



# **CONCERN WORLDWIDE IN LAO PDR**

## **2005 ANNUAL REPORT**

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## **A. Executive Summary/Introduction/Overview**

2005 was the final full year in the current Strategic Plan which runs until April 2006. As such there was concerted effort to carry out the strategic actions set out in that document. In addition work commenced on the development of a new Strategic Plan to guide Concern's work in Lao PDR through to 2010. This means that the planning cycle of Concern in Lao PDR will coincide with that of the wider organisation. Through some workshops and activities led by a designated consultant, a greater understanding of the external and internal environments has already highlighted some opportunities for Concern.

The need to expand was articulated as the most critical issue for the organisation in 2005 in the annual report covering 2004. In identifying these opportunities Concern sought to expand from its existing rural development base, create alliances and develop new sectors. This required ensuring the structures to support the broader programme. During 2005, evidence of a new culture within the organisation that values integrity became apparent. This will provide the strong base from which Concern in Lao PDR can contribute to the goal of being a world class organisation.

During the year Concern in Lao PDR made some moves towards a more coherent approach to its programming by bringing together its rural development projects under a single Programme Manager, including new projects in Savannakhet. In addition research commenced into the health sector and this will guide the development of a programme proposal in 2006. At the end of 2005, Concern entered into a partnership with ACF in which a new Food Security Programme in two districts will be developed and implemented jointly. An Initial Concept Paper was prepared in regards to Strengthening Emerging Civil Society in Lao PDR and this will be further developed through research of this new sector in the country in 2006.

Concern completed the final phase of its five year Disaster Preparedness Programme during the year. This was favourably evaluated and feedback indicates that Concern is very well regarded in the country in this sector by donors, government and non-government organisations. After a protracted planning and development process, Concern signed two new MoUs with the government of Lao PDR during the year. The Sisaket Community Development Project in Pha Oudom district in Bokeo province represents the beginning of a five year project in a very remote location. The Community Livelihoods Development Project in Houay Xai district in the same northern province represents the third phase of a long running development project which will now sharpen its focus on livelihood security.

The Microfinance Capacity Building and Research (MCBR) project continued to promote Concern as a lead organisation in this sector in Lao PDR and showed the excellent possibilities in affecting policy change when Concern engages with a strong central government agency. In many ways this project proves the value of working with government and provides a model by which Concern can genuinely support government to lead the process to reach immediate and long term aims. Concern's Thaphangtong Rural Development Project in the south of the country continued to try innovative approaches and provide valuable lessons which can be applied in the new projects in the north.

## **B. External Operating Environment**

Lao PDR, one of the world's few remaining communist states, is considered the second poorest country in east Asia (after Timor Leste). Since the collapse of the communist regime in the USSR, as well as China and Vietnam's embracement of market economics, Lao PDR is gradually defining its brand of mixed command and market oriented economics within a socialist framework. The government has embarked on an accelerated economic development programme but continues to find itself subject to exploitation and economic dominance by its larger, more dynamic and canner neighbours.

### **B1 Political Situation**

#### ***Internal Governance***

Laos People's Revolutionary Party (LPRP) headed by the President and the politburo remain the highest level political decision making body, although there is a parliament (known as national assembly) with 18 constituencies and consisting of 109 members, which acts as the legislative body. Generally parliament members are elected by the general vote; however, only party members are allowed to compete in the election and only citizens with identification cards are allowed to vote. The next election is due in April 2006.

A number of research findings conducted in Lao PDR have concluded that the recent growth of a market economy, highly tied up with the regional integration policy, cross border transport and communication infrastructure improvements and a number of mega-infrastructure projects (such as hydro power production) are having mixed impact on the traditional livelihood systems of the rural communities. Data indicates that there are increasing disparities in terms of wealth distribution and access to basic services between urban and rural communities.

#### ***Security Risks***

According to Concern's main sources of information on security (UN Security Advisor and Australian Embassy Security Officer) and our own analysis in 2005 the major threats (including security threats and safety issues) to Concern staff and property in Lao PDR were:

- Transport related accidents
- Medical Emergency
- Unexploded ordinances (UXO)
- Avian Flu (H5N1 strain)
- Theft and fraud by staff
- Petty theft and Burglary
- Becoming caught in a local conflict or insurgency

#### ***International Relations***

Lao PDR is an active partner in the emerging Greater Mekong Sub-region (GMS) Economic Cooperation Program which is being driven by the ADB. The GMS program has strategic importance in terms of potential exports including hydropower and mineral products to rapidly industrializing neighbouring countries, the

development of transport corridors, and sustainable development and management of the Mekong River. Lao PDR also hosts the Mekong River Commission (MRC), which explores opportunities for regional cooperation in the Mekong River Basin. On a broad regional and global level, Lao PDR chaired the Association of Southeast Asian Nations (ASEAN) in 2005 and is a member of the ASEAN Free Trade Area (AFTA) since 1998. The ASEAN has enhanced economic cooperation with China, Japan, Republic of Korea, Australia and India. Furthermore, Thailand, Myanmar, Cambodia and Lao PDR have developed the economic cooperation strategy initiative and neighbouring countries special economic zone development program.

This regional and global integration has enhanced opportunities for further trade in the goods and services sectors and investment within the region and globally. Trade liberalization is one of the key elements of Lao PDR's economic reform. The country has applied for membership in the World Trade Organization (WTO) in 1999 and commenced Normal Trade Relations (NTR) with the USA in November 2004 allowing Laos-based producers to enjoy lower tariffs on their exports. During 2005, Lao PDR continued to strengthen its application for admission to the WTO. There has been significant progress in trade sector reforms: basic tariff and non-tariff trade barriers have been removed or minimized; export and import licensing procedures and regulations have been simplified.

