



The Right Road to Reforms?

Appraisal of GPAR Luang Prabang Phase II

**Einar Braathen, NIBR
Pär Sköld, Pnyx**

**Oslo and Göteborg
December 2004**

Table of Contents

Acronyms and Abbreviations.....	3
Executive Summary.....	5
1 Background.....	7
2 Governance and Public Administration Reform.....	8
2.1 The Challenges of Modernisation	8
2.2 Decentralisation in International Development Debate.....	9
2.3 Opportunities in Lao PDR.....	11
3 A Critical Assessment of the GPAR Approach.....	13
3.1 A Rights Based Approach to Development	13
3.2 Transparency and Accountability.....	14
3.3 Participation.....	15
3.4 Gender Equality.....	16
3.5 Rights of Ethnic Minorities.....	17
3.6 Poverty Alleviation and Service Delivery.....	17
3.7 Nepotism and Corruption.....	18
3.8 HIV/Aids.....	20
3.9 Conclusion.....	20
4 Specific Comments and Recommendations on the Draft Project Document.....	21
4.1 Output 1: Improved Expenditure Management	21
4.2 Output 2: Public Service and Financial Management Reforms.....	21
4.3 Output 3: Business Facilitation Centre	22
4.4 Output 4: Provincial Oversight Mechanism	22
4.5 Output 5: GPAR Support Facility	23
4.6 Output 6: GPAR Resource Centre.....	23
4.7 Output 7: Project Support.....	23
5 Conclusions in Accordance with Sida’s Assessment Criteria.....	24
5.1 Relevance.....	24
5.2 Feasibility.....	25
5.3 Effectiveness.....	26
5.4 Sustainability.....	28
5.5 Development Cooperation Framework.....	28
5.6 Risks and Risk Management.....	29
5.7 Monitoring and Follow-Up.....	30
6 Final recommendations.....	31
Appendix 1	
Terms of Reference	33

Appendix 1	
Terms of Reference	33
Appendix 2	
Persons met.....	38
Appendix 2	
Persons met.....	38
Appendix 3	
Literature references.....	41
Appendix 3	
Literature references.....	41

Acronyms and Abbreviations

ADB	Asian Development Bank
APM	Assistant Programme Manager
APWLD	Asia Pacific Forum on Women, Law and Development
ASEAN	Association of South East Asian Nations
BFC	Business Facilitation Center
CPC	Committee for Planning and Cooperation
DESA	Division for Democratic Governance (Sida)
DIC	Department of Information and Culture
DoE	Department of Education
DoF	Department of Finance
DoH	Department of Health
DPA	Department of Public Administration
DPI	Department of Planning and Investment
EU	European Union
GOL	Government of Laos
GPAR	Governance and Public Administration Reform
GRC	GPAR Resource Center
GSF	GPAR Support Facility

HRD	Human Resource Development
HRM	Human Resource Management
LCPAR	Leading Committee for Public Administration Reform
LP	Luang Prabang
LWU	Lao Women's Union
MDG	Millennium Development Goals
MIC	Ministry of Information and Culture
MoF	Ministry of Finance
NAFRI	National Agriculture and Forestry Research Institute
NEM	New Economic Mechanism
NGO	Non-Governmental Organization
NGPES	National Growth and Poverty Eradication Strategy
NIBR	Norwegian Institute for Urban and Regional Research
NOSPA	National Organization for the Study of Policy & Administration
NPD	National Project Director
NPM	National Project Manager
NEX	National Execution (UNDP)
OoG	Office of the Governor
PACSA	Public Administration and Civil Service Authority
PAR	Public Administration Reform
PICT	Project Implementation Coordinators Team
PMO	Prime Minister's Office
POM	Provincial Oversight Mechanism
PPER	Project Performance Evaluation Report
PRF	Poverty Reduction Fund
PST	Project Support Team
SEAPA	South East Asian Press Alliance
Sida	Swedish International Development Cooperation Agency
SNV	Netherlands Development Organisation
TA	Technical Assistance
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program
UNV	United Nations Volunteers
WB	World Bank

Executive Summary

Background. Improved governance is a part of the Lao PDR government's efforts to strengthen the overall environment for growth and development as stated in the NGPES (National Growth and Poverty Eradication Strategy). The Luang Prabang Decentralisation project falls under the umbrella of the government's overall Governance and Public Administration Reform Programme (GPAR). International support to the GPAR process is coordinated by the UNDP. In the case of Luang Prabang, the GPAR project started in 2002 with extensive financial support of Sida. The first phase of this project has been extended until March 2005. An external evaluation of progress so far was carried out in July/August 2004. The evaluation served as an important input into the process of drafting the project document for a second phase of the project.

Main view. This appraisal report finds that the draft project document leaves a lot to desire when it comes to formulating goals, outputs and outcomes that utilise the opportunities provided by recent policy reform pronouncements from the Lao PDR government. Moreover, it is not in line with overall guidelines for UNDP's and Sida's development cooperation. It does not apply a human rights-based perspective in its analysis and suggested interventions. In key governance areas such as transparency, accountability and participation there is a lack of an explicit strategy. Decentralisation means transfer of powers and resources from higher to lower levels in the government. Whether these powers and resources are transferred to state administrators (deconcentration) or elected bodies (devolution), good governance requires that the local administrators and elected bodies obey norms of transparency and accountability not only 'upwards', but even more 'downwards' to the citizens and their representatives. Norms of good governance also usually address corruption, nepotism, gender equality, and rights of ethnic minorities. The appraisal report suggests that a rewritten project document presents an agreed concept clarification note on these central concepts and values, followed up by formulation of adequate goals, activities, outputs and outcomes.

Other recommendations. The redrafted project document must more clearly define the indicators for intended development, particularly in connection with service delivery. Also, medium-term goals should be clearly formulated with outcomes at an intermediate level – e.g. institutional outcomes such as new attitudes, new operational procedures and new practices in closely defined areas. The redrafting of the project documents needs to be accompanied by a policy dialogue at a very high governmental level, as well as at the highest provincial level, based on well-written and well-translated drafts. A new Output 1 should be formulated, which defines certain new steps to be taken in direction of democratic decentralisation and improved democratic governance in the city district of Luang Prabang and the involved rural districts. An Inception Phase of 6 months is recommended, in order to enhance reform commitment, common values underpinning the project, and interfaces with GPAR central, the province pilots and other relevant development programmes and agencies. It should result in contributions to the inception report from all the main stakeholders.

Conclusions in accordance with Sida's assessment criteria. The relevance of the project document is high. Its feasibility depends on (i) a confirmation of reform commitment in the policy dialogue guiding the redrafting of the project document, (ii) a successful inception phase and (iii) a few improvements in the management arrangements. The effectiveness at the outcome level is expected to be low unless medium-term goals and institutional outcomes are specified. The sustainability of the project depends on certain outcomes in terms of institutionalised new practices. The development cooperation framework needs to be improved and take a number of similar or related donor-supported programmes into consideration. It is a high-risk project, and the roles and capacities of PACSA and UNDP in risk management need to be examined. Good monitoring and follow-up depend on improvements in the logical framework as suggested above.

1 Background

Improved governance is a part of the Lao PDR government's efforts to strengthen the overall environment for growth and development as stated in the NGPES (National Growth and Poverty Eradication Strategy). The Luang Prabang Decentralisation project falls under the umbrella of the government's overall Governance and Public Administration Reform Programme (GPAR). International support to the GPAR process is coordinated by the UNDP. In the case of Luang Prabang, the GPAR project started in 2002 with extensive financial support of Sida. The first phase of this project has been extended until March 2005.

An external evaluation of progress so far was carried out in July/August 2004. The evaluation served as an important input into the process of drafting the project document for a second phase of the project. Sida has indicated its commitment to consider future financing. As part of Sida's assessment of the draft project document for the second phase, it was decided to carry out an external appraisal.

Mr Einar Braathen, Norwegian Institute for Urban and Regional Research (NIBR, Norway) and Mr Pär Sköld, Pnyx (Sweden) were contracted for the appraisal. The ToR for the mission is attached. The consultants, who have not previously been involved in the GPAR process in any way, visited Laos from November 15 to November 25, 2004. The first four days were spent in Vientiane and the following seven days in Luang Prabang. A list of persons met is attached to this report. Great support to the team was extended by the Embassy of Sweden in Vientiane and by the GPAR management and advisers in Luang Prabang.

This report starts with an overview of modernisation and decentralisation processes and the general opportunities for such reforms in Laos PDR (Chapter 2). This is followed by a critical assessment of the proposed GPAR approach. It is discussed to which extent a rights-based approach to development and a poverty perspective is used (Chapter 3). Specific comments and recommendations on the draft project document are given in Chapter 4. Overall conclusions are presented in Chapter 5, systematized in accordance with Sida's assessment criteria. The main recommendations are presented in the final Chapter 6.

2 Governance and Public Administration Reform

2.1 The Challenges of Modernisation

Before embarking on reforms, there is a need to understand the points of departure – on the one hand, the stage of development of governance and public administration in today's Lao PDR. On the other hand, the visions of reform, which might not be in accordance with each other or with the reality. Unfortunately, the Project Document and its background note do not contribute to any clearer understanding of the current challenges and complexities of reform.

“With no tradition of bureaucratic administration (as in China and Vietnam), politics in Laos reverted to networks of influence and patronage (of the kind elsewhere described as clientelism, or crony politics)”. “Non-transparent, top-down decision making and obsessive secrecy were two elements that the Pathet Lao brought with them into government” (Stuart-Fox, 2004:6).

One of the biggest successes of GPAR phase I, according to the evaluation and confirmed in our own interviews, was the introduction and dissemination of *job descriptions* in all departments of the Luang Prabang province. However, the job description is only one of many basic fundamentals of a modern bureaucracy.

Other fundamentals take more time to institutionalise: (i) merit-based recruitment and promotion of civil servants; (ii) a salaried system that provides incentives to a full-time, life-long and non-corrupt dedication to a civil service career (not mixing income from private businesses and public office); (iii), strict application of the law and legal procedures in all civil service operations; (iv) control and disciplinary mechanisms; just to mention a few. In a democratic society, additional weight is put on methods of keeping the government (and its bureaucracy) transparent to the public and accountable to the people.

Hence, one should make clear that the public bureaucracy in Lao PDR is faced by multiple challenges of modernisation. A key issue is how to modernise the central-local relations. This question requires different answers, depending on which aspect of modernisation (or dimension of central local relations) we want to address:

On the one hand, the challenge is to build and consolidate a modern state. Only when it is part and parcel of rule-of-law and it has coherently internalised the fundamentals just mentioned, a bureaucracy can bring stability and sustainable legitimacy to a modern nation-state. Such coherence is not possible without a strong centre, with effective control of public revenues and expenditures, and with good instruments of law enforcement. In the Lao PDR today, “*the center of the (centralised) government is weak*”, and it “*has a*

weak control on its central government revenue” (Stoop, 2002:19). In other words, *centralisation* is needed - particularly in the fiscal and legal ‘sectors’.

