint project on gender to learn from past failures and to pursue the cause of gender equality and women’s empowerment in Lao PDR more vigorously.

In working with partners, UNDP could bring in its expertise and experience in other sectoral areas, for example, to strengthen judicial system to handle violence against women in relation to legal sector reform, to extend the outreach of HIV/AIDS prevention measures to vulnerable groups, and to strengthen linkage between gender empowerment and poverty reduction in its policy support.

Recommendation 5: Based on the national strategy that features growth with equity, UNDP should make greater efforts to support the government in mobilizing resources towards implementing policies and programmes that would stimulate the pro-poor economic sectors, direct gains from economic growth to the poor and remove key constraints they face. UNDP should also pay more attention to designing its projects and activities in a pro-poor manner, addressing key constraints faced by the poor in the country, especially those who have difficulties in participating in and gaining from the growing economy.

The achievement of MDGs in general and poverty reduction in particular have now become central features of Lao PDR’s national strategy. Translating this framework into actual policies and programmes that have real impact on poverty reduction, however, requires much more effort and support. This includes directing and mobilizing resources to sectors and programmes that have strong poverty implications. UNDP should

intensify its effort to support and advise the government in this regard. UNDP itself should pay much more attention to designing its projects and activities in a pro-poor manner, so that they are really addressing key constraints faced by the poor in the country, especially those who have difficulties in participating in and gaining from the growing economy.

Recommendation 6: The DDF mechanism for strengthening the capacity of sub-national administrations should be scaled up, replicated throughout the country, and supported with greater infusion of resources for its sustainability. UNDP should also attempt to spread the use of such mechanisms as the Citizen Report Card, the One Door Service, the Service Delivery Information System to improve the quality of service delivery.

Of the several alternative financing mechanisms for development projects at sub-national levels that UNDP has experimented with, the DDF has proved the most promising. It should be scaled up and replicated throughout the country, but this needs additional resources. The mechanism developed would also not be sustainable without funds flowing through it. UNDP should explore the ways to secure resources to this end, including the possibility of linking the DDF with the PRF, which provides a much larger volume of resources for development projects at the local level but without directly involving the sub-national administration.

The Citizen Report Card, the One Door Service, the Service Delivery Information System are also all promising innovations that, if scaled up efficiently, can potentially transform the quality of service delivery in Lao PDR.

Recommendation 7: UNDP's good work in strengthening people's voice and participation should be continued, with stronger efforts to involve the emerging civil society in the development process.

Starting from a base where civil society was virtually non-existent, UNDP has made a good beginning by helping the government create a

legal framework within which local civil society organizations can operate. The next important step is to strengthen the emerging civil society by involving it in various activities of UNDP. Here, too, a beginning has been made, for example, by the GEF-SGP that aims to conserve biodiversity, improve water quality or reduce land degradation through cooperation with local communities supported by civil society organizations. This practice should be broadened across UNDP's portfolio involving such diverse areas as poverty reduction through participatory planning, governance reforms for better service delivery, and sustainable environment.

Recommendation 8: The environment programme of UNDP should continue its reorientation towards policy implementation and local-level interventions that aim to achieve both sustainable environment and sustainable livelihoods.

This reorientation is needed because locally created threats are more immediate and more pervasive in the case of Lao PDR. The reorientation process has already begun through projects such as the PEI, the GEF-SGP and the LWP. This process should be strengthened with greater infusion of resources. The funds available for climate change adaptation could also be reoriented towards these objectives.

Recommendation 9: The model of the Community Radio Project should be scaled up and replicated across the country.

The Community Radio Project in Khoun district has been highly successful in raising awareness among the ordinary people about issues affecting their daily lives and in enabling them to voice their concerns and interests more forcefully. This experience should be scaled up and replicated widely, in collaboration with other development partners and international NGOs with experience at the grassroots level. Ideally, UNDP could cooperate with an NGO (or an appropriate non-profit entity), which could be entrusted with the operational responsibility of managing the expanded projects. UNDP, for its part, could play a coordinating role among development partners involved both as donors and as users of the radio.

Recommendation 10: For greater effectiveness and efficiency of resource use, UNDP should seek to exploit potential synergies among its various activities, especially with its local-level activities.

Great potential for synergies exist especially in the area of participatory planning for local-level development as several UNDP projects –

spanning such diverse areas as poverty reduction, governance reform, environment and disaster risk reduction – have components that impinge on this area. Greater coordination across the projects can yield rich dividends. The potential synergy between these activities with the new Inclusive Finance project being launched jointly with UNCDF should also be explored.

TERMS OF REFERENCE

INTRODUCTION

The Evaluation Office (EO) of the United Nations Development Programme (UNDP) conducts country evaluations called Assessments of Development Results (ADRs) to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level, as well as the effectiveness of UNDP's strategy in facilitating and leveraging national effort for achieving development results. ADRs are carried out within the overall provisions contained in the UNDP Evaluation Policy.¹¹⁵ Based on the principle of national ownership, the EO seeks to conduct ADRs in collaboration with the national government whenever agreed and to the extent possible and appropriate.

The purpose of an ADR is to:

- provide substantive support to the Administrator's accountability function in reporting to the Executive Board;
- support greater UNDP accountability to national stakeholders and partners in the programme country;
- serve as a means of quality assurance for UNDP interventions at the country level; and
- contribute to learning at corporate, regional and country levels.

