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# Semi-annual report October 2002–March 2003

## Laos





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# Disbursement and planning situation

The disbursements amounted to 90 SEK during the period October 2002 to March 2003, which is considerably higher than the same period last year. During the first three months of 2003, 40 MSEK was disbursed, which also is higher than the corresponding period the last year. Forecasted disbursements for the whole fiscal year 2003 amount to 190 MSEK, which is 26% higher than in 2002.

# The political and general development

The period under review begun with the opening of the autumn session of the National Assembly, the one that mostly is spent on debating and approving the Annual budget for 2002 –2003. The debate did not result in any surprises and the government's budget was approved. The assembly also adopted the Nam Theun 2 Hydropower Dam Construction Project's concession agreement with the government, which was one condition for a World Bank's risk guarantee.

In January the government in a ceremony celebrated the 650th anniversary of the founding of Lang Xang with a spectacular procession and unveiling of the statue of King Fa Ngoum, whose existence sometimes has been challenged by historians. King Fa Ngoum was called a great patriot as he rescued the country from foreign invaders. The cult of Fa Ngoum by a regime that terminated the Lao royal lineage in 1975 was somewhat unexpected and foreign media were not late to comment on it. This reaction forced the Ministry of Information and Culture to issue a statement in which it was proclaimed that the raising of a statue of King Fa Ngoum would not be seen as a revival of monarchy in the Peoples Republic of Laos.

In the new year, the security situation in Lao PDR started to deteriorate. On February 6 a fully loaded bus was ambushed along with a tractor and a tuk tuk early in the morning just north of the popular tourist resort of Vang Vieng, situated along the main road 13 to Luang Prabang. The ambush left 12 persons dead among them two Swiss tourists who had the bad luck to travel on the road on bicycle. At least 30 persons were brought to nearby hospitals. The reason for the attack was never explained and nobody appears to have taken credit for it. The government did not call it a terrorist attack but referred to it as banditry. The government reported that a few persons were arrested, but it has not been possible to get information on what happened to those arrested. The reaction from the international community was immediate and most embassies updated their travel advices suggesting their nationals to avoid traveling to Luang Prabang by road. The attack in Vang Vieng was followed by reports on other attacks along road 13 north and numerous rumours of unrest in and around the Xaisoumboun Special Zone.

In March the government lifted the veil on the fate of the five persons that were arrested during the aborted demonstration in October 1999.

In court they were found guilty of collusion with a foreigner and were given between 5 and 10 years prison sentences for treason against the nation.

Among other cultural events in Laos the, listing of Vat Phou in Champasack province by UNESCO as a World Heritage Site may be mentioned specifically. That is the third world heritage site in Lao PDR.

# Economy

The macroeconomic condition in Laos is basically consistent with the picture presented in the last Semi-Annual Report.

Economic growth in 2001–02 has been robust, at 5<sup>3</sup>/<sub>4</sub> percent, supported by continued aid flows and higher private investment. Industrial production grew at over 8 percent in the year to September 2002. Foreign investment approvals have picked up significantly, and services and related small-scale private investment also grew quickly.

In mid-2002, the depreciation of the kip and a surge in inflation were serious policy concerns. After being relatively stable in October 2001–April 2002, the kip depreciated by 13 percent during May–September 2002, and inflation rose rapidly from about 7 percent in the first part of 2002 to about 15 percent in September, where it has remained. These price and exchange rate pressures reflected mostly fiscal weaknesses and complications related to reducing credit in a dollarized economy. Since September, a tightening of financial policies has resulted in an appreciation of the exchange rate by 2 <sup>1</sup>/<sub>2</sub> percent, and a reduction in the monthly inflation rate to more normal levels.

Reflecting their intention to limit inflation, the authorities took steps in late 2001/02 to bring the budget deficit under control, but were initially only successful on a cash basis. Notwithstanding significant revenue collections in the September quarter, budget revenue was below plans because of delays in developing modern tax procedures for large taxpayers, tax concessions, and the underreporting of revenue by some surplus provinces. In response, the authorities took steps to cut spending, especially capital expenditures, by utilizing newly introduced commitment controls. These were not fully effective at the provincial level, and underlying bank financing of the budget deficit rose by about <sup>1</sup>/<sub>2</sub> percent of GDP in the June quarter. As the problem became more apparent, the authorities deferred about <sup>1</sup>/<sub>2</sub> percent of GDP of budgeted capital expenditures to 2002/03, and further restricted bank financing. Thus the 2001/02 cash deficit was reduced to only 3.6 percent of GDP, with underlying bank financing remaining at <sup>1</sup>/<sub>2</sub> percent of GDP.

However, while the cash deficit was contained, this was accompanied by an increase in expenditure arrears. As noted above, controls on capital spending were not fully effective at the provincial level. Thus, significant capital expenditures already in the pipeline were not postponed and an



amount equivalent to  $\frac{3}{4}$  percent of GDP is estimated to have been financed by the accumulation of arrears. This and the postponed commitments, totaling about  $1\frac{1}{4}$  percent of GDP, are likely to have added to aggregate demand and foreign exchange pressures (repeating the experience in late 2000/01) as enterprises undertook capital projects in advance of receiving actual payments from the government. Taking into account expenditure postponements and arrears, the 2001/02 budget deficit amounted to 4.9 percent of GDP.

Although the conduct of monetary policy was generally appropriate, it did not have the predicted short-term impact on reducing inflation. After excessive credit growth in December 2001–May 2002, accompanied by a sharp increase in nonperforming loans (NPLs), the authorities took strong corrective actions to bring the credit program back on track. Following guidelines set by the Bank of the Lao P.D.R. (BOL), during the September quarter, net domestic assets of the state-owned commercial banks (SCBs) were steadily reduced with credit repayments, mainly in foreign currency. In addition, in July, the BOL increased the required reserve ratio, and starting in August reduced its deposits in banks (mainly in foreign exchange). While these policies tightened the financial constraints on banks, some also added to the demand for foreign exchange and contributed to downward pressures on the exchange rate. These exchange rate pressures were accommodated by the BOL accumulating substantial international reserves, and the latter reached \$186 million in September, higher than targeted. The SCBs raised short-term kip deposit interest rates by 3 percentage points in November, and reduced interest rates on foreign currency deposits. This, the seasonal reduction in foreign exchange demand, and lower budget spending contributed to the appreciation of the kip.

The state auditor completed its audit of the BOL on schedule in August, although it was not at international standards and further refinements were made in subsequent months. Strengthening and reorganizing of the tax and customs departments was mostly met as progress was made toward a more integrated national customs operation through combining the inspection divisions in two large provinces. In addition, with a view to adopting a functional organization structure, a new division of the Tax Department was created to give greater emphasis on auditing, training, and statistics. An agreement was reached with the IMF on a medium-term public expenditure management plan, and progress was made in developing expenditure data by type of administrative unit for education.