On the other hand, the challenge is to build a bureaucracy that also can contribute to the social and economic transformation of the country– e.g. eradicating poverty, and supporting the health and productivity of the population. Historians and social scientists seem to agree that this can best be done if the bureaucracy has managed to connect with its people - embed itself in a democratic relationship with the nation’s citizenry (see Evans, 1995 and 1996). This is where *decentralisation* is needed, particularly in socio-economic development planning and service delivery.¹

Thus, a general challenge for the Lao PDR is to combine reforms that apparently pull in opposite directions. However, it looks likely that the two reforms can be carried out in one operation if two forces pull from either side: the central government authorities from the top, and the local authorities (and people) in towns and districts from the bottom. The ‘looser’, and thus the most reluctant partner in either reform, might be the provincial authorities.² The specific challenge for GPAR Luang Prabang is to appeal to some ‘enlightened self-interests’ and senses of professionalism among the provincial authorities so that they may rally behind state reform and become part of the ‘winning team’.

2.2 Decentralisation in International Development Debate

On reading various documents produced in connection with the governance reforms in the Lao PDR, one is surprised to see that very little attention is paid to experiences in other countries as well as the international development debate about these experiences. A key contributor is James Manor. Like most political scientists he distinguishes between administrative and political decentralisation, or deconcentration and devolution, but he insists on calling the latter ‘democratic decentralisation’:

- *Administrative decentralisation (sometimes called ‘deconcentration’)*: the transfer of administrative powers, and sometimes administrative personnel, from higher to lower levels in political systems.
- *Democratic decentralisation (sometimes called ‘devolution’)*: The transfer of resources (including financial and administrative resources, or the funds to strengthen administrative resources) and powers (including decision-making powers, and sometimes revenue-raising powers) from higher levels in political systems to *elected* bodies at lower levels” (Manor, 2003).

In a key GPAR document, the point of elected bodies at lower levels is not mentioned when presenting the devolution alternative, and it is argued that devolution is just a long term vision. The short term task is administrative decentralisation (Stoop, 2002).³ However, Manor argues that if administrative decentralisation occurs on its own, it tends

¹ As a civil servant in the Ministry of Finance pointed out: “we must centralise revenues, decentralise service delivery”.

² “The local authorities (mostly the Provincial Governor) have a strong impact on human resources management, career path, salary payment and working conditions for the personnel of the field offices of the central ministries. Such an impact inevitably includes the possibility to (strongly) influence the operations of those field offices”. Stoop, 2002:20.

³ Devolution is defined in extremely legalist terms: “resources and (political) decision powers and thus empowered decision-making are transferred to lower levels of the state organization. Devolution refers to decision-making by a (semi) autonomous government authority with its own juridical status and its own resources”. Stoop, 2002:10.

to strengthen the ability of those high up in the political system to exercise top-down dominance and control. In other words, it tends in practice to promote centralisation – even though it is described as a form of decentralisation. The big advantage of democratic decentralisation is that it “*can draw the energies of previously inactive and alienated people into new government institutions at the grassroots and, as a result, enhance the capacity of ‘government’ in general to accomplish things – not spectacularly, but sometimes significantly*”. Robust systems of decentralisation also tend to enhance government *transparency* and to increase flows of information between government and citizens very markedly, in both directions (Manor, 2003).⁴

Thus, the experience from most other countries in the developing world the last 10-15 years is that introduction of elected local bodies, even on a limited and step-by-step basis within systems that are quite authoritarian, improves the quality of governance and the well-being of the citizens (Manor, 2003). Democratic self-government locally is a healthy counter-vailing force to authoritarianism. States that are as poor as the Lao PDR, with an equally weak state centre and no tradition of electoral democracy, could serve as positive examples. Mozambique is one of them. (See Braathen and Palmero, 2001).

However, some reports from donor agencies are more sceptical to democratic decentralisation due to the risk of *elite capture*, and their support to decentralisation is conditional.⁵

In the same vein, a literature review of the linkages between decentralisation and poverty reduction concludes that decentralisation is effective in reducing poverty when it (i) increases the scope and strength of popular participation, and (ii) enables a leadership at local levels that is more accountable and responsive to poor people (Vedeld, 2003). *Accountability* is a prerequisite. Two kinds of accountability are promoted by democratic decentralisation: the accountability of bureaucrats to elected representatives, and the accountability of the latter to citizens. Another study on lessons learnt on donor support to decentralisation supports this emphasis on accountability. It recommends that donors should stimulate bottom-up, grassroots-based governance (e.g. citizen-based budget watch and citizen-based service delivery monitoring). But it also emphasises that

⁴ Transparency increases because many more people than before can see how much money government has to work with, and what is happening within decentralised bodies. The amount of information passing up to government from citizens through elected members of decentralised bodies grows – which empowers governments. And information flows downward from governments to citizens more effectively because elected representatives are better than bureaucrats at explaining the reasons for policies, in terms that ordinary people can understand. This often increases the uptake on important government services (see section V.B below). Democratic decentralisation can also provide much more effective early warnings from remote places of potential disasters like floods, droughts and outbreaks of disease, before they become serious. It can also increase the capacity of lower-level institutions of government to respond to those problems swiftly.

⁵ “Support for decentralisation should rest on the extent to which the government devolves sufficient powers and funds to decentralised bodies, the existence of mechanisms to foster accountability and transparency at the local level, and whether participatory mechanisms are truly legitimised by the people.” Sida 2003a

“...decentralization can bolster the power of elites in settings with highly unequal power structures. To benefit poor people, it must have adequate support and safeguards from the center and effective mechanisms of participation.” “Decentralization can make state institutions more responsive to poor people, but only if it allows poor people to hold public servants accountable and ensures their participation in the development process.” (WB 2000)

decentralisation must be followed by donor-funded poverty-targeted district development programmes (Schou and Steffensen, 2004).

2.3 Opportunities in Lao PDR

The Government of Lao PDR presented in April 2003 its Governance Policy Paper, or programme for GPAR. In May 2003 the national assembly amended the constitution and introduced the possibility to form municipalities at an administrative level. In October 2003 the national assembly passed the new law on local administration. And in April 2004 came a draft of a new Prime Minister Decree on ‘local and central government responsibilities and grassroots development.’ Certainly, these policy documents also open some windows of opportunity for democratic decentralisation.

On the one hand, the emphasis is on administrative decentralisation. The Governance Policy Paper promises ‘empowerment in the government system to the lower or local levels of the government organisation’. This invokes a transfer of responsibilities, governments units and staff to the local levels (Government of Lao PDR, 2004a). The law on local administration mainly defines (or legitimises) the powers of the Provincial Governor and the District Governor.

On the other hand, there is a willingness (at least in rhetoric) to build elected sub-district bodies and to experiment with downward mechanisms of accountability at the city and district level. The Governance Policy Paper suggested ‘improved development planning and management at provincial, district and Kum Ban level’.⁶ This has led to the following outputs: a review of National Planning Guidelines, delivery of guidelines for the administration of Village Development Funds, extension of village management training from Luang Prabang to other provinces, and pilot implementation of a Kum Ban decree (which has been passed) to establish this non-state (community-based and self-governed) “informal layer of administration” (Government of Lao PDR, 2004a). The law on local administration ensures the power of elected village heads. The draft Prime Minister Decree suggests that the village heads “shall consult with the families and (if appropriate) with specific stakeholder groups in their village”. It also puts forward that the district/municipality will organise ‘district/municipal developmental meetings’ every 6 months with one representative from each ‘Kum ban’ elected among the village heads. The draft decree confirms that the decentralisation process “should be coupled with efforts to introduce and foster: participation, government’s legitimacy, efficiency, good quality of government service delivery, accountability, transparency” (Government of Lao PDR, 2004c).

The Lao constitution was amended by the national assembly in May 2003. It introduced ‘municipalities’ into the Lao administrative system, at two levels: 1. the cities situated at the provincial level and 2. municipalities at the district level. In a follow-up policy document, it is announced that a municipal law is to be drafted, and that “pilot implementation of the municipal concept will allow the testing of several approaches and provide opportunities to integrate the ‘lessons learned’ in the future municipal law”

⁶ ‘Kum ban’ means a grouping of villages. This ‘informal’ level of administration has to some extent replaced the previously existing sub-district level of state administration, *tasseng*, which were eliminated with the new 1991 Constitution. At the same time, for security reasons and for coordination of the political activities, all districts have been divided in *khets*, each consisting of 7 to 15 villages. (GPAR draft note 23-11-2003, “Khet. Soci-economic development community of neighbouring villages. Strategy for progressive development of rural municipalities”).

(Government of Lao PDR, 2004b). It has also been suggested a strategy to build rural municipalities bottom up and based on communities of neighbouring villages.⁷

Last but not least, the new National Growth and Poverty Eradication Strategy (NGPES) says that “poor access to services is exacerbated by lack of knowledge of rights and information about how the Government works, contributing to exclusion from decision-making. This hampers community participation and creates gaps between policy and practice. The government is committed to ensuring that the Lao people are closely consulted in all areas of decision-making and that they participate fully in the economic, social, cultural and political development of the country (...) By bringing local authorities, particularly from the village level, more into the decision-making and implementation process, the needs of the poorest areas will be better met” (Government of Lao PDR, 2004d).⁸

In fact, these statements clearly announce breaks with the previous practices of secret, non-transparent, non-participatory and non-accountable government at the local level. The NGPES announces a pro-poor rights-based approach to development and service delivery.

The new pronouncements provide windows of opportunity for further piloting of combinations of administrative and democratic decentralisation. The question is: to what extent will the GPAR Luang Prabang Phase II, as envisaged by the draft project document, utilise these opportunities?

⁷ See previous footnote: GPAR draft note 23-11-2003, “Khet”.

⁸ Donor agencies like Sida, with support to programmes like The Uplands Programme for Rural Development, provide opportunities to transform these ideas of pro-poor governance into practice at the local level.

3 A Critical Assessment of the GPAR Approach

3.1 A Rights Based Approach to Development

According to the policy of UNDP as well as the policy of the Swedish Government, a rights based approach to development should be applied in development cooperation. In the new bill on development cooperation of the Swedish Government, the human rights approach is given more weight than ever.⁹ In the Government's country strategy for cooperation with Laos (2004-2008) it is stated that "*Sida will apply a rights-based perspective in all its analyses, preparatory work and interventions.*"

According to the UNDAF Principles for cooperation with Laos, the UN organisations should:

"Apply human rights-based approach to development that

- focuses on people as holders of rights, as well as duties and responsibilities;
- adopts the fundamental principles of non-discrimination;
- prioritizes needs of the most disadvantaged and vulnerable;
- reiterates that development is a human right; and
- targets the goal of poverty eradication by addressing structural inequalities that cause poverty."

