

Decentralised funding and partnerships for rural development

Case study from Lao PDR



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CTA – LAO/030



Luxembourg Development
Cooperation Agency



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC

LUXEMBOURG
AID & DEVELOPMENT



Local Development Programme
for Bokeo, Bolikhamxay, Khammouane
and Vientiane Province
LAO/030

Lao-Luxembourg cooperation 2016-22

Poverty reduction

Sustainable Development Goals

Vulnerable populations in poor and remote areas

Local development

Improved local development planning and public participation

Health

Improved health coverage and maternal and child health services

Skills for tourism

Access to and quality of vocational training in the tourism sector

Governance

Strengthening the rule of law



INGO and multilateral project in local development

LAO/030

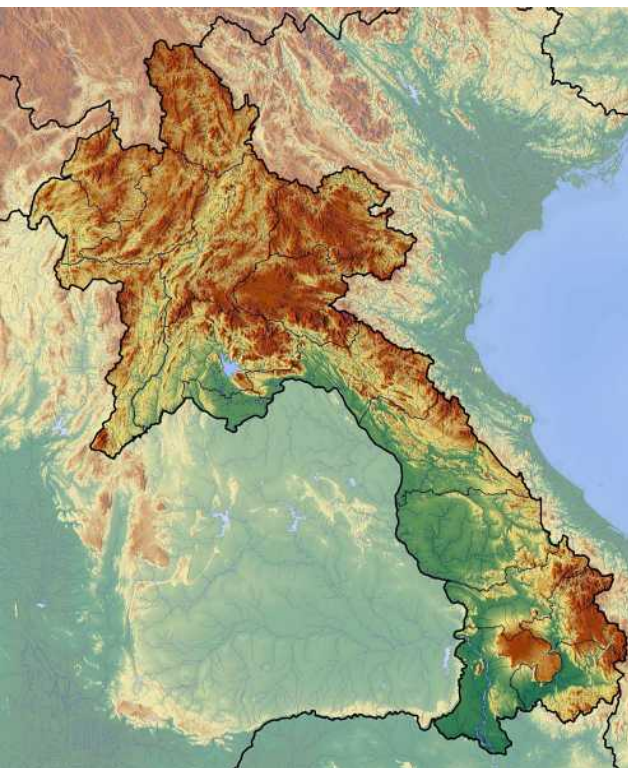
One bilateral programme coordinated at national level implemented in four provinces focusing on the poorest districts



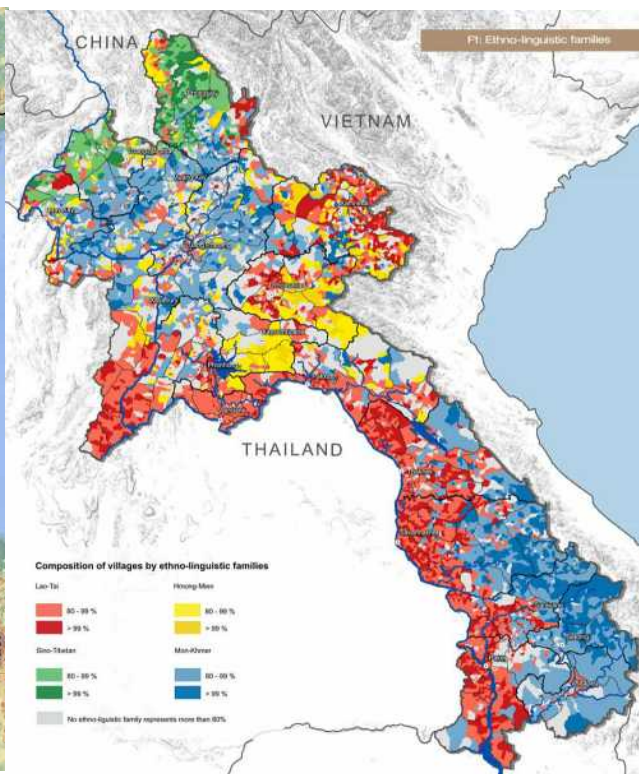
Improved socio-economic situation and access to social services