More broadly, reforms are on track in the banking area, but progress in state-owned enterprise (SOE) reforms is lagging. While the on-site inspections showed that the NPL ratios of the two small SCBs on their post-2000 lending remained high, the deterioration has been halted with the greater control over total credit outstanding. The NPL ratio for the largest state bank was reduced to below 15 percent via debt restructuring, as well as credit repayments. The approval of the AsDB's Banking Sector Reform Program at end November 2002 and the related technical assistance program will enable the placement of two international banking advisors in each of the SCBs. As regards SOE reform, restructuring programs for five large SOEs have been prepared, including for the Phoudoi

conglomerate, Pharmaceutical Factory No.3, and Lao Aviation. However, some of the proposals are relatively weak, and the government is now reviewing them.

# Sector reports

## **Co-operation within the Natural Resources Management Sector**

### *Co-operation and development in the sector*

The Lao PDR's National Poverty Eradication Programme (NPEP), which was presented at a Mini-RTM 30 May, did in principle not touch upon forestry issues. The forestry sector will however be integrated in the next version according to MAF and the FS2020 secretariat.

A National Environmental Strategy as well as Action Plan has been developed and will be submitted to the National Environmental Committee (NEC) in June before submitting it to the government for endorsement.

The responsibility for co-ordination of rural development was transferred from PMO/CPC to MAF during 2002 and the rural development committee was dismantled. The Strategic Vision for Integrated Watershed Management for Sustainable Mountain Development and Poverty Alleviation (developed by MAF 2002 with Danida support) was given a detailed presentation during the mini-round table meeting.

The elaboration of a National Forestry Strategy to the Year 2020 (FS2020) has continued during the period with support mainly from Sweden, but also from JICA. See FS2020 below for more information.

A policy and legal framework for facilitating production forestry programmes involving villagers was created through the Decree PMO 59/2002. The regulatory framework, not yet finished, will be important for its implementation. Seven principles for village participation in sustainable participatory management of production forests, previously agreed between the Worldbank and GoL, were the basis for the decree. A related programme has been formulated with assistance from the Worldbank and Finland and is expected to start during 2003. The agreement between the World Bank and GoL has been signed after some delay.

Results from a nation wide survey of land use and forest cover carried out by MAF (with Swedish support) shows a continued reduction and degradation of the forest covers from 47% 1990 to 41,4 % 2002. Field studies for analyses of underlying causes have been supported by Sweden (FS2020). Preliminary results indicates that the often blamed shifting cultivation does not explain the changes but rather the uncon-

trolled logging, together with infrastructure development (e.g. dams, road, as well as increased paddy land area etc). The picture looks different in different parts of the country. See FS2020.

The Lao-ADB Industrial Tree Plantation Project was extended until the end of September 2003. A third phase is being formulated, called the Tree Plantation for Livelihood Improvement Project. Socio-economic studies carried out during the planning phase shows that the so called land for “potential forest” as well as the category “degraded forestry” in many cases is already utilised by the villagers and is an important part of their livelihood systems. ADB has recently called for an open brainstorming meeting indicating that attention will be given to such information in the continued planning.

Switzerland (SDC) is planning to increase and strengthen its co-operation with Laos within the sector, particularly with NAFES/NAFRI/MAF. Sweden and SDC have for some time been seeking co-operation opportunities. The Lao-Danish Natural Resources and Environment Programme is now in a phasing out period as the co-operation with Laos will soon come to an end, and comprehensive documentation has recently been distributed. Also some of the GTZ supported programmes are phasing out as a result of that Germany has decided to focus, not decrease, its support to Laos. The long term GTZ-support to Faculty of Forestry at NUOL therefore suddenly came to an end early 2003. Germany will support the development of a Masterplan for Land and Forestry Allocation. Sweden had previously been requested to support the Masterplan but finally gave a negative answer. These changes in the donor structure within the sector have impacts also on the Swedish co-operation, particularly on the programmes we support at STEA, NAFRI, MAF, and NUOL.

#### *National Forest Strategy 2020 (FS2020)*

Agreement period: 0205–0406 (including an eight months extension)

Agreed contribution: 4,168 MSEK (including additional SEK 468 000)

It has been an active period for the preparation of *The Forestry Strategy to the Year 2020*. A number of activities have taken place, e.g.:

- A land use and forest cover survey of Lao PDR was finalised resulting in a new forest cover figure of 41.4 %, compared to 47% 1992, and 49% 1982. These facts were not welcome by all the Lao officials, as they indicate that efforts to stop deforestation have not been successful. Follow-up studies to analyse the underlying causes of the negative trend have been carried out. The analyses (still unofficial) to date points in the direction that the deforestation is mainly caused by infrastructure (roads, dams etc) and uncontrolled logging (legal and illegal). The links to rotational shifting cultivation are weak. The picture varies between the south and the north:
- An International Workshop was organised in November on Forestry and Poverty with the Director General of CIFOR as one invited key speaker;
- MAF and the embassy held a semi-annual review in March and agreed on an extension of the project period with eight months.

The extension was made possible because of the postponed presentation of NPEP, in which FS2020 will be integrated. The extension provides for additional time which will be useful for the further development of many complex issues of FS2020;

- A Consultation Meeting with donors, international NGOs, relevant ministries and organisations was held in May. During the meeting a number of Discussion Papers on critical issues to be addressed in FS2020 were presented and discussed;
- The parties held a second follow up-review in June. The embassy had before the meeting submitted a letter to MAF with a list of sensitive issues to be addressed in the FS2020 and to be discussed during the review meeting. An open and frank discussion took place and resulted in some clarifications. Some remain. It was agreed that Lao PDR would submit a written response to the letter.
- A first draft of FS2020 is soon to be finalised. This draft will be discussed during a second Consultation meeting planned for July.

Work has in general followed agreed plans. A number of issues are dealt with within the framework of FS2020. Many of them are in Lao PDR considered sensitive. These are e.g. land use changes, such as forest cover reduction; shifting cultivation stabilisation; village consolidation and relocation; land allocation; benefit-sharing in village forestry and particularly of timber sales; regional (il)-legal trade of timber, NTFP and wildlife; etc etc. Therefore the internal processes sometimes take more time than originally planned for. This is understandable, as forestry is complex to its nature. It is involving a number of stakeholders, often with contradictory interests. It also requires a long-term perspective. In spite of the inter-ministerial Steering Committee it has proved difficult to get a true and active participation and ownership among stakeholders outside the MAF-domain.

An international workshop putting the Lao forestry sector in a regional perspective, acknowledging the tremendous pressure on its remaining timber, NTFP, and wildlife resources from neighbouring countries like Vietnam, China and Thailand has once again been postponed. The plan is now to have the workshop in October 2003.

*The Upland Development and Poverty Alleviation Programme*

*– A Planning Phase – UDPAP*

Agreement period: 0109–0208

Agreed contribution: 5,0 MSEK

The draft project proposal for a *Lao-Swedish Upland Development and Poverty Alleviation Programme*, submitted by the Ministry of Agriculture and Forestry/MAF in April 2002, was not approved by Sida HQ for an appraisal. MAF was in February 2003 suggested to develop a revised proposal. Sida HQ later submitted a memorandum, elaborating on views of a new program. A written response is under preparation by MAF. The development of an “*Upland Development and Poverty Alleviation Programme*” has lost its momentum.