## **B2 Macro-Economic Situation**

Presenting a clear quantitative economic profile of Lao PDR is complicated by the lack of recent systematic statistics, as well as by reliability, as there are internal contradictions in many statistics. A rural, subsistence, agricultural economy heavily influenced by weather, that is conditions of drought or flood – Lao PDR has not met self-sufficiency in food production. Despite the high growth rate in rural areas, Lao PDR remains a country with a primitive infrastructure. People from 27,241 rural villages (34%) are deprived lack access to roads and only 35% total villages have access to electricity, (NPC, 2005). Access to utilities, information and communications is gradually developing throughout the country. However, there is still very large disparity in access between urban and rural areas in terms of information, education, transportation, water supply and health care facilities. According to the 2005 national census result 93% of total villages do not have access to safe water supply, 64% villages do not have primary school and 65% villages do not have access to electricity.

The Public Investment Programme (PIP), a part of the Government plan, is to be supported by donors by as much as US\$2.1 billion. PIP targets include roads, irrigating unused land, planting forests, and moving away from subsistence production and slash-and-burn agriculture toward sedentary market agriculture and a more diversified economy. Subsistence agriculture accounts for 48.4% of GDP and provides 80% of total employment, (CPI, 2005). Through the 2001-2005 period, the Lao economy has maintained relatively sustainable growth (see Table 1).

**Table 1: Economic indicators (source: Economic Intelligence Unit 2005 annual report for Laos)**

	2001	2002	2003	2004	2005
GDP at market prices K bn	15,702	21,499	25,600	29,204	33,877
GDP US\$ bn	1.8	2.1	2.4	2.8	3.2
Real GDP growth (%)	5.8	10.6	6.6	5	7
Consumer price inflation (av; %)	7.8	10.6	15.5	10.5	7
Population (m)	5.4	5.5	5.7	5.8	5.9
Exports of goods fob (US\$ m)	311	298	359	361	524
Imports of goods cif (US\$ m)	528	431	482	506	744
Current-account balance (US\$ m)	-82	-47	-93	-45	-134
Foreign-exchange reserves excl gold (US\$ m)	131	192	209	223	244
Exchange rate (av) K:US\$	8,955	10,056	10,569	10,586	10,657

The Government has had difficulty reaching its intended target of revenue collection within the fiscal year 2004/05. According to the government's report submitted to the Semi-Annual Information Meeting of the Round Table Process, this was mostly due to the steep rise in petroleum prices and inadequate enforcement and compliance with customs and tax laws. In addition expenditures were constrained by the lack of revenue and the fact that a significant portion of the expenditures were used to clear past debts. During the same period, inflation further declined to an annual average of 6.5% which is lower than the annual target of 8%. The Kips' value has gradually stabilized domestically and internationally and its fluctuations against the USD were limited to 0.16% during fiscal year 2004/05. As at March 2005, official gross reserves remained largely stable at about USD224 million which was equivalent to approximately 3.6 months of imports.

In the banking sector, the government reported significant progress in the reform of the two state owned commercial banks in terms of the merger of the two institutions, internal governance, oversight by the Bank of Lao, and resolution of non-performing loans. In addition the government considered amendments to the banking law which will create a level playing field for foreign and domestic banks and reduce barriers for foreign banks. Also the government considered an Anti-Money Laundering Law and recognized that the bank reform process needed to be accelerated to improve the financial sector and promote the private sector.

At end of fiscal year 2004/05 the trade deficit on the current account was USD127.8 million and was expected to widen further due to the impact of higher price of petroleum on world markets. Investments from both domestic public sources and official external sources were low in 2005 and this is likely to have a significant adverse effect on GDP growth 2005 and beyond. The government feels that the development partners should do more to assist the Lao PDR to develop its natural resources which it sees as key to accelerating economic growth, reducing poverty and sustaining development. Despite much criticism and controversy, the Nam Theun 2 hydro-electric mega project is constantly held up by the government as an example of desirable development.

### **B3 Population and Service Delivery**

#### ***Demographics***

The most recent reliable population estimate of Lao PDR is 5.7 million according to the IMF mid 2003 estimate, with an estimated annual growth rate of 2.4 per cent, second highest in the East Asia region. In 2005, it is likely that population has exceeded 6 million people. However, population density is 24 people per square kilometer, one of the lowest in East Asia. The population is diverse, consisting of approximately 131 ethnic groups. According to the Population and housing Census shows that 50.1% of the total populations were female and 49.9% were male. The average of household size was 5.9 members.

The official language is Lao, a tonal language structurally similar to Thai. Among younger Lao, English is now the most widely-spoken second language. Each of the 131 ethnic minorities has their own language but only H'mong has a written script. Theravada Buddhism, the dominant religion of Laos, is followed by approximately 60% of the population, especially amongst so-called lowland Lao. Animism is still widely practiced among a number of minority groups, especially in the more remote rural areas.

#### ***Health***

The health indicators (Table 2) shows that Laos has second least achievement in health indicators compared to neighboring countries. Moreover the coverage of immunization of children against BCG, DPT, Polio, Measles is poor. The salient features indicate that indicators of good health practices and preventive measures are also poor.

Table 2: Basic achievement in health

<b><i>Indicators</i></b>	<b>Laos</b>	<b>Cambodia</b>	<b>Thailand</b>	<b>Myanmar</b>	<b>Vietnam</b>	<b>China</b>
Infant Mort. Rate (IMR per 1000)	65	97	18	76	17	26
Under 5 Mortality Rate (per 1000)	83	141	21	106	23	31
Maternal Mort. Rate (per 10,000), 1990-2004	530	440	24	230	170	51
Population Annual Growth % (1990-2004)	2.4	2.5	1.1	1.5	1.6	1.6

Source: UNICEF Report, 2005

The MOH has been developing guidelines for policy implementation for Primary Health Care and promoting vertical integration programs. The MOH has a Malaria technical training center and drug use guidelines and conducted health research on Malaria drug resistance and Knowledge, Attitude and Practices (KAP) in health. The overall situation shows that healthcare services are poor and no standard of health services (Concern Worldwide Lao PDR, Health Research, 2005). In general health centers, pharmacies and hospitals are located too far from the villages; therefore, accessibility and affordability for the rural poor is questionable. Volunteers are assigned in the villages; however, their theoretical and practical capabilities are not

enough to deliver effective services. Furthermore traditional private practitioners are not integrated in community health services.