In the UNDP Practice Note on Public Administration Reform it says that: "UNDP's focus on public administration is not only informed by, but also derives from its commitment to a rights based approach to development." And further:

"...one area in which a human rights approach has been successful is in Public Expenditure Management. This has often been approached from a purely technocratic perspective that emphasises moderation and control of finances. However, a 'rights' perspective, which focuses on an individual's claim on the state, can advance pro-poor and gender-equitable outcomes in the budget process and support accountability to the citizen."¹⁰

⁹ In the government's directions for Swedish development cooperation it is stated that "Development cooperation will promote and be characterized by respect for human rights, democracy and good governance, gender equality, the sustainable use of natural resources and protection of the environment, economic growth and social development and social security." Swedish Government (2003).

¹⁰ UNDP (2003 or 2004).

In the case of GPAR Luang Prabang, there are no signs in the draft proposal that a rights based approach has been applied. As this is in contradiction with explicit UNDP and Swedish Government policy, this is a critical problem which has to be tackled. We are aware that the Lao interpretation of human rights to some extent differs from the internationally accepted and legally correct interpretation. However, this is no excuse for avoiding the subject. Taking into consideration that Lao PDR has signed the two UN human rights covenants, and is preparing to ratify them, there should be a potential for a more serious human rights approach.

3.2 Transparency and Accountability

The long term development goal of GPAR Luang Prabang is to:

“assist the local administration authorities in the design and implementation of a better governance system, featuring accountability, predictability, sound public sector management, optimized service delivery, participation and transparency in order to provide cost-effective services to the public.”

In the UNDP Practice Note on Public Administration Reform it says that:

“The areas that UNDP is, and should be, especially concerned with are those that promote ‘open government’, that is accessible, transparent, and accountable, where public participation in decision-making is encouraged, and where government-held information is accessible to the public.”¹¹

Due to the extreme limitations of political rights in Laos, there are presently no possibilities of establishing the transparency, accountability and participation necessary for an ideal system of good governance. But also within the present system advances can be made, and we believe that the GPAR project can contribute to progress in a few of the areas mentioned.

Concerning transparency only minor progress can be hoped for within the present context. This is due not only to the political regime, but also to the hierarchal traditions and culture of secrecy which characterise society. Stuart-Fox argues that transparency in decision-making is “strongly opposed” as this would undermine the functioning of the bureaucratic system which, he says, “depends upon the oil of politics, personal relationships, and compensatory payments.”¹²

Transparency should no doubt be a central part of any project aimed at improving good governance and reforming the public administration. Challenges in Laos are great which means that much work has to be put into formulating a strategy that may foster changes.

We note however, that the present project document for phase II lack any explicit strategy for promoting progress in the area of transparency. Naturally, this would have been easier if there were a genuine commitment for increasing transparency among Lao stakeholders. Regrettably, we found awareness and commitment to be low.

The fact that the evaluation of the first phase did not at all discuss transparency is surprising, but gives the impression that very little in terms of transparency has been accomplished so far.

¹¹ UNDP (2003 or 2004).

¹² Stuart-Fox (2004), p. 9.

Concerning accountability, the term usually refers to the ways that people can hold the government responsible for its actions. A prerequisite for this accountability is the respect for democratic rights. Due to the restrictions in Laos, odds for fostering this type of accountability are slim. One may however, as UNDP, differ between financial, administrative, political and social accountability.¹³ Financial and administrative accountability may be fostered even in an authoritarian system, and this is what GPAR in practice would have to concentrate on in Laos.

To the extent that GPAR is successful in contributing to a clearer division of responsibility between and within different organisations of the public administration, this is a step forward towards improved accountability within the system (including the party). However, increased transparency is crucial, as is radical measures against nepotism and corruption, and better functioning accountability institutions (like for example the State Audit Authority, the State Inspection Authority and the Central Committee for Control). As pointed out by ADB and others, possible progress in this area will be slow.¹⁴

Even if there are activities in the project document for phase II that very well may foster financial and administrative accountability, there is a lack of any explicit strategy for promoting progress in this area. We are also surprised to note that the evaluation of the first phase did not at all discuss accountability.

We suggest that a rewritten project proposal present an agreed concept clarification note on central concepts such as transparency, accountability, participation etc, as an annex to the document.

3.3 Participation

Participation is one of the core principles of good governance. Furthermore, participation is a fundamental human right. In Laos, participation is severely restricted by the lack of freedom of expression, association and information. It is also restricted by poverty, lack of education, lack of infrastructure, gender and ethnic discrimination as well as hierarchal traditions.

The draft project proposal aims at improving participation. The result in the villages and districts very much depends on the functioning of the UNV project, which is still hard to assess. No doubt, this is a crucial aspect of GPAR and the institutional set-up connecting UNV with GPAR has to be clear and efficient. Furthermore, the promotion of participation has to be developed and carried out using a rights-based approach. Thus, staff should be recruited with this in mind.

It is important to consider measures to reach the most vulnerable populations in order to promote their empowerment. Special measures might be needed to reach and empower women, members of ethnic minority groups, disabled and children.¹⁵

The project proposal reveals no intention to utilise the narrow but existing legal and institutional space to institutionalise popular participation through elected bodies at village (ban), sub-district (taseng) and district (muong) level. Such bodies were in place in Lao PDR until the end of the 1980s, and the new Law on Local Administration caters

¹³ For definitions see Annex 1 in UNDP (2004e). The source referred to in the annex is UNDPs Country Assessment in Accountability and Transparency Guidelines of 2002.

¹⁴ See for example the, not very recent but still valid, comments on Laos in ADB (2001), p. 34.

¹⁵ For some ideas on how to promote children's participation (and how to use a rights-based approach to education and health programming), see Theis, Joachim (2004).

for pilots in reintroducing such bodies.¹⁶ In particular, the new legislation permits the establishment of municipalities in four cities – Luang Prabang being one of them. Municipalities normally comprise elected officials and representatives. We recommend that these opportunities are utilised within the GPAR context.¹⁷

3.4 Gender Equality

In the Swedish Government's country strategy for cooperation with Laos (2004-2008) it is stated that "*Action plans promoting gender equality will be a compulsory feature of all programme interventions.*" According to the UNDAF Principles for cooperation with Laos, the UN organisations should: "*Mainstream gender issues and promote gender equality.*"

There are a couple of attempts to give attention to gender issues in the phase II proposal. The most explicit one concerns the Business Facilitation Centre, where a special counter for women entrepreneurs is proposed to be set up. Even if this is not a bad idea, it is far from enough. Ideally the proposal should be re-designed from a gender point of view and we expect that this is done as part of applying a rights-based approach in the re-drafting process. We are convinced that much more could be done and should be done. Compared with the prospects for promoting transparency and accountability, we think that there are real possibilities. However, even with a gender mainstreamed proposal, challenges will be great since the interest for gender issues among present stakeholders seems modest at best.

The project should take advantage of the possibilities to link up with relevant regional organisations. This would stimulate networking and the exchange of experience, add professionalism and possibly also enhance pluralism. As an example, the Chiang Mai based and Sida supported women's rights organisation Asia Pacific Forum on Women, Law and Development (APWLD) might be able to assist in strengthening the gender profile of activities. Or it might be used to monitor impact in that specific field. In a similar way, the Bangkok based and Sida supported regional organisations South East Asian Press Alliance (SEAPA), and Forum Asia might be used to assist in the fields of transparency and human rights, and also in journalist training and activities related to the GPAR Resource Centre (output 6).

In Sida's in-depth assessment of the project proposal for phase I, it is specified which aspects should be highlighted during monitoring and evaluation. One is the Government's commitment to accountability, transparency and the rule of law. As mentioned above, no attention is given to these issues in the evaluation. Another aspect to be highlighted is "client focus from a gender and poverty and child rights perspective." These perspectives have not been used when carrying out the evaluation. There are, however, some mentioning of gender issues, and a specific activity in order to mainstream gender aspects into the village management training has been made.

¹⁶ It may be relevant to look into the experiences with village elections in China. Minxin Pei (2001) at the Carnegie Endowment for International Peace writes: "At most, village elections represent a small and tentative step toward democratization. Its progress has been slow and uneven. However, this experiment may have started a gradual process of political participation for nearly 80 per cent of China's population and, if allowed to continue and spread, may constitute the first step toward China's long-delayed democratic transition."

¹⁷ "The long term vision and model includes also the step by step introduction of elements of devolution or political decentralisation. This will happen first at the municipal level and might include the following elements: 1st. locally elected officials and representatives..." (Government of Lao PDR, 2004e : 12).

3.5 Rights of Ethnic Minorities

Luang Prabang is a province with a great number of inhabitants belonging to ethnic minority groups. Considering that ethnic minorities are discriminated against in today's Laos; that they often belong to the poorest inhabitants; that they often live in the most remote villages and that many of them do not understand the Lao language, special attention must be paid to reach these groups when international development projects are designed and implemented. The women in these groups have even less education than men, and are socially more vulnerable. In the present draft project document no mention is made of the special needs of the ethnic minorities, nor is any affirmative action planned. It has been noted that several very influential stakeholders have emphasised the need to fight the slash and burn methods in the province. There is a risk that the project, rather than strengthening the rights to school, health and influence of ethnic minority groups, may contribute to maintained discrimination. For example, possible improvements in education and health may be allocated in a way that discriminates against the most vulnerable communities instead of improving their access to the services. In a situation with limited funds for investments, it might be claimed as more financially rational if investments are concentrated to central locations. A method of participatory planning might even be used as a way to give legitimacy to such allocations. This process and this line of thinking may also be used to give legitimacy to forced resettlements. In case no safeguards are put in place, it cannot be ruled out that the resources of the project are used in a way that not only maintains but also strengthens discrimination.

According to the UNDAF, "Significant disparities exist between ethnic groups in terms of access to and utilization of education and health services and the attainment of literacy. (...) It is (also) imperative to ensure their full and equal participation in decision-making processes and power sharing at all levels." As noted in the section on participation above, these facts are not given appropriate attention in the GPAR phase II documents.