The *Lao-Swedish Upland Agriculture and Forestry Research Programme 2001–2005 (LSUAFRP)*, under the umbrella of NAFRI/MAF, has had an impressive development during its first year. The programme has already during its short existence got a reputation of delivering quality research on highly relevant aspects of the upland development.

During the Annual Review Meeting in November a number of constraints for a smoother implementation of the programme were dealt with. The development of procedures and processes within the programme management component has continued to meet problems originally not expected. Progress has therefore in some respects been slower in spite of hard efforts. Decision-making is slow, as is approval of plans and budgets.

A Farming System Research/Extension Strategy (FSR/E-S) has been developed within the programme. The FSR/E-Strategy calls for an interdisciplinary approach requiring multi-disciplinary research teams in the field with staff from NAFRI's different units/centres and stations. This is in itself a challenge in a hierarchical organisation. "Details" like different units having different budgets create problems, which have still not been solved. NAFRI's management, including the administrative and budgetary systems, was not designed to meet these needs of flexibility, thereby slowing down planning for joint activities, e.g. fieldwork. Another constraint has been to mainstream the Forestry Research Centre's activities into the programme. This resulted in an ongoing phasing out of some activities previously agreed upon, but which no longer fit into the new framework of the FSR/E-strategy.

The LSUAFRP also requires good collaboration with actors outside NAFRI, e.g. NAFES, and other programmes and projects. This will also be an important approach for a broader dissemination of research results. Close co-operation with the local authorities is also essential. The parties have agreed on the need for a flexible approach to the implementation of the programme in order to be able to utilise any new space opening up for research. This is essential if the programme will have an impact on policies affecting the livelihoods in the uplands.

A workshop to revisit the LFA for streamlining the programme was carried out in January 2003. It was agreed to have regular revisits of the LFA to ensure that the programme is kept updated to the actual situation in the uplands. These revisits will be carefully documented to facilitate future monitoring and evaluation of the programme.

A HRD strategy and an Information Services & ICT strategy, both covering entire NAFRI and not only the programme), as well as a Strategic Vision for the Socio-Economic Unit of NAFRI, have been developed during the period.

Interesting findings related to current land use systems and the impact of ongoing land use planning, land allocation, village relocation and stabilisation processes have been reported in the diagnostic studies from

the research villages. New research on indigenous soil classification is already starting to produce relevant information.

A Mid-Term Review Meeting was held early May. The meeting was preceded by an external MTR-study. The need for additional resources was identified, mainly for extension of technical assistance, but also for investments for ICT, as well as for developing institutional co-operation with regional and international (incl. Swedish) research organisations, particularly with universities. It was also agreed to carry out an assessment of the Capacity Building component with the aim to provide recommendations on how to broaden the component and put more emphasis on Institutional Development.

#### *IUCN*

Planned:

Agreement period: 200308–200607

Agreed contribution: MSEK 3,0

Discussions during the previous reporting period resulted finally in an agreement between the embassy, NATUR & ASIEN-HQs, IUCN, STEA and MAF to have a direct agreement between the embassy and IUCN/Laos as well as between the embassy and CPC. A revised draft proposal has been elaborated and recently submitted. The basic idea is a three-year support, providing resources to enable IUCN to, on request from ministries or other organisations in Laos, assist and provide necessary services. The support can be seen as a core-support to IUCN's five-year plan 2001–2006. The proposal describes the focus and approach to be applied to implement the five-year plan.

### **Co-operation in the Road Sector**

#### *Cooperation and development in the Sector*

A National Poverty Eradication Programme (NPEP) for the transport sector is under preparation by MCTPC with an overarching strategy in reducing poverty through the provision of an enabling, safe and efficient transport sector. A consultation workshop with stakeholder and donors was held on 2 May. However a strategy to deal with lower level of road categories, which cover almost 70 percent of total local road network and serve the poorest rural population, is missing in the draft NPEP. The balance between capital investment and recurrent expenditure is not adequately considered.

MCTPC, with support from ADB, is preparing mid-term action plan aiming at translating the government's strategic directions for the road sector development into a medium-term action plan (MAP).

The Road Maintenance Fund (RMF) that started in operational in February 2002 has managed to collect and disburse only USD2 million. According to the original plans, RMF was supposed to cover 40% roughly USD 7–8 million and around 10% of the fund should be used for local roads. The financial gap for this year in the amount of USD 5 million has been allocated from consolidated budget of GoL. The portion of fund for local roads is not yet implemented. RMF board meeting held on 6 May reached a conclusion to raise the fuel levy from Kip 40 to Kip 65 per liter.



An Evaluation of the Institutional Development in Lao PDR, focusing on the road and forestry sectors was carried out in November 2002 by a Swedish consultant. The purpose of the study was to identify key areas and issues for further investigation, guided by a method for institutional and organization development.

MCTPC, Sida and the WB had a joint annual review of the cooperation in the road sector in March 2003 and plans for a next meeting in October 2003.

*Lao-Swedish Road Sector Programme 2 (LSRSP-2)*

Agreement period: 0101–0506

Agreed contribution: 151 MSEK

The total Sida contribution was increased from 140 MSEK to 151 MSEK in December 2002 as 11 MSEK was allocated to emergency maintenance of national roads.

The general progress is viewed as very good with regard to the actual maintenance activities and application by the DCTPCs of the established maintenance procedures. About half of project budget is devoted to maintenance of the so called maintainable local road networks in the seven provinces. After initial difficulties to establish a baseline, the project is now reporting the average road condition on the identified road networks.

The average road condition index show that the roads are preserved in a fair condition with a trend of being improved. The total length of roads under maintenance has also increased and corresponds 30% of the local roads in the seven provinces.

The budget utilisation rose from 5% after the first to 27% after the second quarter. Local contributions were 16% of the paid amounts compared to agreed 30%. The project expects that local contributions will catch up by the end of the fiscal year.

The physical works are well ahead of the financial reporting. All Sida-financed maintenance works of the year are in full swing and are expected to be completed during the third quarter (ending June 03).

The outcome of the “Workshop on Community Road Maintenance” was published in October 2002. Higher levels have taken no further actions with regard to guide the continued development, but the project continues its efforts to developing road maintenance along its proposed “Tentative principles” on the basis of agreements at the provincial level. A report “Experiences of Community Maintenance Trial Roads, April 2003” was disseminated.

LRD has launched a concept, “Community Roads System – CRS”, which incorporates both the “Tentative principles” of LSRSP 2, catering for engineered roads and basic means of access as tracks, trails and footpaths. The latter currently represented by two PRTP pilot districts under LSRSP2 and the JSDF-financed “Sustainable Rural Mobility and Participation Project” (four pilot districts). The project includes the use of PRTP for planning and prioritisation.

It should be noted, as pointed out by TA staff, that the duration of the project (3,5 years) is somewhat short to provide the target group with enough road maintenance experience to ensure an independent, in-depth road maintenance competence equalling a capacity rating of level 4.