The ADR in Lao PDR will be conducted in collaboration with the Lao Government through its Department of International Cooperation of the Ministry of Planning and Investment (DIC/MPI). It will be conducted in 2010 towards the

end of the current programme cycle of 2007-2011 with a view to substantively contributing to the preparation of the new country programme for 2012-2017.

BACKGROUND

Lao PDR is a small, mountainous, landlocked Least Developed Country (LDC) bordering Cambodia, China, Myanmar, Thailand, and Viet Nam. The country is in transition to a market economy and the government has implemented various reforms since the New Economic Mechanism policy was introduced in 1986 in replacement of a central planning economy.¹¹⁶ Lao PDR experienced a relatively high GDP growth in recent years. During 2000-2007, annual growth has averaged at 6.5 percent.¹¹⁷ In addition, Lao PDR has experienced advances in social development in recent years, and significant progress has been made towards achieving the Millennium Development Goals (MDGs). At the same time, Lao PDR remains one of the world's poorest countries and faces many development challenges as rises in inequity levels indicate that a significant part of the population have not partaken in the benefits.

Disparities are particularly marked among the rural poor, women and minority groups. Poverty in rural areas is twice as high as in urban areas and the majority of the population (82.9 percent) lives in rural and remote areas without access to basic infrastructure and services. Subsistence agriculture accounts for about half of GDP and involves over 80 percent of the country's labour

115. <www.undp.org/eo/documents/Evaluation-Policy.pdf>

116. Lao PDR and UNCT, 'United Nations Common Country Assessment (CCA): Lao PDR', 2006.

117. Lao PDR and UNDP, 'The Second Millennium Development Goals Progress Report for Lao PDR 2008', 2009

force. The population of 5.6 million residents continues to grow at a rate of 2 percent, with 55 percent of the population being under 20 years of age, and an estimated 32 percent living below the national poverty line.¹¹⁸ The challenges that such demographic trends pose, in terms of both employment prospects and human development advances, are further compounded by the tribulations of UXO remnants from the Indochina War. Fifty percent of the country is contaminated by UXO and still poses enormous challenges for the personal safety and security of people, as well as limits to economic expansion.¹¹⁹ The incidence of HIV/AIDS remains low in the Lao PDR, but rapid regional developments and cultural changes are being translated into increasing vulnerabilities. Additionally, major challenges pertaining to the environment are becoming evident; the economic expansion combined with population growth intensifies utilization of land and other natural resources for commercial purposes such as plantations and mining propelled by FDI and increases pressures on the environment.

Crosscutting themes such as capacity development, UXO, HIV/AIDS, gender and the environment are highlighted in the government's 2003 localized PRSP, the National Growth and Poverty Eradication Strategy (NGPES).¹²⁰ This document identifies the private sector as the main engine of pro-poor growth with dual objectives (to promote sustainable growth and alleviate poverty) and focuses on four key sectors: (1) agriculture and forestry, (2) infrastructure, (3) education and (4) health. In 2004, the government published its first National MDGs Progress Report which established solid baselines to track the country's progress towards the achievement

of the MDGs by 2015. The government's sixth five-year National Socio-Economic Development Plan 2006-2010 (Sixth NSEDP) integrated the NGPES and MDGs and emphasised the central role of the domestic private sector and FDI in promoting economic growth.¹²¹ The country is currently heavily dependent on development assistance (ODA), with around 70 percent of its public investment being financed by external resources.¹²² The current ratio of national revenue against GDP stands at 11 percent, which is one of the lowest in the region, highlighting the importance that due attention is given to increasing domestic resources for financing development, including the provision of better public services for the people.¹²³ Further regional integration and globalization have emerged as key priorities of the Sixth NSEDP. The Lao PDR has been playing an active role as a member of the South-East Asian Nations (ASEAN) since its membership in 1997 and the government is also working towards WTO accession in the near future.¹²⁴ These positive economic prospects and trade opportunities, while contributing to the increase in the overall income, may pose the danger of widening disparities and environmental degradation, leading to further inequity.

The Government of Lao PDR is currently preparing the next seventh five-year National Socio-Economic Development Plan 2011-2015 (Seventh NSEDP), which is expected to be discussed by the National Assembly in July 2010. The Government of Lao PDR has made conscious efforts at making the NSEDP formulation process more inclusive and has been conducting extensive consultations – both internally and with development partners – with a view to having all

118. Lao PDR and UNCT, 'United Nations Common Country Assessment (CCA): Lao PDR', 2006

119. United Nations in Lao PDR. 2009. Lao PDR: Country Context. <<http://www.unlao.org>>

120. GOL, 'National Growth and Poverty Eradication Strategy (NGPES)', Government of Lao PDR, Vientiane, 2003.

121. GOL, 'National Socio-Economic Development Plan 2006-2010', Committee for Planning and Investment, Government of Lao PDR, Vientiane, 2006.

122. UNDP, 'Country Programme Document (CPD) 2007-2011', 2006

123. Lao PDR and UNCT, 'United Nations Common Country Assessment (CCA): Lao PDR', 2006.

124. Lao PDR and UNDP, National Human Development Report (NHDR), 2006.

development actors and partners make concerted efforts in the implementation of the plan. The Seventh NSEDP is expected to fully integrate the achievement of MDGs by 2015 as a key policy goal. In order to achieve this ambitious goal, further support would be needed especially in supporting the implementation of the plan.