3.6 Poverty Alleviation and Service Delivery

When looking at GPAR Luang Prabang from a poverty reduction perspective, we first need to recall the meaning of poverty. The Swedish government¹⁸ defines poverty in terms of three basic dimensions: *security*, *capacity* and *opportunities*. Security may be against unforeseen events like sickness, accidents, injustice, violence etc. People may improve their capacity by developing their own resources in the form of income, health, knowledge, etc. Their opportunities for taking control of their lives are often determined by social conditions, for example regarding civil liberties and human rights, participation in decision-making processes, and economic policy. Thus, the Government Report concludes:

"Poverty is not simply a question of a lack of material resources. It also involves a lack of rights, knowledge and influence over one's own life."

Since poverty affects women and men differently, and since women are the ones that suffer the most, it is crucial that there is an awareness of the gender dimensions of poverty among stakeholders involved in fighting poverty.

¹⁸ Government Report 1996/97:169.

According to Sweden's new policy for global development¹⁹, the goal of Sweden's development cooperation is "to contribute to an environment supportive of poor people's own efforts to improve their quality of life." Furthermore, "Development cooperation will be based on a rights perspective and on the perspectives of the poor people. This means that people's rights will be the starting-point for activities and that the main focus will be on poor people's needs, interests, capacity and conditions."

GPAR phase II will have a somewhat greater poverty focus than phase I. This fact is mainly manifested in component/output 2. (Public service and financial management reforms in health and education sectors, supported with small-scale infrastructure development.) But the whole idea with the GPAR project is relevant from a poverty perspective to the extent that more "good governance" on the provincial, district and village levels contribute to better conditions for the poor to overcome their poverty. A more efficient administration will benefit the poor more than the better-off people in society. Furthermore, it should be said that the fact that Luang Prabang as one of the poorer provinces in the country is targeted, is a good sign from a poverty reduction perspective.

All three basic dimensions of poverty mentioned above (security, capacity and opportunities) are relevant to GPAR – although to a different extent. Just to mention the most obvious examples - improvements in health care may increase security, improvements in education may improve capacity, and improved participation may increase opportunities. Less corruption and nepotism may increase security as well as opportunities. And so on.

Thus, the somewhat greater poverty focus of phase II is welcomed, and the sectors of health and education are regarded as very relevant and appropriate. There is definitely a need for reforms in these sectors (as in many others). However, we are somewhat doubtful whether the project will actually result in improved availability and quality in health and education services. One reason for our doubts is that it is very unclear if there will be any funds available for "small-scale infrastructure development". The main reason, however, is that the project does not deal with the main bottlenecks when it comes to delivery of health and education services. The national budget for health and education is extremely low, and as long as the salaries for teachers and health workers remain low, it will be difficult to raise availability and quality. Furthermore, before allowances for those stationed in remote villages are high enough to serve as real incentives, availability in those localities are foreseen to be low. As mentioned above (see discussion on ethnic minorities), there are also incentives for the authorities not to provide health and education services in remote villages.

Thus, even if it is good to improve management within the health and education departments, there are reasons to doubt that the effects of the phase II project will result in concrete improvements of importance in the villages. This somewhat pessimistic assessment is made in light of the present design of the project document, which lacks serious attention to central governance issues like transparency, accountability, integrity and anti-corruption measures.

3.7 Nepotism and Corruption

According to an analysis made by the World Bank, corruption is considered to be the single most important obstacle to economic growth and social development.²⁰ It has a

¹⁹ Swedish Government (2003).

²⁰ Sida (2004a).

negative effect on health, education, infrastructure, the business climate, democracy and public institutions. Thus, combating corruption is an absolute essential component in the struggle against poverty.

A recent study commissioned by Sida identifies three basic instruments that donors and others can use when drawing up policies and strategies to combat corruption in developing countries;

1. Strengthening control functions (for example audit offices, media, civil society, rule of law, etc);
2. Changing the incentive structure (for example fair and qualifications-based public sector appointments, openness, decent salaries, etc), and;
3. Strengthening the morals and ethics of politicians, civil servants, citizens etc.²¹

However, according to the above mentioned study, certain conditions must be in place if combating corruption is to be possible. For example it says that there must be

”a genuine political determination to combat corruption in the recipient country , a broad anti-corruption strategy that covers most of the public administration, an active civil society, and a free press (...).”

Corruption in Laos is endemic and thus a major obstacle for development and poverty alleviation. It is believed that public graft and corruption proliferated during the 1990s, particularly at the provincial and district levels.²² In addition, it is feared that decentralisation might increase the levels of corruption.²³ Furthermore, nepotism and the lack of merit based recruitment and promotion are huge problems.

We believe that a development project dealing with good governance and public administrative reform has to deal with these problems seriously and explicitly. Ideally, the project document or the background document should discuss a) how corruption might impact the country’s ability to attain its national development objectives, b) how the GPAR project may be affected by corruption, c) the government’s willingness and ability to control corruption, and d) how Sida/UNDP/GPAR can help to combat corruption. As the project proposal is now designed and written, no mention is made of corruption or of nepotism. Accordingly, no explicit activities to improve the situation are envisaged.

Judging from our talks with Lao stakeholders in Luang Prabang province there is hardly recognition that corruption is a problem at all. On the national level, however, the issue is discussed somewhat more openly. For example, in the RTM progress report of November 2004, the Government of Laos explicitly refers to corruption as a problem. Furthermore, the Government expresses its commitment to fight corruption in the Policy Paper on Governance. An anti-corruption decree was issued in 1999 and in some cases, the State Audit Authority, the State Inspection Authority and the Central Committee for Control have also taken action.

²¹ Sida (2004a). The report describes UNDPs policy on corruption as follows: “The UNDP’s present policy and strategy emphasise that the organisation’s comparative advantage and most important role is to act as a partner in the dialogue with other stakeholders. In other respects the strategy is thin, both in respect of conceptually interesting ideas and concrete proposals for ways in which corruption can be combated.”

²² Sida (2004b).

²³ Stuart-Fox, Martin (2004), p. 15. Furthermore, the World Bank writes: “If subnational governments have strong administrative capacity and accountability mechanisms, decentralization can reduce the scope of corruption. If they do not, it can increase corruption and reduce access to basic social services...” World Bank (2000).

3.8 HIV/Aids

The province of Luang Prabang is a transit province with road connections with China and Vietnam. Furthermore, it is a province that attracts an increasing number of tourists from many countries. Thus, it may be described as a high-risk area for the spread of HIV/Aids. During our visit, our unconfirmed impression was that awareness about HIV/Aids among important stakeholders was low. As awareness is crucial in order to fight the epidemic, and as the GPAR project will deal with health and education issues, there may be possibilities to give attention to HIV/Aids in some of the activities planned. Such opportunities should be used.

3.9 Conclusion

Experience of development cooperation in the field of democratic governance shows the need to get away from mere technical support and support to institutions. In order for support to be effective there is a need to give more attention to central values such as tolerance, transparency, representation, and accountability.²⁴ In theory, the Government of Laos is aware of the fact that the strengthening of these central values is crucial for development and poverty reduction. This is clearly stated in the NGPES and is also mentioned in the GPAR project document.

In practice, however, the commitment has in the recent past been negligible. Thus, conditions for fostering these values in international development cooperation are limited. This is one of the reasons why it is so important that the international stakeholders in the GPAR project give extra attention to these issues. Due to the prevailing restrictions on democracy and human rights in Laos, international donors have a huge responsibility in fostering these values in any way they can.

Assistance to strengthen technical skills in financial management etc is important, and it might in the long run help to create conditions for good governance. But technical support must not be given prominence. Experience shows that this is often the case. Firstly because it is much easier for all partners involved, very much including the donors, and secondly because it is not as politically sensitive as promotion of the values mentioned above. (In a recent study by the UNDP it is concluded that public sector reforms in the Asia Pacific region, despite a substantive amount of resources, have had a slow pace of impact. “Lack of political commitment and insufficient acknowledgement, on behalf of the donors, of the highly political nature of civil service reforms are among the main reasons.”)²⁵ In reality this kind of support is often directed at the symptoms rather than the causes of the problems. Unfortunately we believe that GPAR Luang Prabang is an example of this.

In order for the GPAR Luang Prabang project to be successful in promoting good governance and in order for it to be in line with the human rights policies of UNDP and the Swedish Government, much work is still to be done.

In Sida’s in depth assessment of the first phase a hope is expressed that “The present project (...) will step-by-step improve accountability, increase transparency in decision making and create a system whereby people are more informed (...) Together with other initiatives the project make contribute to a more open civil service.”

For the reasons stated above, we are not as optimistic.

²⁴ See for example, Sida (2003a), Swedish Government (2003), and Carothers, Thomas (1999).

²⁵ UNDP (2004d).

4 Specific Comments and Recommendations on the Draft Project Document

4.1 Output 1: Improved Expenditure Management

(Output 1: “Improved Provincial Expenditure Management and Financing of Pro-poor Services”).

Luang Prabang might be one of four provinces selected by the World Bank to become part of the Bank’s programme for strengthening public financial management. Attention should be given to maximise the potential for synergy effects.

Concerns for revenue reform. Although not focusing on revenue and tax reform, the financial management efforts of Phase II should support such reform. It should respond in some way to the well-articulated demands for revenue reform made by the OoG and department of finance of the province. Besides, at the district level it is a bit artificial to distinguish between expenditure and revenue management. The project should organise annual workshops with representatives from the central Ministry of Finance and Tax Reform Project to discuss the interface between expenditure and revenue reform, and to initiate - if capacity allows – joint activities like a tax information campaign and training of tax officials.²⁶

Role of the districts. The 3 new ‘UNV’ districts should explicitly be part of output 1 activities.

4.2 Output 2: Public Service and Financial Management Reforms

(Output 2: “Public Service and Financial Management Reforms in Health and Education Sectors, Supported with Small-scale Infrastructure Development”).

Ethnic and gender sensitivity. Ethnic minorities are in majority in most of the poor rural areas targeted. Participation for poverty reduction implies that facilitators with bi- or multi-lingual skills, when possible women, are specifically recruited and trained for the communication and mobilisation aspects of output 2.

Development of indicators. Clear standards (standard goals) for service provision, indicators for their achievement, and simple data collection and data processing methods

²⁶ We have been informed that a meeting was held to on 24 November 2004 between the Sida Tax Project advisor and the UNDP representative to discuss cooperation in Luang Prabang.

for their monitoring, need to be prioritised in the baseline assessment for education and health.

NGPES. An active cooperation with Planning Department and Committee for Poverty Reduction is required, particularly on the basis of the report on the Phong Xay pilot for NGPES District Implementation Plan. This could be combined with a cooperation with the Sida-supported Uplands Programme for Rural Development.