The Team leader (TL) of LSRSP 2 is now incorporated in the line organisation placed at LRD. His main task is still to work with the coordination and monitoring of the LSRSP 2, but also work in close cooperation with RAD regarding maintenance of local roads and LRD regarding community roads. For the remaining project period (roughly 1,5 year) TA-staff will pay full attention and focus on the capacity building in order to reach the project goal.

For financial planning, accounting and reporting the financial management system (FMS) worked out by LSRSP 2 has been found to be appropriate not only for this project but also for the RMP activities. This is a good example of how different donor agencies can cooperate and also be successful in the alignment in the recipient country.

The aim for the future LSRSP, RMP and other agency programmes will now be to have the same successful cooperation in the technical field e.g. to coordinate the development and implementation of a common road maintenance system. ("One-Country-One-System"). This goal will be a real challenge for MCTCP and will require a smooth and understandable cooperation with and between the different donor agencies involved in the road sector activities. To do so, there is a need for further analysis to improve the coordination of systems and procedures in the context of the One-Country-One-System approach. The issue should then be included in the agenda of the next Tripartite Coordination meeting, indicatively planned for October 2003.

The Mid-term Review that will be conducted in July 2003 is expected to assess the accumulated achievements to-date in the field of maintenance and – if need be – propose such alterations and/or additions in order to obtain and enhance the final results.

#### *Rehabilitation of Road 8*

Grant agreement period: 0102–0512

Agreed grant contribution: 18.2 MSEK

Loan agreement period: 0105–1812

Agreed soft loan: 100 MSEK

After a long process of the selection of the contractor, the contract has been awarded to a Lao-Vietnamese consortium. The contract was signed between MCTPC and the contractor on 12 March 2003.

The contractor has mobilized machinery and staff and currently focused on detailed surveys of the damage sections after Km 124. The facilities for the Engineer are under construction.

11 MSEK was allocated through LSRSP 2 for flood damage control on road 8. This has been considered as emergency works and included in the main rehabilitation contract.

The MacFarlane Burnet Institute will be engaged as service provider to implement HIV Prevention Programme for the local community living along the construction site and construction workers. The programme will be implemented in two years. It is intended to be a pilot project for Laos to mainstream HIV prevention into an infrastructure development project.

The maintenance of completed section of Road 8 from KM 0 to 50 has been carried out in accordance with the Five Year Maintenance Plan

prepared by RAD in 2000. The revenue from collection of bridge toll at Nam Theun Bridge and as well as the two weighing stations are now being deposited into the RMF sub-account.

## **Co-operation in the Health Sector**

*National Drug Policy Programme Phase III (NDP)*

Agreement period: 0101–0306

Agreed contribution: 13.5 MSEK

During the reporting period, NDPP has largely been on track with its activities. A strong emphasis on management and consolidation has characterised the period, with concentration on financial systems, phase out and sustainability planning. On the technical side, emphasis has been on implementing the quality assurance, regulatory and RUD instruments and systems, and monitoring their use.

Local and regional consultants have played an important role during the period. Thai consultants carried out microbiology training at FDQCC, and a laboratory expert from Vietnam assisted FDQCC for three months to build capacity in GLP. A local financial expert worked with accounting and management staff at FDD to carry out an analysis of the financial system and prepare initial guidelines for the financial management systems of FDD, PMU and FDQCC.

The five health system research projects are nearing completion, scheduled in April 2003. The successful Karolinska Institute PhD candidate, Dr Lamphone, is now assisting MOH in health system research, analytical work and management support.

Sustainability plans have been put into action. An internalisation plan for the project staff has been developed. Efforts have been made to secure future funding via various agencies including the EC, WHO, AusAid, JICA and ADB.

*The National Water Supply and Environmental Health programme*

Agreement period: 9801 – 0412

Agreed contribution: 75,4 MSEK

The *National Water Supply and Environmental Health Programme* has a clear focus on poverty alleviation in the poorest and most remote areas with a high portion of ethnic minorities. The implementation has continued to improve also during this reporting period.

A Specific Agreement for a consolidation and phasing out of the project during 18 months was signed in December 2002. Both the support channelled through UNICEF and the direct support to Nam Saat is continued. UNICEF is supporting Nam Saat, mainly with Sida-funds, with the same aim to implement the Lao sector-wide approach with focus on the remote and poorest areas.

As agreed already during the annual review meeting, in November 2001, Sida conducted an external sector study. The purpose of the study was to examine the roles and mandates within the sector:

- (1) Within the Ministry of Health the unclear role of Nam Saat, particularly in relation to Department of Hygiene, had since long been iden-

tified as a bottleneck for further development and strengthening of Nam Saat;

- (2) The unclear division of responsibilities between ministries (MoH and MCTPC). Nam Saat is responsible for water supply in the rural areas. That means about 80–85% of the country and population. Nam Saat is also responsible for environmental sanitation in Laos. Nam Saat does not have the status of a department within MoH, only as a “Project”.

The study confirmed the lack of clarity and gave a number of recommendations requiring high level actions to be taken, e.g. to upgrade Nam Saat to a Department. These issues have thereafter frequently been taken up by the embassy with MoH. The embassy has presented its willingness to support such a review and further restructuring to solve organisational constraints of Nam Saat. There are indications that Nam Saat's role, responsibility and mandate finally are under MoH review. Eventual revisions remain to be seen but are indeed hoped for.

Nam Saat being responsible for the National Environmental Health and Water Supply Programme is still not able to fulfil its obligatory management-and-co-ordination role in the sector. The decentralisation process has been supported by the project and has also made some progress. The support to the still weak private sector (in rural and remote areas) is part of the decentralisation strategy. Some Nam Saat staff in the centre continues to seem unclear on its new role and may fear loss of control. The capacity in the provincial and district levels is indeed still very low. Training that has been provided in this as well as other projects has often not reached the staff in position to apply new knowledge and bring in changes.

During this reporting period the implementation of the HRD-plan, developed during the previous reporting period, started. A revision of the National Strategy for Rural Water Supply and Sanitation (approved 1997) is ongoing based on the five years experience. The aim is to come up with a strategy, which is less complex to implement. Progress related to the implementation of the gender action plan, as well as the monitoring & evaluation system, has slowed down as a result of that the responsible person left her position. The development of an Information, Education and Communication (IEC) strategy has just started with assistance of a short-term consultant.

### **Statistics – National Statistics Centre, NSC**

Agreement period: 0111–0506

Agreed contribution: 26 MSEK

During the reporting period, the strengthening of statistics in the socio-economic field has been given high priority. Field work for the LECS III was finalised by end of February, according to plans. Data collection for the Enterprise survey 2002 was prepared and will start in April. Survey of prices for the PPI is integrated in the Enterprise survey. Planning for the first survey in the annual Household survey program has started. The survey will be fielded in September–October 2003. Work with

enlargement and revision of National Accounts and adaptation of the accounts to SNA 93 has continued.

Notifications to the new statistical decree have been worked out. They will be communicated to concerned organisations and stakeholders in different ways.