UN AND UNDP IN LAO PDR

The latest analysis of progress towards achieving the MDGs was published in the 2008 National MDG Progress Report and shows a mixed picture: while significant progress was made on a number of targets since release of the first MDG report in 2004, other targets are either off track or seriously off track and thus require urgent attention and investments in order for them to be met by 2015.¹²⁵ Poverty and near poverty remain high and widespread, especially among minority groups in the more remote rural areas, and inequalities are growing. Alarming high rates of maternal mortality and child malnutrition call for further urgent action. In addition, the intensive and often unsustainable use of natural resources as an engine of growth is a cause of concern as is the increasing conversion of subsistence agricultural land to commercial plantations and related land titling issues. One underlying problem is the persistent under-funding of the social sectors over the past two decades. UNDP, together with its sister agencies in the United Nations Country Team (UNCT), is committed to support the Government of Lao PDR to achieve the overarching national goal of lifting the country from the ranks of LDCs by 2020.

UNDP is supporting a number of initiatives aimed at meeting the MDGs in Lao PDR, within the context of the UN Development Assistance Framework (UNDAF) 2007-2011, the government's NSEDP (2006-2010), and the Common

Country Assessment (CCA) 2006. The UNDAF is organized around three core pillars (outcomes) as identified by the UN system as the critical sectors for the Lao PDR: (1) poverty, food security and growth, (2) the social sector, and (3) governance.¹²⁶ UNDP focus is on assisting Lao PDR in developing and sharing solutions to the major challenges through four corporate focus areas: poverty reduction, democratic governance, environment, and crisis prevention and recovery. The UNDP Assessment of Development Results (ADR) conducted in 2006, called for the continuation of the focus on these key programme areas but recommended that emphasis be placed on translation of policies into actions.¹²⁷ UNDP plays a key role in facilitating discussions and coordination between the government and the donor community through the Round Table Process. In this context, the current UNDP Country Programme 2007-2011 puts emphasis on high level policy dialogue, identification and support for change and advice to policy-makers; flexibility in meeting emerging needs and creative innovations. The UNDP focus is on building, developing and sustaining national capacity for development which is critical in the Lao PDR, both from an ownership perspective and for the sustainability of development results.

SCOPE OF EVALUATION AND KEY QUESTIONS

The ADR will review the UNDP experience in Lao PDR under the current Country Programme 2007-2011. It will assess UNDP's contribution to the national effort in addressing its development challenges, encompassing social, economic and political spheres, and will cover UNDP activities funded from both core and non-core resources. It will also assess strategic positioning and approaches UNDP has taken to maximize its contribution to this end and whether this

125. Lao PDR and UNDP, 'The Second Millennium Development Goals Progress Report for Lao PDR 2008', 2009.

126. Lao PDR and UNDP, United Nations Development Assistance Framework (UNDAF) 2007-2011, 2006.

127. UNDP, 'Assessment of Development Results: Evaluation of UNDP's Contribution: Lao PDR', Evaluation Office, United Nations Development Programme, New York, 2007.

strategic positioning remains valid for the next programming cycle. In doing so, the ADR will also take into account the previous ADR issued in 2007 on the previous programme 2002-2006 in Lao PDR.

In the examination of UNDP's contribution in each programme portfolio, the ADR will also fully take into account the findings and outcomes of recent evaluations and other country office commissioned assessments conducted. Where such evaluation exists, the ADR will use its findings as the basis of its examination, focusing on validating its findings and engaging in strategic discussions on the programme's future direction. Further elaboration of the scope of evaluation within each programme portfolio is provided below:

GOVERNANCE PORTFOLIO

The support to public administration and civil service reform is a long-running activity of UNDP. The current GPAR (Governance and Public Administration Reform) Programme is composed of one national and four provincial projects. The ADR should use the recent outcome evaluation in this area as well as the five project-level evaluations as a starting point of its examination.

The ADR will fully examine the other two clusters of activities under this portfolio, namely the supports to: enhancing people participation in governance (through supports to the National Assembly, the civil society and the community radio initiatives); and enhancing the rule of law and the access to justice (through supports to the Lao Bar Association, adoption and implementation of international treaties, and the legal sector reform, etc.). The ADR will also examine UNDP's role as co-chair of the governance Sector Working Group mandated through the Round Table Process and how this role has contributed to increased sectoral coordination, harmonization and effectiveness.

POVERTY REDUCTION PORTFOLIO

The ADR should use the evaluation of National Human Development Report as one of the basis,

while conducting a broader examination of UNDP's support to the NSEDP and MDG process.

The ADR will fully examine the three other cluster of activities under this portfolio, namely the support to: gender equality and women empowerment; aid-coordination and effectiveness (mainly through the Round Table Process); and inclusive growth (through the support in the areas of trade, ASEAN integration and private-sector development). The ADR will examine UNDP's contribution to reduction of Lao PDR's vulnerability to HIV/AIDS mainly in the context of its role and effectiveness within the UN joint effort in this area.

ENVIRONMENT PORTFOLIO

On institutional support and capacity development at the national level on such issues as the adoption of multilateral environment agreements (MEA project), the implementation of Rio Convention (NCSA project) and the adoption of the national plan of action for climate change (NAPA project), the ADR will base its examination on the recent outcome evaluation on the environment sector.