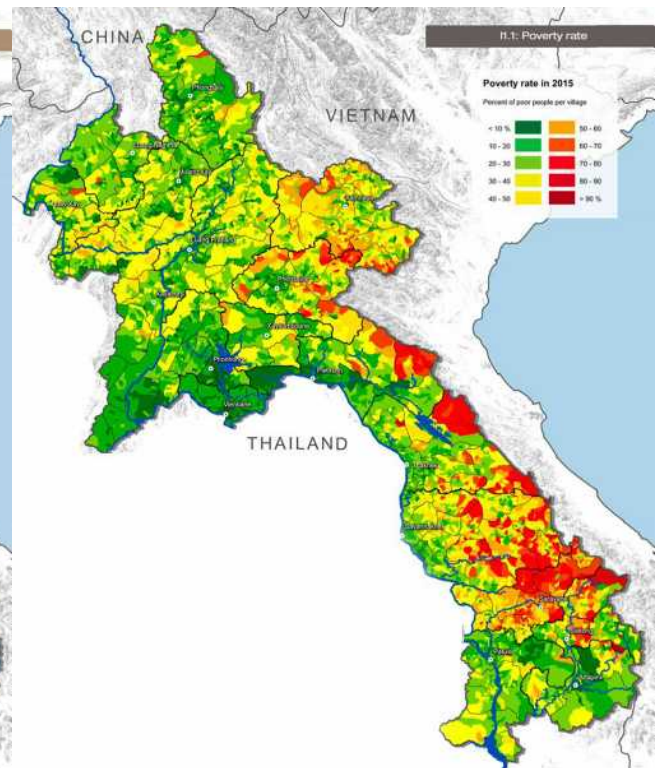
Local planning based on priorities and needs at village levels



Mountains **70 %**
Uplands **20 %**
Nice and flat **10 %**



Lao-Tai **54%**
Mon-Khmer **35 %**
Hmong-Mien **9%**
Sino-Tibetan **2%**



Mountains
Remoteness
Marginalization

LAO/030 Local Development Programme

Overall Goal

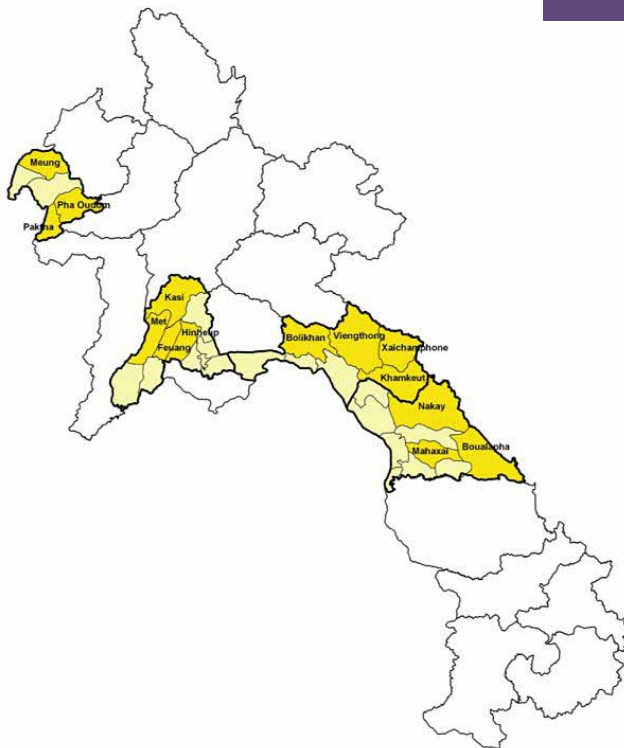
- Reduce Poverty
- End hunger and malnutrition
- Improve environmental management

Specific Objective

Improve living standards and bring 229 target villages above the poverty line

Focus areas

- Governance strengthening
- Community-led development
- Infrastructure access



Budget (EUR)

Luxembourg	32 409 343
Switzerland	1 562 200 (2020-22)
Total	33 971 543
COVID-19	1 000 000

May 2017 → Dec 2022

Poverty in Lao uplands linked to insufficient:

Governance capacity in promoting local development

Participation and opportunities of households and communities

Access to basic social infrastructure and services

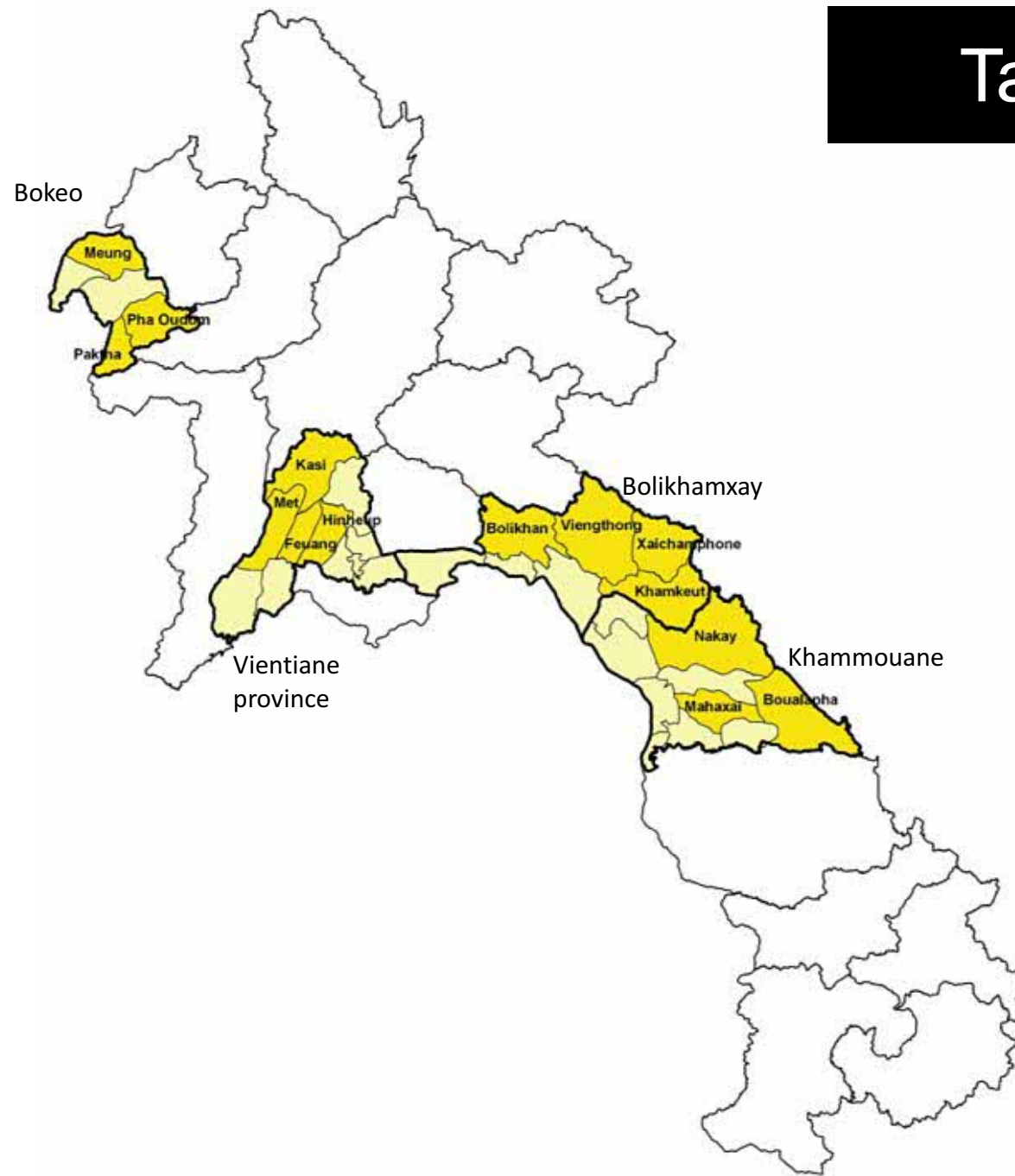
Caused by limits to:

- Law and policy enforcement
- Decentralised planning
- Development monitoring
- Financial prioritization
- Investment management
- Donor coordination
- Accountability measures
- Knowledge management
- HR capacity and management

- Leadership and representation
- Participatory principles
- Empowering measures
- Fund control
- Community assertiveness
- Development vision and plan
- Effective communication
- Information access
- Accountability of leaders

- Infrastructure investment
- Poverty focus of investments
- Staff allocation
- Stringency in procurement
- Supervision and control
- Community maintenance
- Public participation
- Village management
- Utilization

Targeting



4 Provinces

14 districts

229 villages

152 000 people

74% minority pop.