Health care providers at the province and district level are weak in database management; they have less practice and awareness on data collection and analysis. Furthermore periodic supervision and monitoring from the central level is also lacking due to a lack of financial resources and insufficient technical manpower. (Ministry of Health, Planning Division, 2005). Although the Ministry of Health “Policy on PHC” recognizes traditional health practitioners such as herbalists, they have had little involvement in the district health systems based on the Public Health Care Approach, with as village health volunteers or village health providers, or in any other capacity.

The Ministry of Health is working with different partners and bilateral organizations to enhance the health services and facilities in rural areas such as drug supplies, outreach activities, construction and renovation of physical facilities. However, ethnic minorities are facing hurdles due to language and culture difficulties. The Government of Lao PDR has not addressed these issues in a concrete manner. Culturally competent care and campaign of health and hygiene programs should be supported by a legislative framework and backed with resources and political will.

#### ***HIV/AIDS in Lao PDR***

Although Lao PDR is surrounded by countries with significant and growing HIV/AIDS epidemics, HIV prevalence has remained low, estimated at less than 0.05% for people aged 15 - 49. The latest surveillance data has shown an increase in HIV infection among sex workers from 0.9% in 2001 to 2.2% in 2004, indicating a red signal for a potential epidemic (UN Joint HIV/AIDS Program Report, 2004).

The Government of Lao PDR estimates that unprotected heterosexual sex is the main transmission route for HIV in Laos, and identifies women as increasingly at risk. The national response focuses on prevention efforts for the most vulnerable groups, such as sex workers and their clients, and vulnerable youth, especially in rural areas and from ethnic minorities where HIV/AIDS awareness is low. A number of international NGOs such as the Australian Red Cross, MSF (France) CARE International, Norwegian Church Aid, Save the Children–UK and Save the Children–Australia, World Vision, Family Health International (FHI), and Population Services International (PSI) have been working with the Government partners: National Committee for the Control of AIDS Bureau (NCCAB), the Lao Red Cross, the Lao Women’s Union, the Lao Youth Union, the Federation of Trade Unions, and the Lao Front for National Construction (Mugraditchain and Jenkin, 2002) to raise awareness and provide access to testing and treatment.

The National Committee for the Control of AIDS Bureau (NCCAB) has a national strategic plan on HIV/AIDS/STD for 2006-2010 and is committed to maintaining a low prevalence of HIV/AIDS. Due to a lack of political commitment at the highest level the HIV/AIDS problem is relatively invisible to policy makers and the general population. As a result, HIV/AIDS is still not considered a top national priority in the Lao PDR (Mugraditchain and Jenkin, 2002). Although many organizations have been working on the HIV/AIDS issue, current interventions are not sufficient to have a meaningful impact on the epidemic. The Lao PDR has HIV test facilities in 15 provinces. Lab results show that five provinces- Savannakhet (671), Vientiane Capital

(393), Khammouane (111), Champassak (113), and Bokeo (83) have a relatively high prevalence of HIV (UN Joint HIV/AIDS Program Report, 2004).

The level of awareness of HIV/AIDS among rural women is poor. One third of women had never heard about HIV/AIDS and do not know how HIV/AIDS is transmitted. Although central and urban region's women are likely to be aware of HIV/AIDS, rural women are considered vulnerable to HIV/AIDS, because of their low literacy, education and cultural norms (National Health Survey Report, 2001). Health Reports show that several vulnerable groups such as out of school and unemployed youths, sex workers who work in bars, restaurants and nightclubs, injecting drug users and prisoners have not been adequately addressed in the present interventions.

The mobile groups such as internal and external migrant workers, service workers in entertainment sites, truck drivers, military, police, and others who travel in their work, e.g. Government officials and business people are considered most likely to engage in behaviours which put them at risk of contracting HIV. Migration from rural to urban centers is growing. Extensive road and dam construction projects are underway around the country; and gypsum, tin, coal, and gold mines in Savannakhet and Khammouane employ a large local and emigrant workforce of men for protracted periods of time, which creates demand for sexual services. Since Laos' neighbouring countries have high prevalence of HIV/AIDS, road networks with neighbouring countries such as Route 13 (the new Asian Highway) and Route 9 (the new East-West corridor highway) and under construction road (Route 3) makes more vulnerable to increase the risk of HIV transmission.

According to cumulative case reports, more than 50% of HIV positive cases were found among Lao migrant labourers who returned from neighbouring countries. Young people under 20 years of age constitute approximately 50% of the population. Many of them have low levels of education, and employment and vocational training opportunities are limited. There is increased youth migration both internally and externally, which puts them at higher risk for HIV transmission.

### ***Education***

The demographic scenario (Table 3) shows that more than 50% of the population of Lao PDR is made up of children aged between 1 to 19 years. Around 41% of children of school going age do not attend school.

**Table 3 : Demographic Information with School Attend Children**

<b>Age group</b>	<b>Female</b>	<b>%</b>	<b>Male</b>	<b>%</b>	<b>Total</b>	<b>%</b>
0-4 years	455,400	15.9	463,400	16.5	918,800	15.7
5-19 years	110,820	38.6	113,470	40.3	224,290	38.3
20-64 years	126,430	41.5	118,170	39.4	245,620	57.8
Greater than 64 years	11,400	4.0	10,450	3.8	21,860	3.8
Total population	295,1900	50.58	288,4500	49.42	583,6400	100
Children attend school	-	-	-	59.0	131,800	-
Primary school teacher					2,800	
Lower secondary school teacher					1,000	
Secondary school teacher					400	

Source: NSC, 2005

The Ministry of Education has a policy to enhance ethnic groups' access to education. Boarding schools for ethnic students have been built and currently 9,375 ethnic

students are studying in 18 boarding schools. The boarding schools in Oudomxay, Savannakhet, Sekong and Champassack provinces are under the umbrella of the Ministry of Education.