The ADR will fully examine the recently started Poverty Environment Initiative (PEI), which aims to mainstream environmental issues into the national planning and poverty reduction processes, given the high dependency of the Lao people and economy on sustained natural resource base.

CRISIS PREVENTION AND RECOVERY PORTFOLIO

The importance of UXO clearance in Lao PDR for the security of its population and poverty reduction is widely recognized. UNDP has long been providing critical support to the national effort in this area. The ADR will use the recent evaluation as the basis for its examination in this sector.

The ADR will fully examine the other recently added activity in this portfolio, which is the support of natural disaster management and risk reduction.

OTHER CROSSCUTTING THEMES

National capacity development for more effective and efficient ODA programme/project management (regardless of the programmatic focus) is another area of challenge. The ADR will also review UNDP initiatives aimed at capacity development for national implementation of the development projects, which will in turn contribute to the achievement especially of governance and poverty reduction related outcomes.

KEY QUESTIONS

The basic question to be examined in the ADR is how relevant and effective UNDP's contribution has been to the development of Lao PDR and to the well-being of its people, and the synergies of its interventions with its national development goals and policies. Within this broad investigation, the ADR should address some key questions that are listed below. These key questions should be analysed within the structured evaluation framework provided in the ADR Manual 2010.¹²⁸ The response to these key questions should be provided in the general conclusion of the ADR. Based on these analysis and conclusions, strategic and forward-looking recommendations should be made which can be directly translated into strategic priorities for the forthcoming programming cycle.

- The Government of Laos is currently preparing the Seventh National Socio-economic Development Plan 2011-2015 (Seventh NSEDP). The ADR will examine what would be the most relevant and effective role that UNDP could play in supporting the implementation of national strategies and priorities outlined in the draft Seventh NSEDP, taking into account strategic reorientations of UNDP's country programme that the country office may be currently considering for the new country programme. UNDP's key role in coordinating the aid effectiveness agenda as co-chair of the Round

Table will be duly taken into consideration during this assessment.

- Achieving MDGs in 2015 and the graduation from the LDC status in 2020 are important development goals of Lao PDR. The ADR will assess UNDP's country programme from the viewpoint of its relevance and effectiveness in supporting the effort by Lao PDR in achieving these goals. In particular, the ADR could examine UNDP's contribution from the following two angles:
 - In the light of challenges faced by Lao PDR in achieving MDGs, what would be possible UNDP interventions that could produce significant impact, especially in relation to poverty reduction and improving the well-being of the Lao people and the vulnerable population?
 - In the light of UNDP's comparative strength, what would be the most useful role that UNDP could play within the UN Country Team in support of the achievement of MDGs, in such areas as: gender equality and mainstreaming; statistics; local governance and governance reform; social protection; environmental protection; promotion of human rights; inclusiveness and participation; capacity development; and HIV/AIDS; taking into account the inefficiencies of engaging in too many subject areas without prioritization.
- UNDP's support to the public administration and civil service reform has a wide-ranging implication for the policy and programme effectiveness in other sectors, for example, on social service delivery at the sub-national levels. The ADR will examine to what extent UNDP's contribution to effective governance at national and sub-national levels has enabled more effective implementation of national policies and programmes, as well as programmes of other UN agencies and development partners, aiming to achieve MDGs.

128. The Evaluation Office will provide the manual to the evaluation team.

- The ADR will examine to what extent such initiatives as the community radio at the local level, and the improved transparency of the legislative process at the national level (televised National Assembly sessions, hotlines, etc.) have improved people's life through better access to information and participation to decision making that directly affect their lives, and thereby how they contributed to the progress towards the achievement of MDGs. The ADR will also examine how the civil society support initiative has contributed to higher participation and inclusiveness.
- In addition to examining effectiveness of each programme components within the poverty reduction portfolio, the ADR will examine how and to what extent the programme as a whole has impacted on the poverty and the needs of vulnerable population, what needs to be further addressed to accelerate the pace of reducing poverty and inequity, and how the programme has worked in synergy with the work in other programme portfolio to this end. The impact on poverty reduction shall be assessed not only in terms of direct impact but also in terms of how policy-level changes and improved aid coordination and effectiveness have in turn affected the impact of all development partners' interventions.
- The ADR will examine how effectively the country programme as a whole has contributed to gender equality and empowerment of women and, to this end, how it has mainstreamed this objective into their activities.
- The ADR will examine how the work on environment protection, natural disaster management and risk reduction, UXO clearance and victim assistance, are leveraged through the use of UNDP's comparative strength and synergies with other programme areas and, in turn, how the work in these areas

have contributed to the progress towards the achievement of different MDGs. In this context, the ADR will also discuss how the 'inter-linkages' or 'nexuses' among different focus areas of UNDP could/should be strengthened in the next programming cycle. In addition, the utility of more programme-wide approach, as opposed to a project approach, will be discussed.

EVALUATION CRITERIA AND METHODS

The evaluation has two main components: the analysis of UNDP's contribution to development results through its programme outcomes and the strategic positioning and approaches it has taken. For each component, the ADR will present its findings and assessment according to the set criteria provided below. Further elaboration of the criteria will be found in ADR Manual 2010.