The IT-environment was maintained and strengthened. All provinces, except the Xaysomboun SR, are now connected to the Intranet via dial-up modems, and electronic data-deliver is slowly introduced. The IT-situation in the districts is continuously improving. Computers and training is by now provided to 5 provinces. The IT-situation at NSC is not yet fully satisfactory. A qualified IT-manager is appointed and the number of designated IT-staff is satisfactory. More training is still needed and this will be prioritised.

In the part of the statistical system where NSC has little or no power, the line ministries and provinces, the situation is about the same. The need for improved statistics, and indeed better coordination, is noticed in several areas. Improvements in agriculture statistics was discussed.

NSC:s program for organisation development and management training is continuing. In February a workshop, where all NSC staff participated, discussed work planning and identified need for human resource developments. This was a basis for the development of a Capacity building plan.

In March the mid-term review was undertaken to provide input for the consolidation plan/exit strategy of the project. The review concluded that the project has progressed according to plans, with certain delays in some areas. Delays are to a large extent explained by staff shortages, worsened by ad-hoc requests to NSC for special surveys as well as analytical and policy work. These requests have taken resources from other tasks, from both regular production and planning, involving both regular staff and consultants. Too much focus has been set on the production role. A gradual move of project effort towards organisation development and managerial issues was recommended. NSC has developed well as an organisation and enhanced its capacity considerably through the project co-operation. Crucial output is coming up with regularity and quality improvements. NSC has placed itself on the map as an important governmental institution and receives increased respect as the central statistical institution of Lao PDR. However the review also noted that NSC exposes serious weaknesses. It is heavily dependent on outside support in a number of respects: Financially as well as technically, both for its operations and for its long-term development. The NSC should from now on embark on a strategy implying both concentration on sustainable core business and explaining its role in the national statistics system.

The review recommends that this should be done through:

- Implementing a marketing strategy, including the Central Planning Commission (CPC) as responsible actor
- Defining the least acceptable level of business and output volume of the organisation
- Define least acceptable input and capacity of the organisation
- Increasing the the degree of managerial independence of NSC

- Developing a commercial strategy
- Developing Financial management

### **Support to Tax Administration**

Agreement period: 0210–0303

Agreed Amount: 2,7 MSEK

The Ministry of Finance and Sida reached an agreement that Sida was to assist the MoF in the preparation of a project proposal, aiming at further strengthening the fiscal management of the Tax Department (TD). The National Tax Board of Sweden was to assist the MoF in the preparation and drafting of three reviews and a project proposal, based on the findings in the reviews. The reviews were to cover Tax Policy And Tax Administrative Procedures, Human Resource Issues, Organisation And Management Issues. The Project Proposal was to cover all three areas and recommending a long-term project plan, aiming at strengthening the fiscal management capacity of the TD.

The project started as planned on the 1 of October 2002 with the fielding of the long-term expert Mr. Henrik Konkel in Vientiane. The agreed management arrangements were not in place on the arrival of the long-term expert. They were actually not set up until the end of January 2003, and the final decision on the counterparts from the MoF was not at hand until the end of March 2003.

Two of the three reviews, namely the Tax Policy Review and the review on Human Resources were finalised and presented to the stakeholders on time. The review on Organisation and Management and the Project Proposal were only slightly delayed. The final draft as well as the preliminary drafts were submitted to all the main stakeholders for comments.

The involvement from the Tax Department in the preparation of the project proposal was weak in the start-up of the project. However, the engagement did increase during the second part of the project.

### **Administration Reform in Luang Prabang Province (GPAR-LP)**

Agreement period: 0112–0406

Agreed Contribution: 10,2 MSEK

The long-term aim of this pilot project is to develop a public administration that is more effective and efficient in delivering services to the public. The pilot project has been developed within a framework of a broad-based UNDP initiative on Governance and Public Administration (GPAR). The start of the project was slow as it took a long time to get advisors in place. An organisational review has taken place and a detailed workplan for 2003 has been elaborated. An first annual review was held in February 2003 and the meeting revised the project objectives slightly in light of the organisational review. A detailed workplan and budget for 2003 was adopted. At the annual review it was agreed that the project will continue to develop accurate baseline information against which to measure performance. At the meeting Sida stressed the importance of having a client perspective, integrating gender issues and consider ethnic-

ity in the project as people from ethnic minorities are often marginalised when it comes to receiving public services and underrepresented in the public administration.

Since the advisors came onboard the implementation of the project has been satisfactory even if it is starting from a more basic level than anticipated in the project document.

During the reporting period, discussions have been ongoing regarding a UNV supported project that would be closely related to the GPAR-LP project. The Embassy was informed at a very late stage in the process that the project was being planned. As the UNV project is closely linked to the GPAR-LP project and might also draw on resources in the GPAR-LP project, close monitoring of the situation by Sida is important.

### **Support to the Legal Sector and human rights**

Generally the implementation of projects in the legal sector is slow and characterised by low capacity on the Lao side. A comprehensive assessment on the Lao legal sector was done by UNDP in 1996–97. To take stock on developments since then, in view of the amount of support the sector has received, it has been decided among donors to commission another study on the Lao legal sector. This study will be available in the second half of 2003.

13 Lao students studying a Masters of Law in Thailand are financed under the Consultancy Fund.

#### *Support through the Ministry of Justice (MoJ)*

Agreement period: 9601–0210

Agreed contribution: 14 MSEK

An audit of the co-operation was carried out in September 2001 concluding that money had not been spent in accordance with sound financial principles. In August 2002 an evaluation was carried out concluding that the project had had many problems and to a large extent not reached its objectives. A management response to the evaluation is being developed by Sida Stockholm. A final report of the project has been prepared by the Embassy.

A meeting was held with the Vice-minister of Justice to discuss the evaluation. The conclusions of the evaluation were not disputed by the MoJ. The Embassy informed the Ministry that further support to the legal sector is depending on the outcome of the Legal Assessment carried out by UNDP and the Swedish country strategy process. In light of the evaluation, a decision has been taken by the Embassy not to support the Ministry of Justice in the same form as before.

#### *Strengthening of the Legal Education and Training in Lao PDR*

Agreement period: 0007 – 0403

Agreed contribution: 12,0 MSEK

The project aims at strengthening the Faculty of Law and Political Science at the National University of Laos so that they can give a higher quality legal education.

During the period various training opportunities have been provided for staff members. Training opportunities are both long-term and short-term and cover both administration and legal matters. During the reporting period workshops on settlement of civil cases, juvenile delinquents, drug-related offences, protective measures and extradition have been organised at the Faculty.

One main effort in the project is English language training as this is seen as a prerequisite for legal training and general development at the Faculty. A native English speaker has been recruited as trainer to strengthen the English teachers at the Faculty.

Two more basic textbooks to be used as teaching materials have been produced within the project, one on Civil Law and one on Theory of State and Law.

An annual review meeting was held in December. It confirmed that project implementation during the previous year had speeded up and that the project is on track.

Discussions on a second phase of the project were initiated. A series of LFA workshops have been held which will be the basis for development of a project document for a second phase.