21 ethnic groups

Governance Component

- Governance strengthening
- Community-led development
- Infrastructure access

Objective

Strengthen the capacity of government agencies in sustainable poverty reduction.

Facilitate policy and strategy dialog

7,672,251 EUR

23%

Ministry of Planning and Investment - Central and local

- SEDP preparation and monitoring
- Village, district, province development planning
- Statistics, MIS, mapping, and IT application
- Investment management
- Development partner coordination

Department of Rural Development – MAF

- Sub-sector Working Group on Rural Development
- Technical working groups
- Poverty assessment (decree 348)
- Facilitate policy dialog and networking

Derived outcomes

- Integrated development planning
- Multi-sectoral collaboration
- Decentralization decree carried out in practice

Community-led development

- Governance strengthening
- **Community-led development**
- Infrastructure access

Objective

Sustainable socio-economic development based on participatory local development planning and implementation

13,056,553 EUR

38 %

Main interventions in 229 villages

- Village development planning
- 3588 projects via Village Development Funds for
- Capacity strengthening of Village Development Committees
- IT and internet access for VDCs and schools

VDF mechanism

- Fund delegated to each community for their management
- Democratic selection of interventions
- Average fund 37 000 EUR for 16 actions per village
- Coordination by District Planning Office
- Technical support by line agencies
- Implementation by communities

Derived outcomes

- Community empowerment
- Inter-agency and community collaboration
- Link between planning and funding

Infrastructure access

- Governance strengthening
- Community-led development
- **Infrastructure access**

Objective

Improved access
to basic rural
infrastructure in
most needy
communities.

Strengthen GOL
systems

10,577,411 EUR

31 %

Main interventions

- 243 infrastructure projects completed
- Capacity strengthening of multisectoral agencies
- User group formation
- Operations and management funds

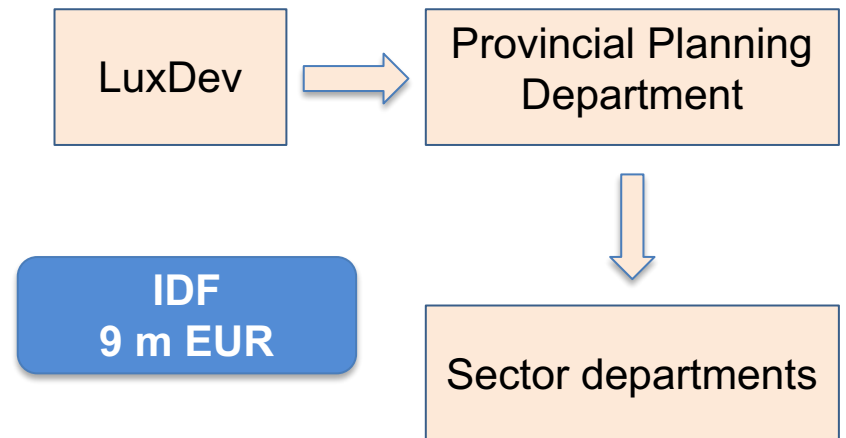
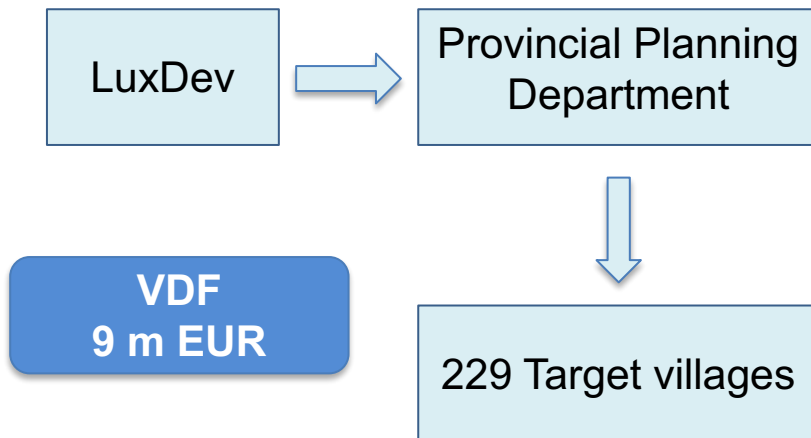
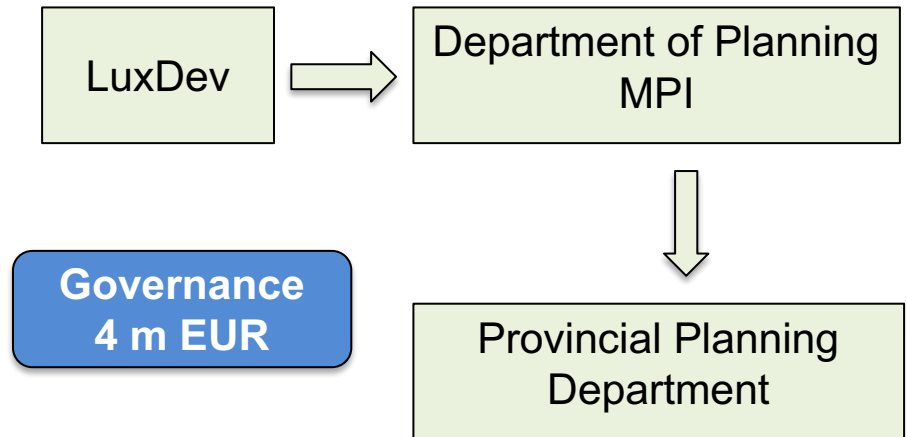
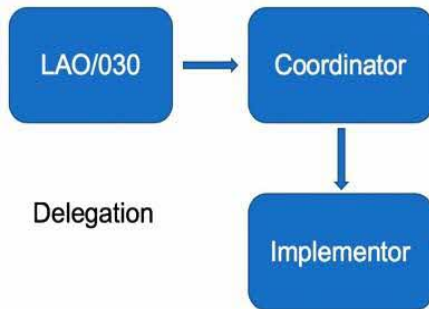
IDF mechanism