EVALUATION CRITERIA

UNDP's contribution by thematic/ programmatic areas

Analyses will be made on the contribution of UNDP to development results of Lao PDR through its programme activities. The analyses will be presented by thematic/programme areas and according to the following criteria:¹²⁹

- Relevance
- Effectiveness
- Efficiency
- Sustainability

Within the analyses above, wherever applicable, particular attention could be paid to UNDP's effectiveness in promoting capacity development, in utilizing opportunities for South-South cooperation, and in leveraging its contribution

129. If the assessments on efficiency and/or sustainability are found to be rather common across the thematic areas, the evaluation team may choose to present them in one place across thematic areas in order to avoid repetitions and enhance the readability of the report. Also, ADR does not require presentation and examination of all the projects and activities; a representative sample of them could be used to illustrate findings as appropriate.

through various partnerships and coordination of its activities with other UN agencies and development partners.

UNDP's strategic positioning and approaches

The strategic positioning and approaches of UNDP are analysed both from the perspective of the organization's mandate¹³⁰ and the development needs and priorities of the country. This would entail systematic analyses of UNDP's place and niche within the development and policy space in the country, as well as strategies used by UNDP to maximize its contribution through adopting relevant strategies and approaches. The following criteria will be applied:

- Relevance and responsiveness
- Exploiting comparative strengths
- Promoting UN values from a human development perspective

EVALUATION METHODS AND APPROACHES

Principles and guidelines

The ADR will be conducted in adherence to the Norms and the Standards¹³¹ and the ethical Code of Conduct¹³² established by the United Nations Evaluation Group (UNEG), as well as to UNDP's Evaluation Policy. The ADR will be conducted in close consultation with the Government of Lao PDR through the Department of International Cooperation of the Ministry of Planning and Investment, to enhance the national ownership of its results.

Data collection

In terms of data collection, the evaluation will use a multiple-method approach that could include document reviews, workshops, group and individual interviews, project/field visits and surveys. The set of methods for each evaluation criteria and questions should be defined in the inception report to be prepared by the evaluation team after preliminary research.

Validation

The evaluation team will use a variety of methods to ensure that the data is valid, including through triangulation. All the findings must be supported by evidence and validated through consulting multiple sources of information. The evaluation team is required to use an appropriate tool (e.g., an evaluation matrix to present findings from multiple sources) to show that all the findings are validated.

Stakeholder participation

A strong participatory approach, involving a broad range of stakeholders, will be taken. The ADR will have a process of stakeholder mapping that would identify both UNDP's direct partners as well as stakeholders. These stakeholders would include government representatives of ministries/agencies, civil-society organizations, private-sector representatives, UN agencies, multilateral organizations, bilateral donors, and importantly, the beneficiaries of the programme. Furthermore, in order to identify key development challenges of the country, the evaluation team may conduct interviews and consultations beyond those involved directly or indirectly in UNDP country programme.

THE EVALUATION TEAM

The Evaluation Office will compose an independent evaluation team to undertake the ADR. The team will be constituted of three or more members, including:

- team leader, with overall responsibility for providing guidance and leadership for conducting the ADR and preparing and revising draft and final reports;
- team specialist/s, who will support the team leader and provide the expertise in specific subject areas of the evaluation, and may lead the evaluation on these subject areas and be responsible for drafting relevant parts of the report;

130. For UNDP's Strategic Plan, see <www.undp.org/execbrd/pdf/dp07-43Rev1.pdf>

131. <www.uneval.org/normsandstandards/index.jsp?doc_cat_source_id=4>

132. <www.uneval.org/papersandpubs/documentdetail.jsp?doc_id=102>

The team may have in addition a national assistant who will assist the organization and logistical arrangements of the team's activities in the country and provide interpretation when necessary.

The evaluation team will report to the designated task manager of the UNDP Evaluation Office, who will also participate in the evaluation as appropriate.

ROLES AND RESPONSIBILITIES, AND MANAGEMENT ARRANGEMENTS

UNDP Evaluation Office

The Evaluation Office will conduct the ADR in collaboration with DIC/MPI of the Lao Government. Its task manager will provide overall management of and technical backstopping to the evaluation. The task manager will set the terms of reference for the evaluation, select the evaluation team, receive the inception report, provide guidance to the conduct of evaluation, organize feedback sessions and a stakeholder meeting, receive the first draft of the report and decide on its acceptability, and manage the review and follow-up processes. The task manager will also support the evaluation team in understanding the scope, the process, the approach and the methodology of the ADR, provide ongoing advice and feedback to the team for quality assurance, participating in evaluation activities as appropriate, and assist the team leader in finalizing the report. The Evaluation Office will meet all costs related to the conduct of the ADR.

Department of International Cooperation, Ministry of Planning and Investment (DIC/MPI)

DIC/MPI of the Lao Government will collaborate with the UNDP Evaluation Office in conducting the ADR. It will provide inputs to the terms of reference particularly on key evaluation questions, and initial feedback to the preliminary findings, conclusions and recommendations made by the team. It will facilitate the conduct of the ADR by the evaluation team by: providing necessary access to information source within the

government; safeguarding the independence of the evaluation; and jointly organizing the stakeholder meeting with the Evaluation Office and mobilize national counterparts' participation. It will be responsible within the government for the use and dissemination of the final outcomes of the ADR.

UNDP Country Office in Lao PDR

The country office will support the evaluation team in liaison with key partners and other stakeholders, make available to the team all necessary information regarding UNDP's programmes, projects and activities in the country, and provide factual verifications of the draft report. The country office will provide the evaluation team support in kind (e.g., arranging meetings with government officials, project staff and stakeholders and project site visits, etc.). To ensure the independence of the views expressed in interviews and meetings with stakeholders, however, the country office may accompany the team but will not participate in them.