The World Bank report (2004) shows that a third of children between the age of 6 and 14 receive no education. About one half of the students who start school drop out before completing Grade 5. Low completion rates reflect the very low quality and quantity of available educational services. Although 44% of villages report having a primary school, 30-40% schools only offer 1-2 grades and 56% of the total villages have no primary school (NSC, 2005). Only some 80% of secondary teachers have completed upper secondary school and three years' required teacher training. Teachers' wages are very low and are not paid on time. Although the Ministry of Education has established pre-schools and general education programs of the lack of qualified teachers is a major problem.

The Government has programs to improve teaching and learning methods by integrating functional literacy with basic vocational training such as weaving, dressmaking, food processing, construction, woodwork, chicken raising, fish raising and vegetable growing. To upgrade the effectiveness of general education particularly in teacher utilization, the teacher and students ratio in primary schools is 1:30 and secondary schools 1:22 (Ministry of Education Report, 2001). The weaknesses for the implementation of the Government programs are insufficient financial resources, insufficient supply of teaching-learning materials according to demand of target groups and poor database system for non-formal education.

#### **B4 Disasters**

Lao PDR is not prone to great natural or manmade disasters. Flooding is a regular occurrence that is both necessary (to replenish soil fertility) and potentially damaging. During 2005, floods caused some damage in different parts of the country. The most significant damage which came to the attention of Concern was in Xapsamboun Special Zone and ACF has responded to this. However there was no reported loss of life nor was any state of emergency declared. The National Disaster Management Office's lack of response or appeal for assistance either reflects their assessment that the floods were not serious, or that they actually had little information (or inclination to obtain information) in regards to the floods.

### **C. Internal Operating Environment**

#### **C1 Progress Towards Strategic Objectives**

During 2005, Concern commenced development of a new Strategic Plan which will lead the direction of programming in Lao PDR from 2006 to 2010. As part of this process an analysis of the external and internal environment was undertaken. This included a meta-evaluation of the reviews of the projects as well as gathering feedback from stakeholders including donors, programme participants, government partners and other INGOs. Progress towards the strategic objectives outlined in the current strategic plan was also considered and an analysis of progress is presented below.

### ***Strategic Aim 1***

#### ***'To reach more poor people, more cost effectively through a combination of sector based and area based programming'***

There was definite progress made towards achieving this strategic aim during 2005. Projects that had been in the design phase finally commenced implementation following signing of MoU's with Government of Lao PDR. Specifically these included the Community Livelihoods Development Project (CLDP) in Houay Xai district of Bokeo province which represents the third phase of Concern's work there. In addition the Sisaket Community Development Project commenced in a remote corner of Pha Oudom district also in Bokeo province. Effectively these increased the number of direct beneficiaries by approximately 10,000 people.

Considerable effort was made to ensure that the rural development projects were reaching the poorest. In CLDP, the PRA conducted there included a comprehensive well-being grouping exercise in each village. Each community agreed upon criteria for grouping members in terms of poverty. Later each of these groups ('poorest', 'poor', and 'not so poor') identified their livelihoods needs using problem tree method and strategies to overcome their problems using action planning. Depending on numbers, in most villages, some groups were further disaggregated in terms of gender, to ensure that issues faced particularly by women were raised and considered in plans. The whole village endorsed each of the group's plans and these mini-plans were consolidated into village development plans. The fact that the mini-plans were quite different illustrated the importance of this process in ensuring that the needs of the poorest were included.

This process has been documented and will be used in other Concern projects. It is hoped that by doing so Concern will be able to reach more of the poorest within its programme areas. The question of cost-effectiveness is tricky as reaching the poorest is most difficult and addressing the root causes of their poverty is a complex process requiring a long term commitment and considerable resource investment. In recognising this fact the extent to which working with the poorest can be cost effective is limited. Nevertheless, in 2005 Concern sought to broaden its impact in Lao PDR by developing advocacy strategies to effect pro-poor policy change. MCBR project was effective in this area by supporting the government to design pro-poor microfinance regulations. This project can be a model for other programmes in Lao PDR in order to have wider impact on the lives of the poorest.

### ***Strategic Aim 2***

#### ***'To work with appropriate partners and ensure quality partnerships'***

In 2005, Concern's work continued to be exclusively implemented through partnerships with government agencies at various levels (including district, province and central levels). The internal and external review indicated that Concern had scored well in ensuring quality partnerships. This was based on both the views of partners and Concern staff. The meta-evaluation echoed this view but noted that the partnerships generally function well but coordination and ownership issues had arisen. During the year it became apparent that the choice of government partner can very much determine the quality of the project implementation. Previously it would seem

that Concern had some scope to choose which branch of the government to work with, but in 2005, Concern found that this was not the case.

Concern wished to work with the district governments in both of its new rural development projects in Bokeo province (CLDP and SCDP) and the project design reflected this. This was in line with expressed government decentralisation policy; ensured capacity building was targeted where it was most needed; and Concern's experience had shown that there is higher motivation and willingness to genuinely respond to the needs of its constituency in a participatory manner at the district level than higher layers. In Bokeo, Concern ultimately signed MoU's with the Provincial Agriculture and Forestry Office as that line ministry was apparently given the exclusive mandate to sign MoUs in this sector.

There has been considerable disagreement with the Provincial Agriculture and Forestry Office (PAFO) in Bokeo in regards to the implementation of the new projects. Most of the delays in signing the MoU were based around trying to appease PAFO's demands which were not consistent with the spirit of the proposal. It is likely that these problems will continue to manifest themselves throughout the project implementation and this basically reflects that the project could have been better implemented through a different partner. The limited options for Concern in deciding which partner to work with, also limits the extent to which we can ensure appropriate and quality partnerships in Lao PDR.

The partnership between Concern and National Economic Research Institute (NERI) in Lao PDR continued to provide a model in terms of Concern providing technical, capacity building and financial support to a motivated team to achieve common goals. Similarly our relationship with the district government in Thapangthong is characterised by a demonstrated high degree of ownership by the partner and this is reflected in the amount of leadership of the project that both partners provide. Contrary to the experience of many other organisations in Lao PDR and Concern's own experience in Bokeo, these partnerships probably most closely represent the type of relationship Concern is trying to achieve in regards to working with host governments in its development programme around the world.