- Funds delegated to four provinces for their management
- Prioritization based on village poverty indicators
- Coordination by Provincial Planning Office
- Design and procurement by relevant line agency
- Construction by companies selected through open bidding

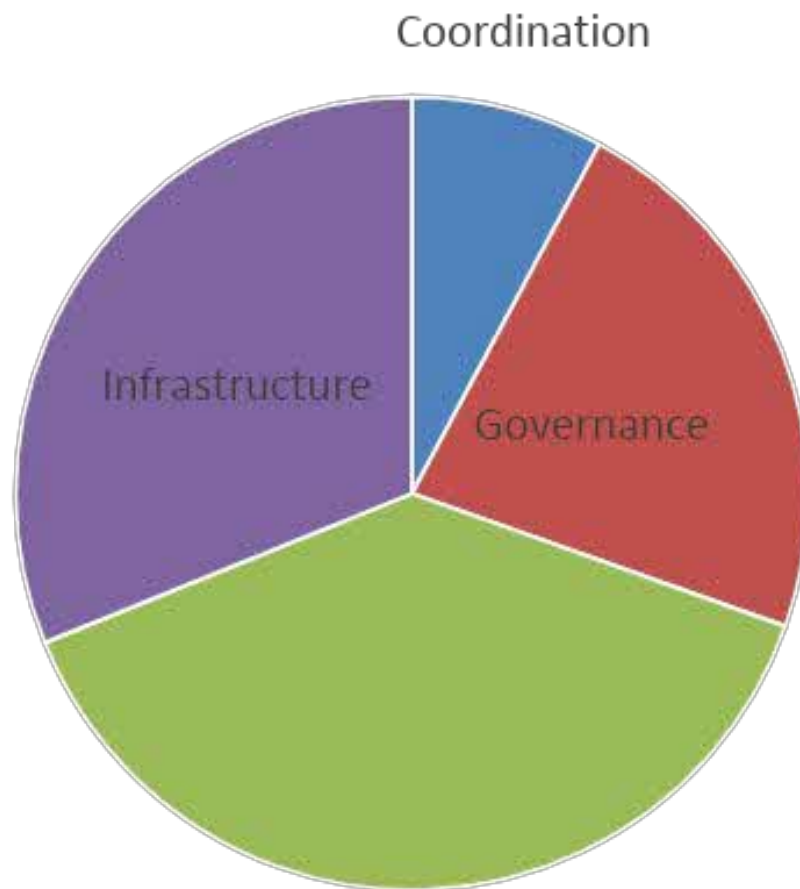
Derived outcomes

- GOL planning, procurement, implementation, and monitoring
- Multisectoral collaboration towards overall poverty targets
- Community ownership

Delegation



Expenditure by Result area - EUR





Socio-economic results

3588 Community-led activities in agriculture, climate change actions, sanitation, clean water, school upgrade, road access, vocational training.