*Strengthening the Judiciary in the Lao PDR (People's Supreme Court)*

Agreement period: 0006–0406

Agreed contribution: 1,2 MSEK

The support to the People's Supreme Court is channelled through UNDP and constitutes about 20% of the total project budget. The main part of the activities consists of different kinds of training, both English and legal training. Casebooks have been published and disseminated to provide guidance on the application and interpretation of laws, with the aim to upgrade legal knowledge and assist in the resolution of cases. In December an extension of one year was agreed upon to allow for evaluation and preparation of a possible continuation of the project. The UNDP supported Legal Sector Assessment will address progress of this project. During the reporting period implementation has been slow and there have been no further progress in the setting up of a joint legal training centre for MoJ, the Supreme Court and the Office of the Public Prosecutor.

*Strengthening the Office of the Public Prosecutor*

Agreement period: 0005–0406

Agreed contribution: 2,4 MSEK

The support to the Office of the Public Prosecutor is channelled through UNDP and constitutes about 40% of the total project budget. The main part of the activities consists of different kinds of training, both English and legal training. An information management system needs analysis has been conducted with the aim to establish a data management system at the OPP. In December an extension of one year was agreed upon to allow for evaluation and preparation of a possible continuation of the project. The UNDP supported Legal Sector Assessment will address progress of this project. During the reporting period implementation has



been slow and there have been no further progress in the setting up of a joint legal training centre for MoJ, the Supreme Court and the Office of the Public Prosecutor.

*Dissemination of the Convention on the Rights of the Child (CRC)*

Agreement period: 0209–0508

Agreed contribution: 5,0 MSEK

A project entitled “Realising Rights for All: Promotion of the Convention on the Rights of the Child” was agreed upon in September 2002. The project is implemented through UNICEF and the main Lao counterpart is the National Commission for Mothers and Children. The objectives of the project are to develop a local CRC training capacity for sensitisation of Government officials on the CRC, to improve knowledge and understanding of CRC amongst teachers and children for improved monitoring and implementation of CRC and increase participation of children in identification and education of key CRC issues affecting children’s safety and wellbeing.

As a first activity a baseline study on existing knowledge of and attitudes towards the CRC has been carried out. The study reveals the very low awareness of rights especially among teachers. The youth participation component of the project (production of a Facts for Life booklet by youth for youth) is ahead of schedule and the other components (development of training material and a child friendly version of CRC) are on track.

*Fund for Human Rights/Democracy projects  
in Laos 2002 and 2003–2004*

Agreement period fund for 2002: 0203–0306

Agreed contribution fund 2002: 1,5 MSEK

Agreement period fund for 2003–2004: 0303–0506

Agreed contribution fund 2003–2004: 4 MSEK

*Fund 2002*

A request for funding from PADETC (Participatory Development Training Centre) of the project “Young Lao TV: The Voice of Lao Youth” was approved in the beginning of October. This activity will be reported back to Sida/ASIEN in the report covering 2003.

*Fund 2003–2003*

In March 2003 the Fund for 2003–2004 was approved. During the reporting period the fund was used to finance Lao participation in the UN Human Rights Commission as well as the first meeting of the Informal Working Group on Human Rights between Laos and Sweden held in February 2003.

## **Cooperation in the Education Sector**

Various donors/lending agencies are focussing their contributions on the education sector. The ADB funded Second Education Improvement Project’s (EQIPII) consultancy contract was signed in May 2003. The fielding of the first consultants is expected by mid-June 2003.



The World Bank funded Second Education Development Project (EDPII) focussing on the six poorest provinces got new impetus by including a social safety net policy such as the development of policy paper on mother tongue instruction, the effectiveness study on the Concentrated Language Encountered methodology (teaching Lao to non-Lao speakers), the ethnography study and the study on enrolment and repetition in relation to the language of instruction. This social safety net policy will not have direct impact on children learning until a strategy paper is adopted by the government in 2004–2005 followed by a pilot project. It was not an easy decision for the Ministry of Education (MOE) to accept this dramatic change in education policy that will be submitted shortly to the government for approval before EDPII negotiation takes place in June 2003. The MOE is likely to seek grant funding for the social safety net policy. In line with CS hypothesis, the Embassy is actively discussing this matter with concerned organisations in view of possible Sida funding for the first symposium on language of instruction later this year. The World Bank is fielding a mission to finalise EDPII, which is expected to be effective in December 2003 and the project will likely start in March 2004.

*Inclusive education project*

Agreement period: 0001–0506

Agreed contribution: MSEK 6.00

An annual progress report has been submitted to Sida in May 2003 and the regional review meeting has been organised in three locations (Vientiane, Luangprabang and Pakse). The Annual Joint Meeting (AJM) between Sida/UNICEF/SCUK/MOE has endorsed the changes in the wording from the ‘disabled children or children with disabilities’ to ‘children with special needs’ or in short ‘special children’, and slight change in project objectives and a slower pace of expansion as a balanced approach to quantity and quality.

At the end of this school year 2002–03, there are 1800 children with special needs in IE schools (90% of the target), 80 districts with 270 IE schools (80% of the target), teachers equipped with basic knowledge and skills to teach children with special needs, active learning promoted and improved decentralised management and planning. As part of the project strategy, IE schools are selected among the best ones near the district centre. Substantial evidence of improved teaching and learning process is the production of various teaching and learning aids displayed at the regional review meeting. Even though many provinces are capable to monitor and supervise their respective IE schools, still there is a need for a regular vertical monitoring from MOE/SCUK and to pull all stakeholders together in the review meeting. Likewise the IE project is collecting data through the monitoring process, but any qualitative data has been generated from schools.

The AJM has outlined the necessity for working out the school-based qualitative indicators of teaching and learning, developing the inclusive education in teacher training colleges/schools programmes through Sida funded TTEST project to cope with the turn-over of teachers in IE schools.

*Participatory action research project*

Agreement period: 1101–0503

Agreed contribution: MSEK 1.6

The project has ended in December 2002 and both the National Implementation Team and the consultant's final reports indicated that 240 TTC/TTS lecturers, teachers of demonstration schools have been introduced to PAR concept and worked together in 73 research groups at the different stages of the research activities, but few have completed their first cycle. Three handbooks have been published. The main achievement was capacity building on participatory action research, and substantial teaching and learning improvement made at the classroom level. The department of teacher training has reported that PAR has been included in the TTC/TTS management and administrative structure, there are reports to DTT that some research groups, if not any, are still continuing on their activity after the project completion. The embassy's commissioned on-going external evaluation will be completed on 26<sup>th</sup> June 2003 to see impacts of PAR project, including its possible inclusion in TTEST project.