Towards the end of 2005, Concern developed an initial concept paper to explore ways to strengthen the fledgling civil society in Lao PDR. Although the non-profit organisations and associations currently being registered by government only number a handful, this development in itself marks a significant shift in government policy and a great opportunity for Concern to engage with an emerging civil society in the future. Whilst this represents a chance to broaden the range of partnerships and more closely align our work in Lao PDR with Concern's aim of engaging civil society, the successes of working with government partners indicate that quality and appropriate partnerships are possible in the absence of civil society and consequently, opportunities to replicate these lessons should not be overlooked.

### ***Strategic Aim 3***

***'To improve the quality of participation of the poorest women and men in the design and implementation of our programmes'***

Participation remained central to all of Concern's interventions in Lao PDR. The participation of project participants and stakeholders is genuinely valued by Concern staff and activities in 2005 continued to reflect this. The meta-evaluation noted 'mixed degrees of success in promoting the participation of all stakeholders, including women, in the project planning process'. However as described above the new Participatory Village Planning process designed in CLDP has helped Concern to make considerable gains in this area.

In Lao PDR the notion of participatory approaches is still quite novel both at the grass roots level and amongst government cadre. For many years the interaction between government and villagers at the community level has been characterised by one way communication of propaganda and instructing villages how they should conduct themselves to contribute to the greater good of the party and nation. As the meta-evaluation noted, changing the top down approach is difficult. However there is evidence that the district government in Thapangthong has genuinely adopted participatory approaches that internalise awareness of gender issues. It will take time to reach a similar level of understanding in the new project areas.

As mentioned above Concern has made effort to ensure that the poorest are targeted and that their participation is valued. The quarterly planning and review meetings held in TRDP illustrate how the perceptions can be changed. Over the year these meetings have evolved into fora where women and men from the target villages can express their ideas and give feedback into the performance of the project. The use of technology has helped illiterate community members to understand and contribute. Similarly ensuring translations from local Katang language to Lao language and vice versa gives project participants (particularly women who are not confident in Lao) the opportunity to interact directly with the government and project staff. The fact that the government project staff now lead these meetings reflects their commitment to these participatory monitoring processes.

### ***Strategic Aim 4***

***'To reinforce our existing core competency of promoting sustainable livelihoods through local resource mobilisation and management and to investigate the potential to develop a new competency in health'***

Concern's competency in promoting sustainable livelihoods was enhanced during the year through the recruitment of qualified technical support officers into the rural development projects. In the past Concern has relied solely on the government to provide technical support and thus the organisation could neither monitor the quality of their technical input nor provide capacity building of the government extension workers. This shortcoming was noted in a previous evaluation and consequently Concern has made efforts to bolster its technical skills and this should lead to higher quality programming.

During the year the organisation made a concerted initiatives in terms of mainstreaming HIV/AIDS across the livelihoods programme, beginning to address

environmental issues as they relate to livelihoods interventions and sought to strengthen our capacity to mainstream and promote indigenous knowledge as it relates to livelihoods. These actions were all in line with the revised Strategic Plan which sought to ensure that livelihoods had a broader focus. Of note is Concern's commissioning of WWF to develop environmental guidelines for Concern which could also be adopted by other development organisations in Lao PDR.

Concern's competency in livelihoods revolves around individuals within the organisation. With the promotion of the MCBR Programme Manager to ACD, a gap arose at the project level in terms of technical capacity which we were unsuccessful in replacing with a national staff. It is likely that in 2006, Concern will need to recruit another international expert in microfinance to lead the development of the MCBR project and provide technical advice across the rural development programme.

Late in 2005, Concern commenced the development of a new health programme through commissioning research of the sector. An international advisor was engaged on a six month contract and a MoU was signed between Concern and the National Institute of Public Health. It is expected that the research will culminate in recommendations that will guide the development of a primary health programme to commence in 2006.

#### ***Strategic Aim 5***

***'To develop our organizational capacity to respond to disasters and to mainstream disaster mitigation into our ongoing development programmes; whilst maintaining our approach of building the disaster management capacity of government.'***

During the year Concern realised the need to maintain its technical skills in the area of disaster risk reduction as the internal analysis revealed that Concern has considerable credibility and profile in these two sectors in Lao PDR. Although the international Disaster Preparedness Programme Manager left Concern Laos during the year her national assistant has considerable expertise which Concern has retained and will utilise and build upon. Thus, although the five year Disaster Preparedness Programme effectively finished in 2005, Concern will seek other opportunities to maintain, apply and strengthen its competency in DRR in Lao PDR in the future. Activities to mainstream DRR across the livelihoods programme continued in 2005 with Hazards, Capacities and Vulnerability Assessments being carried out in rural development projects.

#### ***Strategic Aim 6***

***'To strengthen our capacity to monitor our programmes and measure their impact and to improve our accountability to stakeholders.'***

Over the years our ability to monitor programmes has been identified as a weakness of the organisation. The meta-evaluation and the results of the internal and external analysis carried out during the year again highlighted this perception. Concern routinely commissions midterm reviews and final evaluations of every project undertaken by the organisation in Lao PDR and this is clearly built into the project cycle. Routine monitoring is in some ways less systematic and our ability to measure impact of projects is limited.

Some positive initiatives were made during 2005 in relation to this strategic aim and address two issues relating to lack of baseline data and applying evaluation findings. The new projects in Bokeo both undertook baseline surveys using PRA tools and the information gathered will be invaluable in assessing change and impact when the projects conclude. In addition more effort was made to feed evaluation and review findings into improved programming. The TRDP review which was conducted midway through 2005 highlighted a number of project shortcomings. These were discussed by the project stakeholders and steps were taken to address each of the issues raised.

***Strategic Aim 7:***

***'To implement a comprehensive human resources policy, which aims to improve staff performance, retain and develop existing staff and attract appropriate new staff in order that our organisational mission can best be achieved.'***

The organisation continued to make progress in this area and the internal analysis identified strengthening our human resources as a positive aspect of the organisation. Nevertheless the structures to support effective HR management remain under developed in the organisation.