243 Rural infrastructure projects

229 Village development plans and funds

229 Schools benefitting from:

- Child centred education
- Reading programme
- Online-learning
- Teachers' training

70 % of budget spent at village level



Outcomes:

Access to education facilities
clean water, sanitation, communication,
productive activities, training, and
capital and financial services

Impact:

- Improved health
- Higher education outcomes
- Food security
- Public participation
- Sector collaboration

System strengthening

229 Villages strengthened

- Village development planning
- Delegated village funds
- Capacity strengthening
- IT and internet use

Decentralization

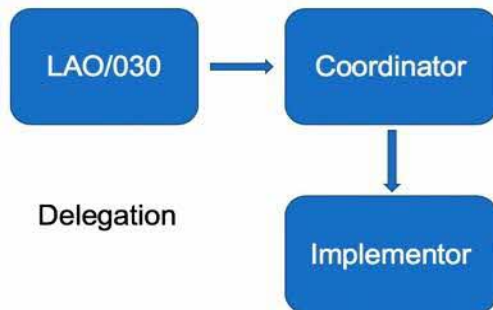
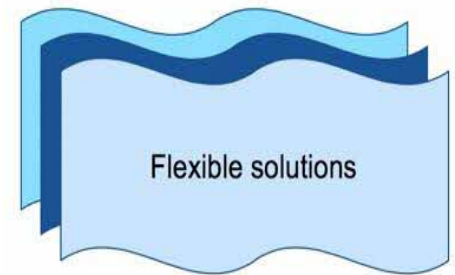
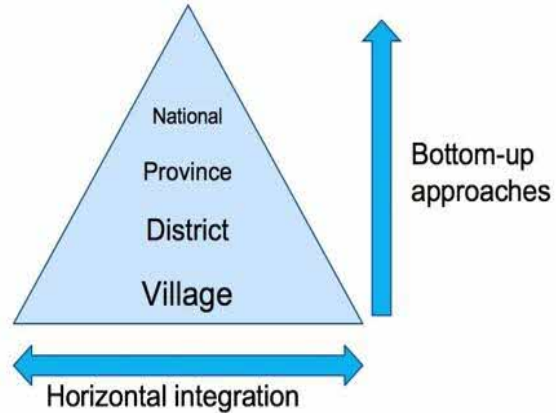
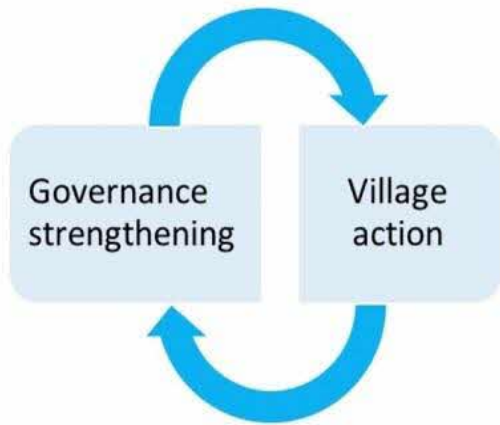
- Vertical mandates according to decentralization policy

10 Sectors collaborating effectively for integrated local development

Development planning

- Integrated local planning systems
- Management information systems
- Funded plans at all levels

6 good principles



Sectors and mass organizations

Planning Health Education Agriculture Environment
Public Works Commerce Women's Union Youth Union

Components

Governance
strengthening

Community-led
development

Infrastructure
access

**Respond to needs and
opportunities**

**Basis for integrated
planning and action**

**Support system
strengthening**

Funding
Capacity str.
Accountability

Support mechanisms

Gender
Environment & CC
Governance

Cross-cutting issues

Principles

Poverty focus

Participation

Integration

Flexibility

Alignment

Delegation

Sustainability

Road ahead

Institutionalize

Upscale

Partner