EVALUATION PROCESS

PHASE 1: PREPARATION

The Evaluation Office will set up the terms of reference, and establish the evaluation team. It will also undertake preliminary research to prepare for the evaluation, and prepare necessary activities to ensure that the team understands the scope, the process, the approach and the methodology of the ADR. During this stage, the task manager will undertake a preparatory mission.

PHASE 2: PRELIMINARY RESEARCH AND EVALUATION PLAN

Preliminary research: Desk review and briefings:

Based on the preparatory work by the Evaluation Office and other information and materials obtained from the government, UNDP country office and other sources, the evaluation team will analyse, inter alia, national documents and documents related to UNDP's programmes and

projects over the period being examined. The evaluation team may also request briefings by country office programme staff to deepen the understanding of their work portfolio and activities. With the preliminary research, the evaluation team is expected to develop a good understanding of the challenges that the country has been facing, and the responses and the achievements of UNDP through its country programme and other activities.

Evaluation plan: Inception report: Based on the preliminary research above and the exchanges with the country office as required, the evaluation team will develop the evaluation plan and submit it as an inception report. The evaluation plan should include:

- brief overview of key development challenges, national strategies and UN/UNDP response to contextualize evaluation questions;
- evaluation questions for each evaluation criteria (as defined in the ADR Manual);
- methods to be used and sources of information to be consulted in addressing each set of evaluation questions;
- preliminary hypotheses reached from the desk study for each evaluation question, with an indication of the information source (e.g., an evaluation report) that led to the hypothesis;
- selection of projects/activities to be examined in depth;
- possible visits to project/field activity sites.

PHASE 3: DATA COLLECTION AND ANALYSIS

Data collection: Based on the inception report, the team will carry out the evaluation by collecting data.

The evaluation team should establish a schedule of its activities in consultation with the UNDP country office and task manager. The country office will facilitate the organization of these activities. The field visits and observations should also be arranged through the country office. The

schedule may need to be further adjusted during the data collection.

The team will collect data according to the evaluation plan defined in the inception report, inter alia, by conducting interviews, organizing focus group meetings, conducting surveys, observing the project activities and results, and collecting further documentary evidences.

During the data collection phase, the team may start the validation of emerging hypothesis and findings to facilitate the process and to ensure all of its findings are well supported.

The task manager may join the evaluation team during this stage when possible and desirable.

Data analysis: The evaluation team will analyse the data collected to reach preliminary assessments, conclusions and recommendations.

Once the data is collected, the evaluation team should dedicate some time (up to one week) to its analysis. The task manager will join the team during this phase to assist in the analysis and validation.

The outcome of the data analysis will be preliminary assessments for each evaluation criterion/question, general conclusions to answer key questions and provide overarching findings from the analysis, and strategic and operational recommendations.

Once the preliminary assessments, conclusions and recommendations are thus formulated, the evaluation team will debrief DIC/MPI and the country office to obtain initial feedback to avoid factual inaccuracies and gross misinterpretation.

Stakeholder workshop: A stakeholder workshop will be co-organized by DIC/MPI and UNDP Evaluation Office at the end of the data collection and analysis phase to present preliminary findings, assessments, conclusions and recommendations to a wide range of stakeholders, and to obtain their feedback to be incorporated in the early drafts of the report.

PHASE 4: DRAFTING AND REVIEWS

First draft and the quality assurance: The evaluation team will further analyse information collected and incorporate the initial feedback from the stakeholder workshop, and produce the first draft.

The team leader will submit to the Evaluation Office the first draft of the report within three weeks after the stakeholder workshop. The first draft will be accepted by the Evaluation Office, after revisions if necessary, when it is in compliance with the terms of reference, the ADR Manual and other established guidelines, and satisfies basic quality standards.

The draft is also subject to a quality assurance process through external reviews.

Second draft and the verification and stakeholder comments: The first draft will be revised by the team leader to incorporate the feedback from the internal and external review process. Once satisfactory revisions to the draft are made, it becomes the second draft. The second draft will be forwarded by the Evaluation Office to (a) UNDP country office and Regional Bureau for Asia and Pacific (RBAP) and (b) the government through DIC/MIP, for factual verification and comments.

The team leader will revise the second draft accordingly, preparing an audit trail that indicates changes that are made to the draft, and submit it as the final draft. The Evaluation Office may request further revisions if it considers necessary.

Headquarter briefings: During this phase, the team leader may be requested to conduct briefings for the Evaluation Office, RBAP and other interested bureaux possibly at the UNDP headquarters in New York.

PHASE 5: FOLLOW-UP

Management response: UNDP country office will prepare a management response to the ADR under the oversight of RBAP.

RBAP will be responsible for monitoring and overseeing the implementation of follow-up actions in the Evaluation Resource Centre.¹³³

Communication and dissemination: The ADR report and brief will be widely distributed in both hard and electronic versions.

The evaluation report will be made available to the UNDP Executive Board by the time of approving a new Country Programme Document. It will be widely distributed by UNDP Evaluation Office and country office, and by DIC/MPI in the Lao Government to stakeholders in the country and at UNDP headquarters, to evaluation outfits of other international organizations, and to evaluation societies and research institutions in the region. The report and the management response will be published on the UNDP website.¹³⁴

TIME-FRAME

The tentative time-frame and responsibilities for the evaluation process are detailed in Table A1.