During the year, Concern created an IT/HR Officer to ensure that the administrative function of HR management was conducted according to policy and in a timely way. This has helped staff to have greater confidence in the recruitment processes and improved transparency of the HR processes. A major overhaul of the National Staff Personnel Manual commenced in 2005 and this should be ready for submission to Head Office for approval early in 2006.

In terms of Personal Development Reviews (PDRs), the middle management in the organisation continued to not allocate time to undertaking this process with their staff. In the absence of PDRs it is difficult not to allocate staff development resources in an ad hoc fashion and the potential for professional development through methodical inputs and support is undermined. Nevertheless staff turnover remained low and suitable new staff are being recruited into the organisation.

***Strategic Aim 8***

***'To improve our organisational learning through ongoing analysis of our environment and through sharing experiences within Concern and with other development practitioners.'***

During the preparation of the new Strategic Plan, the team agreed upon the need to establish a Monitoring Unit within the organisation that will report to the CD. The Unit will support field staff to undertake routine monitoring by helping teams to develop and implement participatory and objective monitoring mechanisms at the project level. In addition the Unit will support the implementation of evaluation findings and lead research into new programming. Through tying monitoring, evaluation and research it is hoped that this unit will capture learning and help the organisation to apply lessons to enhance innovative programming.

The analysis of the external environment undertaken as part of the preparation of the new strategic plan was a most useful exercise. However the systems to routinely monitor events and changes that can impact upon the organisation remain weak. This

is in part due to the lack of access to information (due to the lack of an independent media) in Lao PDR but also due to the CD not allocating sufficient time to this task.

In terms of networking Concern has become a more active player in development fora in comparison to the previous year. This is evidenced by Concern's regular attendance and regular input into the INGO forum. As a spin off from the donor working groups, sectoral working groups have been established and INGOs meet regularly. Concern hosts and is an active participant in both the health and rural development INGO working groups. In addition the ACD was nominated to represent the INGOs in Lao PDR on the macroeconomics donor working group. The ACD continues to take the lead in developing and maintaining networks with government counterparts and amongst INGO colleagues and this has significantly enhanced Concern's profile incountry. Finally Concern took the lead in supporting the Savannakhet provincial government to arrange regular meetings between government line department heads and INGO representatives in that province. This represents the first time that such meetings have taken place and this breakthrough aims to improve communications between these development actors.

## **C2 Critical Issues Related to Support Functions**

Some of the issues in relation to the support functions have been mentioned under the relevant Strategic Aims above. The significant issues that arose during the year can be summarised as follows:

### ***Human Resources***

The Programme Participant Protection Policy (PPPP) has been adopted across the organisation and some government partners have also signed up. The PPPP has been an invaluable tool in improving the integrity of the organisation. The PDR process needs to be embraced by middle management as a matter of urgency. The pool from which to recruit quality local staff is small and this places more emphasis on the organisation to develop its existing staff in a concerted and methodical manner. Concern has been successful in recruiting new technical support staff during 2005 whilst largely retaining existing staff. Concern developed and implemented a scheme to provide Learning Opportunities for Disadvantaged Youth under which internships and work experience placements have been provided to ethnic minority youths from rural areas. This scheme aims to address the chronic under-representation of ethnic minorities in the development sector (including Concern).

### ***Finance***

Concern continued to make considerable gains in strengthening the financial integrity of the organisation. The systems in place are of the highest standard and there has been a turnaround in the culture of the organisation and this is evidenced by the very low incidence of non-compliance with financial policy in 2005. This is reflected in the fact that staff from projects and finance team routinely suggest improvements to provide increased safeguards.

In 2005, total expenditure was €630,234 representing a decrease on 2004. This trend is expected to reverse in 2006 as more programmes and projects become operational.

### ***Funding***

During 2005, unrestricted general donations contribute 60% of the money spent by Concern in Lao PDR. Other donors included Irish Aid (MAPS), EU, McKnight Foundation and Canada Fund. As Concern expands its programme in Lao PDR an effort will need to be made to attract likeminded donors to improve the ratio.

### ***IT***

During the year, Regional IT Advisor and local IT/HR Officer successfully installed concern.net across Concern Laos network (version 2) and now has broadband connection in Vientiane. The system has worked fairly well in Vientiane but is less useful in the project offices because of lack of broadband connection. All staff using concern.net were made aware of the IT User Policy Guidelines and these were translated into Lao language for local users. Due to visa problems and the rejection of our application to Ministry of Foreign Affairs to be registered as a regional office, Paul O'Donovan (Regional IT Advisor) moved his base from Vientiane to Phnom Penh.

### ***Administration***

The procurement processes are now well understood by all staff and were followed routinely during the year. A local transport policy needs to be developed.

### ***Head Office Support***

During the year, Concern Lao PDR received a visit from the Regional Director (Pete Baynard-Smith) in November and the Assistant Regional Director (Siobhan Boyle) in August. These were very helpful to the Head Office staff as well as in the field as they resulted in good input into programming and strategic planning in Lao PDR. Concern received very useful support from the Regional Advisor for Partnership and Capacity Building (Dipankar Datta) in carrying out a midterm review of TRDP. Concern did not request or receive any other technical support from PDED during the year. However Concern hosted the regional Livelihoods Workshop in Vientiane which was facilitated by PDED Livelihoods Advisor.

### ***Alliance 2015***

In March 2005, CESVI hosted a regional meeting of A2015 in Vientiane. This was well attended by GAA and CESVI (with Head Office representatives joining their heads of mission from across SE Asia. Only the CDs from Cambodia and Lao PDR attended on behalf of Concern. There were no representatives from HIVOS, the other partner active in the region. The workshop itself was somewhat useful although we are yet to see concrete outcomes from the decisions and suggestions made. The relationship between Concern and A2015 partners seemed weaker in Cambodia than in Lao PDR. There was a feeling in the meeting that generally Concern is the least active A2015 partner and the lack of representation at the meeting (due to short notice) seemed to reinforce this perspective. However the Concern representatives reiterated that they valued the A2015 and would continue to seek opportunities to strengthen the alliance in their fields.