Mobilising expertise in Participatory Planning and Development. Exchange of experiences, manuals and perhaps training personnel with other programmes and agencies with experiences in local participatory planning should be incorporated in the project. A workshop should be organised in the Inception Phase and its recommendations be reflected in the Inception Report. We here refer to the NAFRI project (e.g. The Lao-Swedish Upland Agriculture and Forestry Research Program), the Poverty Reduction Fund, and efforts by the Ministry of Health/UNICEF in promoting community-based water and sanitation programmes, among others.

The administrative integration of the UNV project. The responsibility for the UNV project must clearly be stated in the Terms of reference for the Project Support Coordinator and GPAR II management bodies. The resources available to the UNV project that are not stated in the PD budgets need to be attached.

Role of the districts. Again, annex 4 is very confusing. It should be clearly spelt out that even Ngoi and Luang Prabang city will take part in participatory service assessments.

Village Management Training. Last but not least: The successful VMT component from Phase I should be expanded: in scope by being rolled out to all districts in the province, and in depth by focusing more on poverty reduction planning. Its contents must also illuminate rule-of law, transparency and human rights. The challenge is to carry out a low-cost model for this roll-out. This can be done in conjunction with the Department of Planning. The project should assist in seeking funding (within or without the GPAR II budget) for this roll-out programme.

4.3 Output 3: Business Facilitation Centre

(Output 3: “Business Facilitation Centre Providing Enabling Environment for Business Activities in Luang Prabang District”).

Cooperation with Tourist development authorities/SNV project in Luang Prabang should be considered, as well as with the Tax reform Project.

The Luang Prabang city authority should also be actively involved, as part of the process to develop it into a municipality with a close and serving relationship with its citizens.

A gender-conscious participatory method must be applied here in the urban setting, like for Output 2 in rural settings. Thus: a participatory assessment among business people or would-be-business people should be arranged, e.g. with focus groups where some of the groups are for business women only.

4.4 Output 4: Provincial Oversight Mechanism

(Output 4: “Provincial Oversight Mechanism for the Office of the Governor to Oversee Administration and Public Services”)

We are somewhat critical about giving this output so much space (although it only takes up 3-4 % of the total project funds). Strengthening an already strong province centre is not in line with a policy of decentralisation. Instead, more space and resources could be allocated to capacity building at the village, sub-district and district level, e.g. the roll-out program for VMT suggested in 4.2 above. It is more suitable to place the development of the Provincial Oversight Mechanism as a component under Output 1, 'Improved Provincial Expenditure Management'.

4.5 Output 5: GPAR Support Facility

(Output 5: "GPAR Support Facility which Funds a Wide Range of Small GPAR Initiatives in the Province")

The GPAR Support Facility should be directed to district or village based activities, addressing transparency, accountability, direct service delivery or gender equality.

The activities should not be confined to the agricultural sector as suggested in Annex 4 of the project document.

LCPAR should be a model in accountability and transparency in the management of these funds. Terms of reference for LCPAR should be added to the annexes of the project document.

4.6 Output 6: GPAR Resource Centre

(Output 6: "GPAR Resource Centre through which GPAR Learning Mechanisms are Established and Strengthened")

The main guidelines for the GPAR Resource Centre should be a strategy for public information and advocacy. This strategy must be formulated and approved by the stakeholders in the Inception Phase.

The main target group should be the population in Luang Prabang in general, and the village leaders and district administration in particular. Luang Prabang Radio Station should be a main partner in this part of the strategy. Its network of journalists (one based in each district) could contribute to the public 'monitoring' of the project, particularly outputs 2 and 3. Other agencies, like the Department of Finance would also have interest in supporting public awareness campaigns e.g. for tax compliance. (Dissemination of results from expenditure management strengthening, Output 2, could help beef up tax compliance).

Another target is the regular interface with other province pilot projects and GPAR Central. (See above)

4.7 Output 7: Project Support

There must be an absolute minimum of 25 % women in the project support team (not including the secretarial positions).

International advisers recruited should, in addition to the required technical skills, have qualifications in human rights-based approach to development

5 Conclusions in Accordance with Sida's Assessment Criteria

5.1 Relevance

- The long term development goal of GPAR Luang Prabang, basically aimed at good governance, is very relevant considering the present state of affairs in governance, and the needs of the target groups.
- The overall goal is consistent with Sida's policies and priorities. It is also consistent with the official policy of the Lao government, manifested in recent legislation, governance policy papers, GPAR and the National Growth and Poverty Eradication Strategy.
- However, the project document does not utilise the opportunities presented by these recent commitments from the Lao government. The project retreats prematurely from certain issues, maybe due to a misperception that they are too sensitive politically.
- Moreover, the design and approach of the project is not consistent, neither with Sida nor with UNDP policies. A major problem is the lack of a rights based approach to development.
- The project as it is designed is not a technically adequate solution to the development problem at hand, as it is more aimed at the symptoms than the real problems. To a large extent, central issues for good governance like transparency, accountability, integrity, anti-corruption and meaningful participation are avoided. This has resulted in a project characterised by a very technical approach.
- There is a need for a renewed policy dialogue between relevant stakeholders, a reconsideration of appropriate means to tackle the problems at hand and a redrafting of the project document, resulting in clear objectives as well as specific strategies on core issues.

Selection and Role of Districts

- Concerning the selection of districts to be included in phase II, the relevance of including Luang Prabang city district might be questioned from a poverty point of view. However, there are two reasons to mobilise the city/municipal authority even in phase II: First, it was included in phase I and it will play an important role in the establishment of the Business Facilitation Center (output 2). Second, it could play a role in piloting more participatory local governance.
- Thus, we would like to see clearer, and maybe differentiated goals for each district as to what is expected in phase II. For those districts that already participated in phase I – Luang Prabang city district and Ngoi district, expectations should be

higher than for other districts. Annex 4 in the Project Document should be rewritten with a description of exactly which project activities are going to take place in each district, with which preconditions, outputs and expected outcomes.

5.2 Feasibility

Reform Commitment

- There is a general content among stakeholders in Luang Prabang with the first phase of GPAR. Training activities, job descriptions and technical equipment are most often referred to as successful activities/inputs.
- There is a widespread belief and hope among Lao stakeholders that the second phase of the project basically will be a continuation of the first phase. Very few show an understanding of the need for important reforms of the public administration system, beyond mere training and capacity building. Thus, local commitment and ownership of the reforms envisaged in the GPAR programme is not yet deep enough.
- During phase I, a relationship of increasing trust has been built up between the Lao and the international stakeholders. Naturally, this social capital could be instrumental in gradually introducing reforms in the second phase.
- The reform commitment has probably been weakened by the fact that the project document for phase II is not a very well written document. Its design, layout and language make it a bit difficult to read and understand. We imagine that the translated version is not easier to comprehend. As the document was translated as late as October 25, this is naturally one of the reasons why many Lao stakeholders did not fully grasp the idea of the phase II document at the time of our visit. For example, according to the evaluation (p. 21) and our findings, there are high expectations that additional technical and material support will be an important part of phase II. Thus, there is a need for further awareness raising among stakeholders on the new, more reformist, aspects of phase II.

The Inception Phase

- On p.4 in the project document an implementation plan is presented, stating that stage “a” is “preparation and acceptance of reform plans in departments”. This might be interpreted as an inception stage. However, the said formulation is too narrow.
- We recommend that an inception phase of 6 months is built into the Project Document. Stage “a” should also be characterised by creating a supportive environment for the project. This means disseminating information and creating an understanding of the objectives of the project in (i) the districts and main groupings of villages involved, and (ii) province-level party structures, mass organisations, and all NGOs and departments concerned with improved governance.
- Furthermore, in the inception phase active contact should be taken with programmes, government departments, or NGOs in Laos that may have relevant experience or deal with similar issues and approaches as the GPAR LP II. Many of our suggestions in chapter 4 should be themes for workshops during the inception phase.
- The inception period should result in an inception report, which could be the starting point for further ‘Monitoring, Evaluation and Reporting’.

Management Arrangements

- *LCPAR as the overseeing body.* LCPAR should itself be a model of good governance. Thus the criteria for its composition, and the procedures for its accountability and transparency need to be clear and publicly known. There should be a Terms of Reference for the LCPAR added to the annexes of the Project Document, followed up and concretised by the OoG in the inception report.
- *Gender equity.* The nearly complete absence of women in the current management set-up is a matter of great concern. The aim of the project should be that at least 50 % of the Project Support Team should be women, and that at least 25 % of the nationals in the project management, LCPAR and Project Implementation Coordinators Team should be women.
- *Interface between the pilot provinces.* GPAR Central should establish an interface arrangement for all the four GPAR province pilots, for regular exchange of information and experiences. This interface could be actively supported by the Luang Prabang GPAR Resource Centre.
- *Interface between the pilot districts.* The project should set up a forum for exchange of experiences between the districts involved.

5.3 Effectiveness

- The effectiveness of the project may be appraised at the levels of output, purpose/outcome and goal. To summarise, we assess that effectiveness is higher at the output level than higher up in the goal hierarchy. It should, however, be noted that it is more difficult to assess the effectiveness on the higher levels.
- As is often the case in project documents, in the higher reaches of the goal hierarchy the descriptions of the objectives are very vague. The development goal of GPAR Luang Prabang is “to assist” and the development objective is “to support”. The draft project document is not very clear when it comes to the description of the goal hierarchy, and the use of LFA in annex 1 is incomplete when it comes to expected outcomes. This will make it hard to measure and evaluate effectiveness.

The output level

- Concerning Output 1, we believe that the indicative activities will be able to contribute to the intended output. We have serious doubts, however, that conditions for block grants will be in place in just a couple of years. The background note to the project document says that block grants will be introduced “once the province has established robust oversight mechanisms and made substantive progress in improving its public expenditure management and framework”. We think it will take longer to have robust auditing mechanisms in place. Furthermore, some hesitation within central ministries might very well slow down the realisation of block grants.
- Concerning Output 2, we believe that the indicative activities will contribute to improved management. However, as discussed above we have some doubts that this will really result in evident improvements of availability and quality of health and education services. The foreseen investments in small-scale infrastructure

seem uncertain. Furthermore, as discussed above, there are restrictions to participation that will impede success in this field.

- Concerning Output 3, we think that the indicative activities will stimulate – but not succeed in providing – the intended output. The Business Facilitation Centre (BFC) might become a rather sensitive issue and any progress is likely to be slow. Expecting that the BFC is fully functional in 2007 requires powerful leadership by LCPAR.
- Concerning Output 4, the issue in focus is crucial. Our worry is that the project will fail in professionalizing an oversight mechanism in case it does not give high and explicit priority to issues like transparency, accountability and anti-corruption.
- Concerning Output 5, we think that there are good chances that the indicative activities will result in the intended output. Earlier in this report we gave some recommendations as to how the (presently rather low) relevance of the GPAR Support Facility could be significantly increased.
- Concerning Output 6, we think that there are good chances that the indicative activities will result in the intended output. However, we think that the relevance of the GPAR Resource Centre could be increased and some recommendations on this are mentioned in the previous section in this report.
- Concerning Output 7, project support is naturally necessary, but we would consider this an input rather than an output of the project.
- The outputs are formulated a bit differently in different sections of the project document and the background paper. Sometimes the output is mixed up with the purpose/outcome.