The time-frame above is indicative of the process and deadlines, and does not imply full-time engagement of the evaluation team during the period.

EXPECTED OUTPUTS

The expected outputs from this exercise are:

- the report “Assessment of Development Results – Lao PDR”;
- the ADR Brief, and other dissemination materials.

The expected outputs from the evaluation team in particular are:

- an inception report, providing the design and the plan for evaluation (as specified in the process section of this document);

133. <<http://erc.undp.org>>

134. <<http://www.undp.org/evaluation/>>

Table A1. Evaluation Time-frame

Activity	Responsibility	Estimated time-frame
ADR initiation and preparatory work	EO	Nov. – Dec. 2009
Preparatory mission	EO, CO	End Feb. 2010
Selection of the evaluation team	EO	Feb. – Mar.
Preliminary research	Evaluation team	Mar.
Submission of the inception report	Evaluation team	Early Apr.
Data collection	Evaluation team	End Apr. – late May
Data analysis	Evaluation team	late May
Stakeholder workshop	EO, DIC, CO & Evaluation team	End May/beginning Jun.
Submission of the first draft	Evaluation team	End Jun.
Internal review and quality assurance	EO	Jul.
Submission of the second draft	Evaluation team	Mid-Aug.
Review by CO, RBAP and the government	EO & DIC	Aug. – Sep.
Submission of the final draft	Evaluation team	End Sep.
Editing and formatting	EO	Oct.
Issuance of the final report and Evaluation Brief	EO	Nov.
Dissemination of the final report and Evaluation Brief	EO, DIC & CO	Dec.

- the first, second and final drafts of the report “Assessment of Development Results – Lao PDR” (approximately 50 pages for the main text, and annexes);
- draft for the Evaluation Brief (2 pages);
- presentations at debriefings, as required, and at the stakeholder meeting.

The final report of the ADR will follow ADR Manual 2010, and all drafts will be provided in English.

TRAVEL

The evaluation team is expected to undertake two field trips for: interviews and group discussions of beneficiaries and project stakeholders; and project

site observations. For the ADR in Lao PDR, two such trips are envisaged:

- Xiang Khouang province in relation to Community Radio, GPAR and possibly UXO projects;
- Southern provinces of Savannakhet, Saravane and possibly Sekong and Khammouane, in relation to GPAR, PEI and possibly UXO projects.

The team may elect to split the travel among its members for different destinations.

The team leader may be requested to travel to UNDP Headquarters in New York, to hold specific interviews, briefings or presentations.

QUALIFICATIONS

The team leader must satisfy the following qualifications:

- have a solid understanding of evaluation methodologies relevant to ADR in Lao PDR, backed up by a proven expertise of research in social sciences;
- have a good understanding of the workings of the government, development assistance and UN/UNDP in particular;
- have a sound knowledge of development issues and challenges in Lao PDR in the areas relevant to the work of UNDP;
- have proven leadership and presentation skills in evaluation or research projects;

- good intercultural communication skills.

The team specialists must satisfy the following qualifications:

- have a sound understanding of evaluation methodologies relevant to ADR in Lao PDR, and/or a proven expertise of research in social sciences relevant to the evaluation;
- have a sound knowledge of development issues and challenges, as well as government policies, at least in one subject area relevant to the work of UNDP and/or sound knowledge of the workings of UN/UNDP.

To avoid conflict of interest, the members of the team should not have engaged in the design or implementation of the country programme in question.

Annex 2

PEOPLE CONSULTED

NATIONAL GOVERNMENT AND OTHER PUBLIC ORGANIZATIONS

- Aliyavanh Chanthasith, Technical Staff, Human Rights Centre, National Academy of Social Sciences
- Aloun Mixay, Treaty Database Officer, International Law Project, MOFA
- Alounyadeth Rasphone, Division Deputy Director, UN System Division, DIC, MPI
- Amphone Philaketh, Deputy Head, Planning and Coordination Section, Centre for HIV/AIDS, MOH
- Bangthong Thipsomphanh, Technical Officer, UN System Division, DIC, MPI
- Beuang Viengvan, Head, Planning and Coordination Section, Centre for HIV/AIDS, MOH
- Bounthavy Sisouphanthong, Vice Minister, MPI
- Chanhdy Pankeo, Director, Lao NCAW, Prime Minister's Office
- Chanthone Khamsibounheuang, Deputy Director, Centre for HIV/AIDS, MOH
- Duangsamone Dalavong, Deputy Director of Cabinet, LWU
- Keophouvanh Douangphachanh, Head of Administration, Centre for HIV/AIDS, MOH
- Ketsana Phommachan, Director-General, Law Research and International Cooperation Institute, MOJ
- Khammoune Sengouthai, Head of Division, Office of Supreme People's Prosecutors, MOJ
- Khammoune Viphongxay, Vice Chairman, Public Administration and Civil Service Authority
- Khamphone Daophonechaleuan, Technical Officer, UN System Division, DIC, MPI
- Khamtoun Vilyaphet, Deputy Head, Ministry of Public Security
- Khemmani Polsena, Vice Minister, MOIC
- Kindavong Luangrath, Technical Senior Official, NDMO, MLSW
- Maligna Saignavong, Former Director, NRA
- Morakot Vongxay, Division Director, UN System Division, DIC, MPI
- Ninphaseuth Xayaphonesy, Director, GRID Centre, LWU
- Nisith Keopanya, Director-General, Department of Civil Service, Prime Minister's Office, and Project Manager, GPAR SBSB Project
- Okeo Sihalath, Director, Human Rights Centre, National Academy of Social Sciences
- Padith Bounyavong, Academic Staff, Office of Supreme People's Prosecutors, MOJ
- Phramaha Vichit Singhara, President, Lao Buddhist Fellowship Organization
- Phramaha Phousavanh, Secretary to the President, Lao Buddhist Fellowship Organization
- Phetsamone Sone, Deputy Director General, Department of Statistics, MPI
- Phonethida Saisida, Project Manager Assistant, GPAR SBSB
- Phothong Siliphong, Advisor, GRID Centre, LWU
- Phoukhiew, Director, NRA
- Phoukhong Sisoulath, Project Manager, International Law Project, MOFA
- Phouvanh Chanthavong, Director-General, Department of Labour, MLSW