*Advisor to Ministry of Education*

Agreement period: 0302–0205

Agreed contribution: MSEK 6.3

Two large MOE-development partners co-ordination meeting held in December 2002 and February 2003 were mostly project-oriented information sharing relating to project preparation, implementation status, organisation structure, compiled record of educational rules and regulations. These are useful for clarifying roles and functions and improved decision-making. The TA was also assisting in the preparation of EDPII's ethnic group development plan, National Poverty Eradication Plan (NPEP) for the education sector, the preparation of the symposium on language of instruction. In addition, a study visit on SWAp in Cambodia for improving MOE senior officials and concerned stakeholders understanding on sector co-ordination has been organised in March 2003 and two more are planned. For the SWAp, there is little progress as the MOE avoids policy dialogue with donors and lending agencies. Within the MOE itself, it is seldom that the policy is discussed thoroughly with the concerned departments. However there is signal that the minister is aware of the problems as donors/lending agencies, in particular the Swedish and Australian embassies, have reiterated their request for policy dialogue regarding the NPEP and the MOE has agreed, under the Committee for Planning and Co-operation's suggestion, to revise its NPEP document and organise a second round of MOE-development discussion on NPEP after the mini-RTM in April 2003.

*Demand Driven Approach Basic Education for All*

Agreement period: 0403–0804

Agreed contribution: MSEK 2.0

After a long internal consultation between the ministry of education and Vientiane provincial education service (PES) with regard to the provincial contribution in cash for assisting the TUP trainers and pedagogical advisors, the specific agreement has been signed on April 2003 with the MOE focussing the implementation responsibility on Vientiane provincial education and concerned districts. The MOE took two months to appoint the project director and the project manager at the MOE and PES respectively.

*Teacher Training Enhancement and Status of teachers (TTEST) Project*

Agreement period: 0302–1208

Agreed contribution: MSEK 123.00

The Team Leader and the project manager started their assignment in early December 2002 and preliminary equipment (furniture, car, telephone, office supplies) provided all local counterparts were appointed. As-of today 8 international and 8 local consultants are on duties in the MOE's concerned departments, teacher education and administration centre, Luangprabang and Pakse teacher training colleges. The international and local management information specialists have completed their assignment and produced a draft report. Three inception workshops focussing on the project objectives, expected results and provincial budget allocation to education have been organised at Vientiane, Luangprabang and Pakse with the participation of all stakeholders, vice-governors, IEP Paris and Sida Stockholm. The governors expressed verbal commitment to TTEST, but given the short fall in revenue collection, the verbal commitment to increasing budget allocation to education remains to be seen. The draft inception report was delivered in March 2003 and the embassy comments emphasised on the coherent development of the national teacher training plan as a steering document for the demand and supply of teachers for the primary and lower secondary for both the pre and in-service training systems, to improve the long term vision of teacher education and to push for MOE cash contribution to support TUP trainers and PAs in order to maximise TTEST impacts. These comments have been well taken and incorporated in the final inception report.

**Consultancy Fund**

Agreement period: 0201–0530

Agreed contribution: 9,0 MSEK

During the reporting period, the Fund was used for activities relating to the Law students studies in Thailand and IT-support to CPC. As before, the Fund has been used for travelling costs in connection with participation in Sidas International Training Programme.

The review of Sidas International Training Program in Laos has been delayed but is planned during the autumn this year.

## **Strengthening Environment Management through STEA – SEM**

Agreement period: 0001–0406

Agreed contribution: SEK 31 260 000

The transfer of the SEM-project from DoE to be placed directly under the president of STEA opened possibilities to strengthen the overall management of STEA and thereby better fulfil the original project goal.

During the annual review meeting, October 2002, ToR for an external review study of the project was agreed upon. The purpose of the study was to be an input in the Mid Term Review Meeting (MTRM) which took place in February 2003. The review study was carried out as planned and a positive report confirmed the relevance of SEM and recommended a second phase of the programme.

During the MTRM the parties agreed to the need of a second phase. A facilitator has been contracted to assist STEA in the development of a project document for phase two. As the current phase expires 31 December 2003 it was agreed to plan for a bridging period of six months. A draft project document will be ready before July 2003. Considering that processes on both sides require time, e.g. internal and external appraisals by Sida, approval by CPC, presentation and discussions in Sida's Project Committee, decision by Sida's Director General, open tender process for technical assistance etc., a bridging phase will be necessary.

The first meeting of the new National Environment Committee (NEC), in which STEA has the secretariat role, had its first meeting 21 February 2003. Next meeting is planned for August 2003. NEC has also agreed to the option of holding extra ordinary meetings when needed.

The progress in the project has in general been strong. The spirit in the Lao SEM-team is high; staff is hardworking and implements according to plans and agreements. The only exception being the important EIA component. The division was during the reporting period strengthened with one additional staff trained abroad. Hopefully this will result in improved implementation of agreed EIA workplans. The long-term EIA-advisor was replaced during the period. All the original advisors have thereby been replaced within two years. This is unusual.

The second donor consultation meeting planned for June 2003 has been postponed to August. The postponement gives an opportunity to present and discuss the new National Environment Action Plan and Strategy, which have been developed with assistance of the SEM-project. Donor co-ordination is needed. The ADB loan, with its many conditions, is one example. Some of the conditions had to be solved on time with support of SEM-project, in spite of that the activities were not part of the original workplans. The parties, including ADB, agreed to postpone the completion of the National Environment Strategy and National Environment Action Plan in order to ensure inclusion of new data from the Forest Strategy to Year 2020 (FS2020), on for instance forest cover, shifting cultivation and land use changes.

The financial audit, which was carried out during September 2002, resulted in a number of actions aiming for a strengthened financial and administrative system. Funds were also reallocated to allow for contract-

ing a Lao consultant to assist STEA in this. Next financial audit in July will hopefully prove that improvements have taken place during this Lao fiscal year.

### **Provincial Radio**

Agreement period: 200107–200312

Agreed contribution: 3,0 MSEK

This pilot project, which aims at improving the quality of provincial radio broadcasting in the two provinces of Savannakhet and Luang Prabang, suffered a slow start due to a lengthy procurement process. Actual implementation started in July 2002. Initial implementation problems which can be attributed to the fact that the project is very new, were solved during the reporting period and a revised implementation plan agreed upon. Training on how to use the equipment provided and journalistic training were the main activities during the reporting period.

### **Support to research capacity building at NUOL**

Preparation of the long-term co-operation with NUOL continued during the period. The proposal from NUOL took shape step by step. A Specific Agreement was signed in April. The ICT component started earlier and equipment was purchased. An ICT training programme, including also two participants from NAFRI, took place at KTH/Sweden early 2003. Swedish KTH-students followed up the training with NUOL/NAFRI in Laos and ICT Masterplans was developed. (See more on this under LSUAFRP/NAFRI). Considering the lack of capacity in many of the involved faculties as well as in some cases complete lack of communication facilities (such as a telephone line!) and the fact that the faculties are spread out with big geographical distances in-between them, makes the initially slow progress understandable. A Lao consultant has recently been contracted to assist the university to strengthen its financial and administrative capacity.