The outcome level

- Concerning the purpose/outcome level of the project, we believe that effectiveness will differ between activities. The outcome of Output 2, for example, is described as “better availability and reliability of education and health (including drinking water) services, in selected districts.” For the reasons discussed earlier in this report, we assess effectiveness to be rather low. Concerning the expected outcome of Output 4, on the other hand, (“delivery of specific policy decisions regarding project outputs and responses to solve problems of departments and people...”) we assess effectiveness to be considerably higher. As hinted by these two examples, the most relevant outcome/purpose tends to be among those with the lowest expected effectiveness.
- The challenging Lao context and the weaknesses in the approach of the GPAR project have been discussed all through this report. These facts make us believe that overall effectiveness of the project (in its present draft form) in reaching the intended purposes/outcomes is doubtful.
- Concerning the *long term development goal* of the GPAR Luang Prabang project, it could be stated that effectiveness is expected to be high since the goal is “to assist...” the local administration. In reality we assume that the goal is not merely “to assist...” but “...the implementation of a better governance system, featuring accountability, predictability, sound public sector management, optimized service delivery, participation and transparency, in order to provide cost-effective services to the public.” For all reasons given earlier in this report, we do not believe that GPAR phase II will reach very far. Thus, effectiveness on this level is assessed to be low.

-
- The so called *development objective* of phase II is a bit vaguer as it aims at “implementations of ...reforms ...so as to improve delivery of selected basic services...” Due to its vagueness, this objective is probably easier to attain than the more specific long term development goal.
 - As effectiveness at the goal level is assessed to be rather low, we conclude that the cost-effectiveness of the project is rather low as well. No thorough economic appraisal has been made, but we still claim that with a different approach, more results may be produced with the resources at hand.
 - The biggest flaw in the project document as to parameters for effectiveness, is the lack of formulation of outcomes at an intermediate level within a medium-term time frame. For instance, an organisational output like a district plan based on popular participation might be transformed into an organisational *outcome* if participatory planning is institutionalised - e.g. become part of the standard operation procedures of the district administration. Another outcome might be that the designed activity has changed the attitudes of administration and population to each other and to new methods of development work.

5.4 Sustainability

- *Social sustainability*: The earlier mentioned limited commitment to reforms in core areas, naturally affects sustainability. What could ensure the social sustainability of the project is more focused efforts to deepen local ownership through higher popular participation in the district governance. In other words, empower the elected leaders, uplift their influence on district planning and decisionmaking, and institutionalise more advanced practices of local democratic governance. Unfortunately, as discussed earlier, the project document does not deliver adequate visions and concrete piloting ideas when it comes to democratic decentralisation.
- *Financial sustainability*: As is usually the case with donations of computers, printers and photocopy machines, sustainability is somewhat doubtful as funds for maintenance is very scarce once the project has ended. In one of the districts we saw a clear example of this. Furthermore, skills have to be upheld, developed and spread. Thus, in order for progress to be sustainable there is a need for future resources. The amount of resources that authorities are expected to provide for the phase II period is limited, and it is doubtful that major funds will be allocated to the project after phase II. This partly depends on the shortage of public resources (which further underlines the need for improved recurrent expenditure). But it also depends on the priorities of the Government, which in practice do not always favour a development in line with the long term development goal of GPAR Luang Prabang.

5.5 Development Cooperation Framework

- GPAR Luang Prabang has already established an intimate cooperation with the UNV project. Contacts to make closer cooperation with the Sida supported Luang Prabang radio project and central level Tax reform Project are made. Other development cooperation possibilities at the provincial level are provided by the SNV eco-tourism development (Output 3) and the NAFRI project in participatory development in Phong Xay and the Uplands Programme for Rural Development (Output 2).

-
- Initiatives should be taken to exchange experience, training material and maybe even staff with key agencies dealing with participatory planning and implementation in socio-economic development and poverty reduction. We then refer to Committees for Poverty Reduction coordinated by the government Committees for Planning and Investment. JICA is funding ‘Capacity building in public investment program management’ in partnership with CPI. The national Poverty Reduction Committee drew up a pilot NGPES District Pilot Implementation Plan in one of GPAR Luang Prabangs districts, Phong Xay. Another relevant agency is the WB-funded Poverty Reduction Fund, operating in five provinces (not Luang Prabang). UNICEF is active with the Ministry of Health in participatory approaches to water and sanitation development.
 - Finally, closer coordination and exchange could be done at the GPAR central level, with the other province pilots and donors. Joint monitoring systems and evaluation activities, for instance mid-term reviews, should be contemplated. The Governance Donor Working Group and the Governance Round Table Meetings provide other venues for in-depth progress assessments of the province pilots, enhancing upstream policy advice and more proactive policy dialogue.

5.6 Risks and Risk Management

- We have already pointed out a set of factors that makes the GPAR Luang Prabang phase II a high-risk project: uncertainties on whether there is a shared value base a foundation for the future change process., lack of respect for human rights, the approach that is too technical, lack of qualified staff on the Lao side (particularly in the districts), under-developed indicators for monitoring, lack of independent auditing etc. We here raise some new concerns.

Roles and Capacities of PACSA, UNDP and Sida

- There is a risk that the limited capacity of PACSA will decrease the potential benefits of GPAR Luang Prabang. In 2005 it is expected that GPAR will be expanded to Saravane, Xieng Khouang and Khammouane provinces. At the same time a scaling down of the GPAR Central is foreseen. We see a need for a full time coordinator of the GPAR pilots at PACSA. This coordinator would also serve to facilitate contacts between the pilot projects and relevant ministries in Vientiane. However, the possible recruitment of additional staff at PACSA seems unclear at the moment.
- For the GPAR initiatives, the UNDP Country Office seems to prefer a rather low profile when it comes to sensitive issues like human rights, corruption and transparency. If this is not changed, Sida will have to assume a greater role in bringing up these issues at different levels. Even if we support a more active role of the Swedish Embassy, we see a risk in the limited time, capacity and other resources of the Embassy. Thus, without question UNDP will have to strengthen its proactive role in these fields.
- Concerning the capacity of UNDP to handle the expanding number of GPAR pilot projects efficiently, there is a risk that the imminent departure of the Assistant Resident Representative and the inevitable departure of the programme officer in charge will have negative consequences. Even if the Assistant Resident Representative will be replaced after a gap of a few months, it seems doubtful that there will be another international JPO replacing the programme officer. It could

very well be that UNDP will be more dependent on national staff to handle the GPAR projects. There are advantages with this, but also disadvantages.

- As to Sida, its role is mainly to promote a dialogue with the government and to see to that a firm agreement of a satisfactory policy framework is in place. Also, Sida should be more active in monitoring and in discussions on needs for follow-up action (see below). It is our view that Sida has the capacity and the will to play this crucial role.

Changes in the Province Governor office and high politics

- Change of key persons in the LCPAR and Office of the Governor is a risk factor. The same is change of the governor himself, and other political events like the 5th Party Congress in early 2006 which is expected to lead to change of government positions. The best way of shielding off from these political risks is a continuously broad support for the GPAR Luang Prabang project both locally (among the clients/users /stakeholders of the project) and nationally (GPAR Central, PACSA, the inter-ministry governance coordination committee, the prime minister and deputy prime minister etc).

5.7 Monitoring and Follow-Up

- The project document does not invite to proper monitoring and evaluation. Annex 1 of the project document is supposed to present an LFA matrix but is not complete in the draft at hand. While Sida prefers to use the terms “output”, “purpose” (or “outcome”) and “goal” (or “objective”),²⁷ the draft project document seems to use the term “purpose” as an umbrella term for “development goal” and “development objective”. The intended outputs of the project are clearly described as are the links between inputs, activities and outputs. The purpose/outcome of the activities are mentioned, but the purpose/outcome level is not (yet) included in the LFA matrix. Nor is (yet) the goal/objective level. A completed LFA matrix would make the links between the activities and the goal/objective clearer.
- These deficiencies are serious, given that the project aims at producing real changes – outcomes – and not merely organisational outputs. Particularly in the output 2 for public service delivery, formulation of specific and measurable performance indicators is crucial. GPAR Resource Centre could be a key instrument for GPAR central, UNDP, Sida and other stakeholders to uphold regular monitoring.

²⁷ See Sida (2004c) and Sida (2000).

6 Final recommendations

- a) In order to make the GPAR Luang Prabang project more relevant, and more consistent with the official policy of the Lao government and with the human rights policies of UNDP and Sida, the project document must be thoroughly rewritten. The project document should be based on the perspectives of the poor and a rights-based approach should be applied.
- b) Due to concerns for human rights and international norms of good governance, but also for the social sustainability of the project, every component of the project should be reconsidered with the aim of enhancing popular participation, accountability, transparency, and gender equality. We also suggest that a rewritten proposal presents an agreed concept clarification note on these central concepts and values.
- c) A new Output 1 should be formulated, which defines certain new steps to be taken in direction of democratic decentralisation and improved democratic governance in the city district of Luang Prabang and the involved rural districts.
- d) The redrafting of the project documents needs to be accompanied by a policy dialogue at a very high governmental level, as well as at the highest provincial level, based on well-written and well-translated drafts.
- e) In order to enhance reform commitment, common values underpinning the project, and interfaces with GPAR central, the province pilots and other relevant development programmes and agencies - an Inception Phase of 6 months is recommended. It should result in contributions to the inception report from all the main stakeholders. The Inception Phase requires series of workshops facilitated by professionals in participatory techniques.
- f) The National Growth and Poverty Eradication Strategy serves as a good operational framework for the project. However, we think there is an intimate relationship between gender equality, rights of ethnic minorities, popular participation and the effectiveness of poverty reducing activities. It is important to consider special measures to reach the most vulnerable populations in order to promote their empowerment. It is recommended that there is a preference in recruiting qualified women to the Project Support Team and local bi-lingual women in activities connected with Output 2. Women should also be mobilised actively involved in participatory activities leading to a Business Facilitation Centre, in Output 3.
- g) We suggest that Output 4, “Provincial Oversight Mechanism for the Office of the Governor to Oversee Administration and Public Services”, is reduced in scope to become a component of Output 1, ‘Improved Provincial Expenditure Management’.
- h) Some of the funds presently budgeted for Output 5 (GPAR Support Facility) could be directed to cover the possible extra costs of the Inception Phase and the new Output 1 area suggested here.
- i) Output 5, the GPAR Support Facility should be directed to district or village based activities, addressing transparency, accountability, direct service delivery or gender equality.