CESVI closed its office in Lao PDR during the year as its sole project ran out of funding. However Concern and GAA maintained cordial relations but are yet to identify matters of substance where collaboration would seem appropriate or add value.

#### **D. Critical Issues to be Addressed in 2006**

Change related to growth and new structures and new personnel will need to be managed in 2006 and this represents a crucial issue for the ensuing year. Related to this is the problem of recruiting high level staff in Lao PDR. This could pose a threat to Concern's hopes to expand in 2006. Concern will need to develop strategies to provide structured capacity building for local staff combined with succession planning to develop and retain local staff.

In the external environment it is likely that Concern will come under increasing pressure from Government of Lao PDR to assume the role of an instrument of the state as the implementer of its accelerated economic development plan. Whilst Concern is pleased that the government is serious about the eradication of poverty in Lao PDR and at this level Concern shares a common vision for the country. However the processes by which we wish to reach this goal would appear to differ in some cases. This has been evidenced by continuing disagreements with the Provincial Agriculture Department in Bokeo who are lobbying for Concern to implement widescale rubber tree plantations throughout the project area as this is apparently their strategy for poverty eradication in this part of the province. Concern can consider this as an opportunity to support and strengthen the decentralisation process which calls upon districts and villages to devise development plans rather than having them imposed on them by higher authorities.

Finally with the prospect of an emerging type of civil society in Lao PDR, the possibility of expanded partnership options may open up for Concern in 2006. Deciding how to engage with this sector and the government will be critical for Concern. Also as the organisation moves towards different types of partnerships this will require a change in mindset of Concern's staff who only have experience in implementing projects directly with support of government or supporting government to support projects. Moving to managing partnerships with civil society organisations will be a challenge for the organisation.

#### **E. Conclusion**

There is considerable potential in Lao PDR to further develop innovative engagement strategies with government that will address immediate needs of the poorest as well as underlying policies which contribute to poverty. Concern has acquired extensive experience in working with government and these lessons may be helpful to the wider organisation. It is hoped that Concern will have the chance to capture and disseminate these learnings in 2006. If 2005 was the year in which Concern strengthened its basis structures in Lao PDR, then 2006 promises to be the year that the organisation grew from this base into a vital organisation destined to have wider impact on improving the lives of the poorest in the country.

## **F. Appendix – Programme Fact Sheets**

See following pages for:

- Annex 1: Disaster Preparedness Programme (DPP)
- Annex 2: Microfinance Capacity Building and Research (MCBR) Programme
- Annex 3: Thapangthong Rural Development Programme (TRDP)
- Annex 4: Bokeo Integrated Rural Development II (BIRD II) and Community Livelihoods Development Project (CLDP)
- Annex 5: Sisaket Community Development Project (SCDP)

**ANNEX 1:  
DISASTER PREPAREDNESS PROGRAMME  
FACT SHEET 2004**

***Implementing Organisation:***

Concern in partnership with National Disaster Management Office

***Location*** :  
Khammouane and Savannakhet Provinces

***No. of Beneficiaries***

Direct:

- 7 villages: 3,000 people (approx)
- Govt staff: 194

Indirect:

Population of Khammouane and Savannaketh provinces: 1 million people (approx)

***Overall Objective***

To increase livelihood security by reducing people's vulnerability to disasters in the Lao PDR.

***Specific objectives*** :

1. To reduce the disaster risks facing seven villages in Khammoune and Savannaketh provinces by enabling the districts and village teams to implement disaster risk reduction action plans prepared in previous phase.
2. To strengthen the capacity of Concern and its partners to prepare and respond to disaster risks.

***Funding***

Total expenditure (2005): €106,610 (funded from Concern's general donations).

***Major Components***

- Training & capacity building of partners (central, province & village levels)
- Implementation of risk & vulnerability reduction activities in 7 pilot villages

***Major Achievements***

1. communities were supported to implement their disaster risk reduction plans
2. monitoring, follow up and evaluation revealed successful implementation
3. project completed

***Major Plans for 2006***

Nil

## **ANNEX 2:**

### **MICROFINANCE CAPACITY BUILDING AND RESEARCH (MCBR) PROGRAMME FACT SHEET 2005**

#### ***Implementing Organisation:***

National Economic Research Institute (NERI) and Committee for Planning and Investment (CPI) of the Government of Lao PDR.

#### ***Programme Location***

The programme is based in Vientiane (capital city). Implementation is at the national level in terms of influencing government policy. The programme draws upon the work of action research partners working within the following provinces: Phongsali, Bokeo, Huaphanh, Xeangkuang, Luangphabang, Sayaboury, Oudonxay, Vientiane, Savannakhet, Saravanh, Sekong and Attapeu.

#### ***No. of Beneficiaries***

Approximately 300,000 poor microfinance clients will benefit as advocacy beneficiaries. In addition, approximately 60 government and non government staff who will benefit from capacity building activities.

#### ***Wider Objective:***

The long-term objective of the programme is to improve the livelihood security of poor people in the Lao PDR through the promotion of diverse microfinance services through sustainable mechanisms.

#### ***Immediate Objective:***

- to assist GOL in developing and promoting a pro-poor microfinance policy framework for the Lao PDR.

#### ***Funding***

Total expenditure in 2005 was €17,917 of which €5,000 was funded by APSO, €61,750 funded by MAPS and the remainder (€1,167) from Concern's general donations.

#### ***Major Components***

- government microfinance policy development
- capacity building of NERI, Microfinance Division of the Central Bank of Lao PDR, Microfinance Practitioners

#### ***Major Achievements During the Year***

- The Central Bank accepted recommendations made by the project and officially endorsed Pro-poor Microfinance Regulation in Lao PDR. Through this recognition it has apprehend that the Government of Lao PDR is supportive to enabling and promoting the market driven sustainable microfinance sector in Lao PDR.
- The Governor of the Central Bank in Lao PDR officially requested MCBR/NERI project team to assist the building capacity of the Microfinance Division of the Central Bank. This is one of the highest recognition for the MCBR project and its

team members that they were able show their professional competency that has been acknowledged by microfinance regulatory body.