## Planning Overview

### Swedish Development Co-operation with Lao PDR

Updated 2003-06-30

Agreement ID	SECTOR/PROJECT	S T A T	Period agree- ment	Amount agree- ment	Amount planned agree- ment	Disb'd up to & incl 2002	Disb'd 2003 per end May	Estim'd 2003	Estim'd 2004	Estim'd 2005	Estim'd 2006
<b>1. Budget allocated per country</b>											
<b>1A. Development Cooperation Agreement</b>											
<b>AGRIC. FISHERY AND ENVIRONMENT</b>				55,0	182,5	31,4					
A4400018	Environment STEA	A	0101-0506	55,0		17,8	14,3	27,4	43,0	46,0	
	NAFRI	A	0110-0603		45,0	9,7	5,2	11,5	7,0	10,0	
	Prep of Upland/Natural Res	A	0110-0212		5,0	2,3	8,2	12,0	10,0	10,0	
	Upland/Natural Res Progr	P	0306-08?		125,0				25,0	25,0	25,0
	National Forest Sect Strat	A	0205-0311		4,5	1,6	0,9	2,9			
	IUCN	P	0301-0606		3,0			1,0	1,0	1,0	
<b>INFRASTR. PRIV.SECT. URB. WATER/SAN.</b>				244,7	-	149,8	24,1	58,5	38,2	-	
A4400021	Road 8, TA	A	0102-0406	18,2		7,8	1,6	5,5	5,1		
A4400019	LSRSP II	A	0102-0506	151,0		87,9	21,3	36,0	28,1		
A4400006	Water and Sanitation	A	9801-0412*	75,5		54,1	1,2	17,0	5,0		
<b>SOCIAL SECTORS</b>				34,2	136,6	34,0	3,1	30,5	39,5	38,5	
26900055	National Drug Policy II	A	9601-0106	15,0		15,0					
	National Drug Policy III	A	0101-0403	16,2		13,6	0,3	2,5			
	TTEST/EQUIP II	A	0203-0812		123,0	2,1	2,2	22,0	35,0	35,0	35,0
A4400013	Inclusive education I	A	0010-0208	1,0		1,0					
	Inclusive education II	A	0301-0506	2,0				3,0			
A4400027	Particip. Action Research II	A	0111-0305		1,6	1,6					
	Demand driven approach****	A	0210-0510		6,0		0,1	1,0	2,5	2,5	
	Dep of Planning, MoE	A	0203-0509		6,0	0,7	0,5	2,0	2,0	1,0	
<b>DEMOCRATIC GOVERNANCE &amp; HR</b>				74,0	41,9	47,0	5,7	26,5	28,0	15,2	
A4100019	National Statistics Centre III	A	9801-0203	25,0		23,7	2,8				
A4400028	Nat Statistics Centre IV	A	0111-0506	26,0		9,4		8,0	9,0		
A4400016	Faculty of Law & Pol Scien	A	0007-0312	12,0		6,2	1,3	2,5			
A4400015	Prosecutor Office	A	0005-0406	2,0		2,0		0,4			
A4400017	Supreme Court	A	0006-0406	1,0		1,0		0,2			
A4400008	Provincial Radio I	A	0107-0312	3,0		1,6	0,7	1,4			
	Dissimination of CRC	A	0209-0512	5,0		0,8		1,7	1,5	0,7	
	Provincial Radio II	P	0306-0612		6,0			1,0	2,0	2,0	
	Support to tax authority	P	0310-0606		23,0				6,0	6,0	
A4400030	Adm reform Luang Prabang	A	0112-0406		10,2	2,0		5,0	3,0		
	Tax Project Preparation	A	0210-0303		2,7	0,3	0,9	1,8			
	Tax Project-Bridging Period	A	0212-0309					3,0			
	Faculty of Law-Phase II	P	0307-0612					1,5	4,0	4,0	
	Prosecutor Office-Phase II	I							1,5	1,5	
	Supreme Court-Phase II	I							1,0	1,0	
<b>RESEARCH COOPERATION</b>					18,2	0,2	1,3	7,5	14,0	14,0	
	National University of Lao	P	0301-0806?		18,0		1,3	6,0	6,0	6,0	
	Information, Com, Tech*****	A	0203-0206		0,2	0,2		1,5	8,0	8,0	
<b>OTHER</b>				12,0	9,0	14,5	0,3	3,0	3,0	-	
A4400008	Consultancy Fund	A	9901-0206	12,0		11,5					
	Consultancy Fund	A	0201-0506		9,0	3,0	0,3	3,0	3,0		
<b>TOTAL DISB DEV.COOP.AGR.</b>				<b>419,9</b>	<b>388,2</b>	<b>276,9</b>	<b>48,8</b>	<b>153,4</b>	<b>165,7</b>	<b>113,7</b>	

<b>Planning Forecast - Budget allocated for Laos</b>		<b>Planned amounts 2003-2006</b>			
	<b>Actual 2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
1. Annual Amount	160,0	160,0	160,0	160,0	
2. Balance Brought Forward	-	-	6,6	0,9	
3. Total Available	160,0	160,0	166,6	160,9	
4. Act/Planned disbursements	276,9	153,4	165,7	113,7	
5. Balance carried forward	(116,9)	6,6	0,9	47,2	
6. Item 4. as % of item 3.	173,1	95,9	99,5	70,7	

Agreement ID	SECTOR/PROJECT	s t a t u s	Period agree- ment	Amount agree- ment.	Amount planned agree- ment.	Disb'd up to & incl 2002	Disb'd 2003 per end May	Estim'd 2003	Estim'd 2004	Estim'd 2005	Estim'd 2006
1B. Outside Development Cooperation Agreement											
	INFRASTR. PRIV.SECT. URB. WATER/SAN.			-	100,0	18,0	-	37,0	45,0	-	
	Soft Credit Road 8	A	0105-1512		100,0	18,0		37,0	45,0		
	SOCIAL SECTORS			-	-	-	-	-	-	-	
	DEMOCRATIC GOVERNANCE & HR			1,5	-	0,4	0,1	2,0	2,0	-	
	Demo/HR fund 2002 and 2003		0201-0506	1,5		0,4	0,1	2,0	2,0		
	OTHER			-	-	7,9	1,5	3,6	2,9	2,9	
171/99Asien	Long-term expat PO-02	A	0001-0412			2,9	0,5	1,1	1,1	1,1	
172/99Asien	Long-term expat PO-03	A	0001-0412			2,2	0,4	1,1	1,1	1,1	
	Long-term expat PO-04	A	0108-0307			1,5	0,4	0,5			
62/01 Laos	Long-term national PO-02	A	0105-0412			0,5	0,1	0,3	0,3	0,3	
	Long-term national PO-03	A	0301-0412					0,2	0,2	0,2	
A4400033	Country Strategy Studies	A	0203-0312			0,8	0,1	0,2			
A4400025	LAO-SAK-LOK01	A						0,2	0,2	0,2	
	Review of NPEP	P									
	Support to Econom. Reform	P									
	TOTAL			1,5	100,0	26,3	1,6	42,6	49,9	2,9	
TOTAL ESTIMATED DISB COUNTRY ALLOCATION				421,4	488,2	303,2	50,4	196,0	215,6	116,6	
PREL COUNTRY ALLOCATION								180,0	180,0?		
1. Outside country allocation											
NGO											
Economic reforms											
"U" Credits											
Humanitarian aid											

#### Comments

All amounts in MSEK. 1 USD = 8.14 SEK (May 2003).

\*\*\*\*Incl planned phase 2.

\*\*\*\*\* Incl planned new ICT project





*Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.*



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