-
- j) LCPAR should be a model in accountability and transparency in the management of these funds. Terms of reference for LCPAR should be added to the annexes of the project document.
 - k) In order to facilitate the work of the GPAR Resource Centre and make monitoring and evaluation of the project possible, the redrafted project document must more clearly define the indicators for intended development goals/outcomes, particularly in connection with service delivery (the current Output 2). In particular, medium-term goals should be clearly formulated with outcomes at an intermediate level – e.g. institutional outcomes such as new attitudes, new operational procedures and new practices in closely defined areas.

Appendix 1

Terms of Reference

TERMS OF REFERENCE FOR THE APPRAISAL OF GPAR Luang Prabang
Decentralisation Pilot

1. Background

THE LAO CONTEXT

Improved governance is an integral part of the Lao Government's effort to strengthen the overall environment for growth and development as stated in the NGPES, National Growth and Poverty Eradication Strategy. One of the measures outlined in the Government's strategy is the redefinition of central-local relations.

The **Luang Prabang Decentralisation project** falls under the umbrella of the government's overall Governance and Public Administration Reform Programme, GPAR Central. It is the first pilot project to implement the government's decentralisation policy 01/PM, which was launched in 2000.

GPAR Central is currently supporting a process aiming at an improved framework for the decentralisation policy. A number of background documents have been prepared as part of this process (see annex 1 list of background documentation) i a the proposal for a new PM decree to take the decentralisation process further. Also, a new law a local government was passed in the National Assembly in 2003. This law clarifies roles and responsibilities of sub-national governments and provides potential for the development and reform of local governments.

THE PRESENT PROJECT

The Luang Prabang decentralisation pilot is the first phase of a longer-term project with the goal of "a better governance system, featuring accountability, predictability, sound public sector management, optimised service delivery, participation and transparency". The development objective for the first phase is to support the assessment and development of essential capacities needed for the management of governance and public administration reforms in selected pilot offices of the provincial and district administration.

The project started in 2002 with an organisational review as a background to define and plan the activities. Activities did not start until end of 2002 and the project was extended by one year until end of 2004. The project is implemented by UNDP and financed mainly by Sida. An evaluation mission of the pilot project was conducted in July/August 2004.

The evaluation concludes that progress has been achieved in the direction of the overall development goals and that outputs have been completed for most of the immediate

objectives. Some major results noted are an enabling environment, basic capacities and a pool of officials to provide leadership and on which a future change process can be built. The evaluation report is attached for reference.

Sida has indicated its commitment to consider future financing based on the results in the first phase. A UNDP formulation mission has prepared a new project proposal, attached to this TOR.

The new project builds on the achievements of the first phase and has a stronger and more direct poverty focus. It will involve more partners and has more emphasis on the reform process.

SWEDISH POLICIES AND CONSIDERATIONS

Sweden's new country strategy for Laos 2004-2008 has as one of its sub-goals strengthened democratic governance and increased capacity in public administration. It states that support for central government reform; decentralisation and institutional development will remain a strategic element during the strategy period.

In 2003 the Swedish Parliament has approved a new Bill on global development. The new goal for development co-operation is "to contribute to an environment supportive of poor people's own efforts to improve their quality". Two perspectives shall mainstream all contributions, the perspectives of the poor and a rights perspective. Sida's new policy – Perspectives on Poverty – implies a stronger poverty focus in all contributions.

The GPAR Luang Prabang project has established close links to the Sida supported tax project – strengthening fiscal management. Other direct links also exist with the Sida supported Radio project in Luang Prabang.

2. Purpose and Scope of the Appraisal

With the reported achievements and results in the evaluation and experiences to date Sida is prepared to continue supporting the next phase of GPAR Luang Prabang Decentralisation project. The new project proposal contains important steps forward to further reform of local government. The new proposal shall be appraised as part of Sidas in-depth assessment of the new project phase. The appraisal shall constitute a contribution to the formulation, design and planning of the next phase taking into account recent developments (new Swedish development goal and the new country strategy for Laos as well as the NGPES and GPAR, the proposed improved framework of decentralisation and Law on local Administration) as a basis for Sidas decision to finance a new phase of the Luang Prabang decentralisation project.

The purpose of this appraisal is to ascertain/examine

- that the prerequisites are there for a real change to start, such as basic capacities, local commitment and ownership for reform
- that there is a common understanding among stakeholders on the need for reform and for what and why, in terms of decentralisation (including transparency, accountability, participation) put in the Lao context and in the province,
- that the overall objectives and results are realistic and can be achieved within the projected timeframe of four years,
- that there is an increased poverty focus with a participatory mechanism to allow influence from all groups of people in the province in the development and delivery of basic services, in particularly the ethnic minorities, women, children etc,

-
- that the level of investments in equipment and systems is sustainable with regard to affordability for maintaining and upgrading of such systems and that there is commitment to cover recurrent costs and make provisions in the province or district budget,
 - that the roles of Sida and UNDP are clear in what strategic support and backstopping the project needs and that there are sufficient resources allocated to allow for such roles,
 - that local ownership and commitment is strengthened through continued awareness raising of decentralisation and its concepts (overall objectives) and that the project management structure reflects a stronger local ownership with increased responsibility,
 - that there are mechanisms for monitoring project performance as well as venues for policy dialogue.

The appraisal shall be based on Sida's assessment criteria (relevance, effectiveness, feasibility, sustainability, development co-operation framework, risks and risk management) and identify strengths and weaknesses as well as opportunities and risks. It shall recommend changes/adjustments in the project proposal to better reflect the needs in the Lao context and Sida's requirement to contribute to poverty reduction and to integrate the perspectives of the poor and the rights perspective.

3. The Assignment (issues to be covered in the Appraisal)

RELEVANCE – Assess relevance of the proposal for the next phase in relation to

- the Lao context, both in terms of the situation/problems and the needs/objectives with regard to the policy framework (National Growth and Poverty Eradication Strategy and the objectives for poverty and improved governance as proposed in the new framework for decentralisation and Law on local administrations).
- the new Swedish country strategy for Laos, the new goals of the development co-operation, the poverty focus, rights perspective with regard to the poverty situation in Laos, ethnic minorities, gender mainstreaming, HIV-aids. How do we make sure the rights perspective is considered if it is not made explicit in the project document? How could crosscutting issues, gender, HIV/Aids and anti-corruption be made more visible in the project?
- the GPAR central and other initiatives to support the decentralisation process further, such as the UNV supported project in Luang Prabang
- a realistic goal hierarchy (LFA) and need for supplementary analyses, is the change in the long-term objective and immediate objective from the previous phase and the new focus justified as a reflection of recent developments both in Lao and Swedish policy framework and context?

EFFECTIVENESS - Appraise the effectiveness of the proposal i a

- that the selected methods/plans are appropriate and likely to achieving the objectives and outputs/outcomes, discuss possible alternative methods to achieve the objectives/outputs/outcomes, in particularly the GPAR Support Facility as a means to strengthen ownership in the province and LCPAR and the GPAR Resource Centre as a means to institutionalise the capacity building.
- cost-effectiveness of methods and solutions chosen, quality of analyses and proposal I a participation of stakeholders in the process of formulating the new project phase

-
- systematic monitoring system to follow-up effectively including indicators or plans to develop eg during inception phase
 - synergies with other Sida programmes in Lao PDR as well as other initiatives by other partners and the effectiveness of co-ordination mechanisms

FEASIBILITY - Examine the feasibility in technical and institutional terms in relation to i a

- management arrangements at local level, ownership and commitment and staffing, systems for monitoring
- UNDP's capacity and role to provide backstopping with regard to more pilots coming on board and Sida role in relation to UNDP in monitoring of project
- Institutional and legal framework – the prospects for an improved decentralisation framework and its implementation, the opportunities provided in the Law on local administration. Is this sufficient as framework if there is continued slow progress of the decentralisation policy?
- project arrangements, inception period as a planning and preparatory phase to start up implementation

SUSTAINABILITY – Ascertain the sustainability in terms of

- local ownership and commitment to reform, awareness and understanding of governance and decentralisation concepts and context, what is the main driving force for the province to undertake this project? Are partners aware of that this phase will be more demanding?
- local participation and participatory mechanisms to allow influence from ethnic minorities, women, children etc
- affordability of investments and the financial ability/viability at province and district level to maintain and upgrade the systems and structures established and to be established, the budgetary mechanisms and procedures for financing of recurrent costs.
- benchmarks/indicators related to sustainability

DEVELOPMENT COOPERATION FRAMEWORK – Assess measures to optimise the development co-operation framework i a

- GPAR central and mechanisms for co-ordination and exchange with other decentralisation pilots, links and synergies with UNV project in Lung Prabang and other initiatives by other stakeholders
- Co-operation and partnerships with other projects, such as the Sida supported Radioproject in LP and national Tax project,
- Donor co-ordination within the Governance Donor Working Group or other mechanisms for co-ordination in particular with regard to the policy dialogue, both at central and local level. The prospect of developing a more programmatic approach of the GPAR programme and all the decentralisation pilots

RISKS AND RISK MANAGEMENT – Examine the risks and measures to support analyses of risks and management of risks i a

- identify a possible killing factor i e the progress of the work to define an improved decentralisation framework and in particular fiscal decentralisation?

-
- Sustainability of phase II after 4 years – can it be expected to have built sufficient structures and systems, commitment to reform to continue on its own?
 - other risks in relation to ownership and understanding of reform, sustainability of equipment, responsibility for managing risks

MONITORING AND FOLLOW-UP – assess systems and mechanisms for a systematic monitoring and follow-up

- appropriate levels and tools for a systematic monitoring,

RECOMMENDATIONS

- any changes in formulation of objectives, outputs/outcomes, methods, design or other in relation to Lao context and Sida overall poverty objective and policies,
- any need for supplementary analyses and studies to support the proposed project during a possible inception period or implementation

4. METHODOLOGY, EVALUATION TEAM AND TIME SCHEDULE

An independent consultant to be procured by Sida should conduct the appraisal. The appraisal should be done through review of relevant reports, mid-term review and other relevant documentation. The main document for the appraisal is the GPAR Project Luang Prabang (Phase II). The timeframe of a maximum 6-7 weeks shall include a 7-10 days visit to Laos to meet with the stakeholders in Luang Prabang Province and pilot districts, the UNDP and the advisors in Luang Prabang, GPAR central and the Department for Public Administration and Civil Service in Vientiane and other stakeholders.