- The MCBR project managed by the government staff with minimum managerial and technical support from Concern. This indicated that the level of ownership and competency of the project (generally all of them are from government) staff is enhanced.
- The project has been successfully supervised and managed the assignment of an International Internship Student from Ireland.
- The following researches were carried out and documented:
  - Poverty Level Measurement of Microfinance Clients;
  - Study Identifying Good and Bad Microfinance Practices: Its Potential and Challenges in Lao PDR; and
  - Saving attitudes and expenditure pattern of Poor People in Lao PDR: with special focus on Remote Ethnic Minorities.
- Published half yearly Microfinance News letter issue 2 and 3
- A high level National Microfinance Conference was facilitated by NERI under the project resulting in the passing of three key resolutions

#### ***Major Plans for the Coming Year***

- Organise national and provincial workshops and seminars
- Establish a common platform or microfinance practitioners association in order to ensure best practice microfinance policy and regulations are properly shared and disseminated
- Develop scope and explore the opportunity for project extension and innovation

**ANNEX 3:  
THAPANGTHONG RURAL DEVELOPMENT PROJECT (TRDP)  
FACT SHEET 2005**

***Implementing Organisation***

Concern Worldwide Lao PDR in partnership with district government of Thapangthong.

***Programme Location***

The project is located in the sub-districts of Seku-Phoumally, Thapangthong District of Savannakhet Province.

***No. of Beneficiaries***

There are 18 target villages in the project area of which 4 villages were piloted as models in the first year of its implementation, with 1,249 villagers and the other villages participated in lesser activities. The total number of beneficiaries is approximately 5,000.

***Wider Objective:***

The **wider objective** of the project is to improve the livelihood security of poor people in Thapanthong District.

***Immediate Objective:***

To enable poor villagers in Seku-Phoummally to plan and implement their own development activities with the support of local government

***Funding:***

Total expenditure in 2005 was €157,741 consisting of contributions from EU, Irish Aid MAPS, Canada Fund and Concern GDs

***Major Components***

The project is the final phase of an integrated rural development programme, which began in 2000. Components included:

- ♦ A focus on capacity building activities for district government staff, village development committees (VDCs) and village volunteers (VVs);
- ♦ Support to the village level planning process;
- ♦ Community awareness raising;
- ♦ Support to strengthen local management of community infrastructure;
- ♦ Support to model farmers and small-scale income generating activities.

## **ANNEX 4:**

### **COMMUNITY LIVELIHOOD DEVELOPMENT PROJECT FACT SHEET 2005**

#### ***Implementing Organization***

Concern Worldwide Lao PDR in partnership with Houyxai District and the Provincial Agriculture and Forestry Department of Bokeo.

#### ***Programme Location:***

Moksuk and Tafa Sub-district, Houyxai District, Bokeo Province.

#### ***No. of Beneficiaries:***

The CLDP project targeted 14 rural villages with 4,125 direct beneficiaries. It is anticipated that the local government will benefit from the project due to capacity building initiatives, which it is hoped will improve the way they engage other communities in the development process.

#### ***Wider Objectives:***

- The long term objective of the Community Livelihood Development Project is to reduce poverty amongst the poorest through improving their livelihood security.

#### ***Immediate Objectives:***

- To improve the livelihood systems and food security of target villages in Moksuk-Tafa through ensuring the sustainable mobilisation and management of local resources, introducing alternative livelihood options, and reducing vulnerability.

#### ***Funding:***

Total expenditure

CLDP: €132,664 (funded by Irish Aid MAPS and Concern GDs)

#### ***Major Components***

- Capacity building of local government staff to lead development processes using participatory approaches

#### ***Major Achievements During the Year:***

- The provincial and district government has assigned full time Project Coordinator and technical support staff (as per need) to work alongside Concern
- Appraisal baseline survey (PRA) and Participatory Village Planning (PVP) in 14 villages. The PVP was conducted using a new approach which ensured the specific identification of the needs of the poorest. The groups were identified and classified by the communities during the PRA by using local community indicators. Women and men according to well being grouping were divided into small group discussion and identification of their needs. Villagers

endorsed the consolidated village plans representing the ideas of all groups in the village.

- The District Steering Committee was established in order for implementing and managing the project.

***Major Plans for 2006:***

- Endorsement by the district and province of the village plans and these should be fed into government plans
- Farmer Field School established
- Feasibility of different cash crops and industrial trees assessed
- Village plans operationalised with technical support from government and Concern

## **ANNEX 5: SISAKET COMMUNITY DEVELOPMENT PROJECT FACT SHEET 2004**

### ***Implementing Organisation(s)***

Concern Worldwide and Provincial and District Agriculture and Forestry departments

### ***Programme Location***

Sisaket sub district, Pha Ou Dom district, Bokeo province

### ***No. of Beneficiaries***

The project will target 16 Villages (with a total population of 5,050)

### ***Wider objective:***

To reduce poverty in Sisaket through a sustainable process of livelihood security

### ***Immediate objective:***

To improve the livelihood systems, food security and health status of the people of Sisaket through the provision of technical support, strengthening local structures, facilitating resource mobilisation and reducing vulnerability.

### ***Funding***

Total expenditure was €76,864 (Irish Aid MAPS and Concern GDs)

### ***Major Components***

- Improve sustainable livelihood systems with particular focus upon the poorest, through better use and management of land, agriculture, livestock, forest and aquatic resources
- Improve communities awareness of the links between health, diet, hygiene, and sanitation and undertake measures to decrease incidence of preventable disease and poor nutrition
- Strengthen the capacities of district staff and Village Structures to manage and lead the project.
- Document and share learnings in order to promote policies that support improving livelihoods at local and central level.

### ***Major Achievements during the Year***

- The Project MoU was signed between Concern and its partner in late of the year
- The District Steering Committee (DSC) was set up for implementing and managing the project and orientation workshop for all stakeholders.
- PRA was carried out in six villages by Government project team with Concern support.

### ***Major Plan for 2006:***

- Carry out PRA and Participatory Village Planning
- Project office construction in Pha Oudom District and project site
- The activities will be based upon the completion of PVP and the identifications of PVP.