Samaychanh Boupna, Director-General,
Department of Statistics, MPI

Sengchanh Chanthasene, Vice Dean, Faculty
of Economics and Business Management,
National University

Sengdavone Bangonesengdeth, Deputy
Secretary-General, Employers' Bureau
Activities, LNCCI

Sengsouliya, Deputy Head, Division of
International Cooperation, MOJ

Siamphone Sirattanakoul, Director of
International Relations, International
Relations Division, LWU

Sisomboun Ounavong, Deputy Director-
General, DIC, MPI

Sodavanh Souvannaphoum, Trade Official,
Foreign Trade Policy Department, MOIC

Somchith Souksavath, Vice Dean, Faculty of
Economics and Business Management,
National University

Somphanh Chanphengxay, Deputy Director-
General, Department of Planning, MAF

Souphy Norintha, Head of Division, Office of
Supreme People's Prosecutors, MOJ

Sousada Phoummasak, Director-General,
Programme Director of SELNA UN Joint
Programme, National Assembly

Soutsanphaeng Singdala, Academic Staff, Office
of Supreme People's Prosecutors, MOJ

Viengmaly Dalakone, Staff, GRID Centre, LWU

Viengphet Sengsone, Deputy Head, MOJ

Vilayphong Sisomvang, Deputy Director,
NDMO, MLSW

Visakone Mingboupna, Technical Staff,
Human Rights Centre, National Academy
of Social Sciences

Wanthong Khamdala, Deputy Programme
Director, UXO LAO

Yingchang Xaphou, Technical Staff,
Human Rights Centre, National Academy
of Social Sciences

LOCAL GOVERNMENT AND OTHER PUBLIC ORGANIZATIONS

Bounpheng, Coordination Assistant, UXO
LAO, Xieng Khouang

Bouneyun Phouthavong, President,
LWU, Savanakhet

Chindavanh Butlasy, Cabinet Chief, Governor's
Office of Outhumpone district, Savanakhet

Kham Inthavong, Coordination Assistant,
UXO Lao, Xieng Khouang

Khampian Sinounthong, Vice Governor,
Provincial Administration of Xieng Khouang

Khanikone Xayasan, Technical Staff, Planning
Office of Outhumpone district, Savanakhet

Kingphet Phimmavong, Provincial Coordinator,
UXO Lao, Xieng Khouang

Kongchak Norkeo, District Governor, District
Administration of Outhumpone, Savanakhet

Leninakhone Rasasak, Deputy Head,
Division of Asian Affairs, Department
of Foreign Affairs, Savanakhet

Lot Souksivongxay, Director, Department of
Public Works and Transports, Savanakhet

Pady, Division Head, Division of International
Cooperation, Department of Planning and
Investment, Savanakhet

Phonemala Vanahak, District Governor,
Khoun district, Xieng Khouang

Sing Xayabouasy, Director, Department of
Foreign Affairs, Savanakhet

Sithon Nanthalath, Director, Department of
Planning and Investment, Savanakhet

Sivilay Souliyo, Deputy Head, Planning Office
of Outhumpone district, Savanakhet

Souphanh Keomixay, Vice Governor,
Provincial Administration of Savanakhet

Soupone Phonsouvana, Head of office, Planning
Office of Outhumpone district, Savanakhet

Thongsay Sayavongkhamday, Vice Governor,
Prime Minister's Office, Savan-Seno Special
Economic Zone Authority

Vanna Vongpaseuth, Head, Division of Investment Promotion, Department of Planning and Investment, Savanakhet

**BENEFICIARIES AND KUMBAN/
VILLAGE REPRESENTATIVES**

Aengsone, student, Khangkhai Teacher Training College, Xieng Khouang

Biva, villager, Nongluang village, Xieng Khouang

Boiunsot, student, Khangkhai Teacher Training College, Xieng Khouang

Bouakeo Saysouthep, villager, Om village, Xieng Khouang

Bouavang, student, Khangkhai Teacher Training College, Xieng Khouang

Boun Souy, villager, Nongluang village, Xieng Khouang

Bounkhaen, villager, Nongluang village, Xieng Khouang

Bounkheup, head of youth, Khok village, Savanakhet

Bounleurth, villager, Nongluang village, Xieng Khouang

Bounma Sibouathong, Village Headman, Khok village, Savanakhet

Bounpasong, Village Headman, Phonetad village, Savanakhet

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