5. Reporting

The appraisal report shall be written in English and should not exceed 20 pages, excluding annexes. The draft report shall be submitted to Sida electronically no later than 20 December. Within 2 weeks after receiving Sida's comments on the draft report, a final version shall be submitted to Sida, again electronically and in 3 hardcopies.

Appendix 2

Persons met

Vientiane

15/11/04 (& 18/11/04), Ms. Marianne Tegman, Councillor, Embassy of Sweden, Vientiane,

15/11/04, (& 18/11/04) Ms. AnnLis Åberg, Chargé d'Affaires, Embassy of Sweden, Vientiane.

15/11/04, Ms. Margrethe Volden, Resident Representative, Norwegian Church Aid,

16/11/04, Ms. Rosemary Kalapurakal, Asst. Res.Representative, UNDP.

16/11/04, Mr. Bryan Holford, Resident Process Advisor, GPAR Central/UNDP,

16/11/04, Ms. Jane Davies, Program Officer, AusAID.

16/11/04, Mr. Henrik Konkel, International Advisor to the Tax Department.

16/11/04, Mr. Mats Henriksson, Director, Swedish Tax Agency.

17/11/04, Mrs. Singkham Khongsavanh, Deputy Director, Committee for Planning and Cooperation, Dept. of General Planning.

17/11/04, Mr. Sivixay Saysanavongphet, Executive Director, Poverty Reduction Fund.

17/11/04, Mr. Jack Cortenraad, Country Director, SNV.

17/11/04, Mr. Carl Gustav Mossberg, Senior Programme Management Adviser, NAFRI.

18/11/04, Mr. Siousavath Songvilay, Director General, Fiscal Policy Dept., Ministry of Finance.

18/11/04, Mr. Saysamone Xaysouliane, Deputy Director General, Fiscal Policy Dept. / Director National AFTA Unit, Ministry of Finance.

18/11/04, Mr. Ouam Sengchandavong, Deputy Director General, Dept of Planning & Cooperation, Ministry of Education.

18/11/04, Mr. Nisith Keopanya, Deputy Director General, Public Administration and Civil Service Authority (PACSA)

18/11/04, Mr. Alessandro Magnoli, Senior Economist (East Asia& the Pacific), World Bank.

Luang Prabang (city)

19/11/04 (&25/11/04), Mr. Bountanh Sisouphanh, Project Manager, GPAR Luang Prabang,

19/11/04, Mr. Gerry O'Driscoll, Financial Management Advisor, GPAR Luang Prabang

19/11/04, Mr. Rezaul Karim, Resident Capacity Development Advisor, GPAR Luang Prabang

19/11/04, Mr. Vongsavanh Thepphachnh, Director, Finance Department of Luang Prabang Province

19/11/04, Mr. Bounvien Latisavath, Vice Director, Department of Planning and Cooperation Luang Prabang Province

19/11/04, Dr. Amone Sirivong, Deputy Director, Department of Health of Luang Prabang Province

19/11/04, Mr. Khamdoua , Vice-Governor and head of Leading Committee on Public Administration Reform (LCPAR), Luang Prabang Province

19/11/04, Mr. Bikash Dash, Programme Analyst (Governance), UNDP Laos.

Phong Xay District (Luang Prabang)

20/11/04, Dr. Blesilda Calub, Farming System Research Adviser, NAFRI Luang Prabang

20/11/04, Mr. (?) Head of NAFRI Station in Ban Nambo

20/11/04, Mr., (?), model farmer (of vegetables) in Ban Nambo

20/11/04, Mr. Khamla Soudathone, District Vice-Governor, Phon Xay

20/11/04, Mr. Khamla Lienpadith, Chief of the Cabinet of the District Governor, Phong Xay

Ngoi District (Luang Prabang)

22/11/04, Mr. (?) Village Chief, Ban Huay,

22/11/04, Mr. (?), Head Teacher, Primary School of Ban Huay

22/11/04, Ms. (?), Head of Sub-district Health Centre (10 km off Ban Huay)

23/11/04, Mr. Khamla Thasiniphone, District Governor, Ngoi

23/11/04, Mr. Bounsom Khounmany, District Vice-governor, Ngoi

23/11/04, Mr. Khamphay Mounghounthachack – Deputy Chief of District Education Office, Ngoi

Education Department, Ngoi District

23/11/04, Ms. Ms Thongchanh, District Health Office, Ngoi

23/11/04, Mr. MarkO Bartholomew, economic development consultant, owner of guest house, Nong Khiaw, Ngoi District

Luang Prabang (city) (cont.)

22/11/04, Mr. Ung Losavanh, Vice-Director, Department of Education of Luang Prabang Province

23/11/04, Dr. Bounkhong Nammavong, Chief of the Cabinet, Office of the Governor,
Luang Prabang Province and National Management Director of GPAR Luang Prabang.

24/11/04, Dr. Bounkhong Phouttihao,, Vice-Director, Department of Information &
Culture of Luang Prabang Province

24/11/04, Mr. Phoui Thongkhambay, Head of Luang Prabang Radio Station.

Appendix 3

Literature references

- ADB (2001), *Key Governance Issues in Cambodia, Lao PDR, Thailand, and Viet Nam*. Edited by Clay G. Wescott
- Braathen, E. & Palmero, A.: 'Towards Pro-poor Governance? The Case of Mozambique', in Wilson, F., Braathen, E. & Kanji, N., *Poverty Reduction: What Role for the State in Today's Globalised Economy?*, Zed Books: London.
- Carothers, Thomas (1999), *Aiding Democracy Abroad, The Learning Curve*, The Carnegie Endowment for International Peace, Washington
- Evans, P. (1995) *Embedded Autonomy. States and Industrial Transformation*, Princeton University Press, New Jersey.
- Evans, P. (1996) 'Government Action, Social Capital and Development', in *World Development*, Vol. 24, No.6, p. 1119-1132.
- Government of Lao PDR (2003), *Laws on Lao PDR Local Administration*. Adopted by the National Assembly, October 2003. Vientiane
- Government of Lao PDR (2004a), *Progress Report, Governance Round Table Meeting (RTM), Implementation of Priority Areas of Governance Reforms*, Vientiane
- Government of Lao PDR (2004b), *Medium Term Implementation Framework for the Decentralisation Strategy of the Lao PDR Government System*, Summary, (Draft), Vientiane
- Government of Lao PDR (2004c), *Draft Outline for a Prime Minister Decree on Local and Central Government Responsibilities and Grassroots Development*, (Revised version 20 April), Vientiane
- Government of Lao PDR (2004d), *National Growth and Poverty Eradication Strategy (NGPES)*, June 2004, Vientiane.
- Government of Lao PDR (2004e), *Decentralization Report, Assessment of current decentralization and vision, model and strategic plan for future decentralization of the Lao PDR Government system*. Summary of the detailed decentralization report dated, 11 October 2002, updated version 7 March 2004. Prime Minister's Office/ DPACS/GPAR, Vientiane

-
- Government of Sweden (2003), *Country Strategy for Development Cooperation, Laos*, January 2004 – December 2008, Ministry for Foreign Affairs, Stockholm
- International IDEA (2001), *Democracy at the Local Level*, The International IDEA Handbook on Participation, Representation, Conflict Management and Governance, Stockholm
- Minxin, Pei (2001), *Village Elections: China's Experiment in Rural Self-government*, in International IDEA (2001)
- Schou, A. & J. Steffensen, 2004, *Lessons Learned on Donor Support to Decentralisation and Local Governance*. DAC Evaluation Series, OECD, Paris.
- Sida (2000), *The Evaluability of Democracy and Human Rights Projects. A logframe-related assessment*. Sida Studies in Evaluation 00/3.
- Sida (2001a), *Initial Assessment of Pilot Project on Public Administrative Reform in Luang Prabang Province*, Memo by Christer Holtsberg
- Sida (2001b), *In Depth Assessment of Pilot Project on Public Administrative Reform in Luang Prabang*, Memo by Erik Illes
- Sida (2002), *Participation in Democratic Governance*, Department for Democracy and Social Development, Division for Democratic Governance
- Sida (2002), *Good Governance*, Department for Democracy and Social Development, Division for Democratic Governance
- Sida (2003a), *Digging Deeper, Four Reports on Democratic Governance in International Development Cooperation*, Summary, Department for Democracy and Social Development, Division for Democratic Governance
- Sida (2003b), *Governance and Participation in Laos*, By Chagnon, Rumpf, Van Gansberghe and Binh, Sida's Asia Division
- Sida (2004a), *Anti-corruption strategies in development cooperation*, Corruption – Working Paper No 3, Report by Joakim Anger
- Sida (2004b), *Laos PDR, Country Analysis*, Embassy of Sweden, Vientiane
- Sida (2004c), *Looking Back, Moving Forward*. Sida Evaluation Manual. Stockholm
- Stoop, P. (2002), *Assessment of current decentralization and vision, model and strategic plan for future decentralization of the Lao PDR Government system*, (Draft), Government of Lao PDR, Vientiane.
- Stuart-Fox, Martin (2004), *Politics and Reform in the Lao People's Democratic Republic*, Political Economy of Development, Working Paper No. 1, The College of William & Mary Williamsburg
- Swedish Government, (1997), *The Rights of the Poor – our Common Responsibility, Combating Poverty in Sweden's Development Cooperation*, Government Report 1996/97:169, Stockholm

-
- Swedish Government (2003), *Development Responsibility: Sweden's Policy for Global Development*, Government Bill 2002/03:122, Stockholm
- Theis, Joachim (2004), *Promoting Rights-Based Approaches. Experiences and Ideas from Asian and the Pacific*, Save the Children, Sweden
- UN (2002), *United Nations Development Assistance Framework (UNDAF), 2002-2006*, The Lao People's Democratic Republic, Vientiane
- UNDP (2003 or 2004), *Practice Note – Public Administration Reform*
- UNDP (2004a), *Evaluation of Governance and Public Administration Reform Project (Phase I), Luang Prabang, Lao PDR (Draft Report)*, By Suresh Balakrishnan and Nick Russell
- UNDP (2004b), *Governance and Public Administration Reform Project – Luang Prabang (Phase II), Project Design Document (Draft)*
- UNDP (2004c), *Background Note to the Project Document (Draft)*
- UNDP (2004d), *Governance in the Least Developed Countries in Asia and Pacific, An assessment of the current situation*, By Patrick Keuleers, Bangkok SURF
- UNDP (2004e), *Practice Note – Anti-Corruption*
- Vedeld, Trond (2003), “Democratic Decentralisation and Poverty Reduction: Exploring the Linkages”, *Forum for Development Studies*, No. 2-2003
- World Bank (2000), *World Development Report 2000/2001, Attacking Poverty*, Oxford University Press