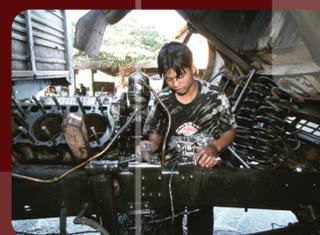


# Report on the review of The ILO Country Programme: Lao PDR 2006–2009

Lao PDR





Report on the review of

**The ILO Country Programme:  
Lao PDR 2006–2009**

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# PREFACE

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The Country Programme Reviews (CPRs) are management tools managed and coordinated by the Regional Office for Asia and the Pacific (RO-Asia and the Pacific) in consultation with Country Offices who are in charge of designing and delivering ILO Country Programmes. As such, they are a participatory self-evaluation tool used to review the design of a country programme, examine recent performance against stated outcomes, determine what has been achieved, whether outputs are being converted into expected outcomes, and whether the strategies being used are effective and efficient.

The CPR constitutes an additional level of effort above what is required for annual progress reports, because it is to be carried out with the participation of ILO constituents and other UN and national partners, as appropriate. It enables constituents and other agencies to review the ILO's performance in delivering planned outputs and supporting the achievement of outcomes. It also provides a means for gathering feedback from our partners regarding collaboration and coherence within a larger multi-agency context.

The CPR focuses on the outcomes and guiding strategies of the ILO Country Programme to identify where and how improvements can be made. It enables constituents and partners to consider future strategies and actions. The CPRs also expose constituents and ILO staff to the concepts and practice of results-based management in country programmes, and enhance national ownership of the review process.

The review of the ILO Country Programme for Lao People's Democratic Republic (Lao PDR) was requested by the Ministry of Planning and Investment Lao PDR (MPI). It took place between February and April 2010. It was managed by the Regional Monitoring and Evaluation Officer of the RO-Asia and the Pacific and conducted by an external evaluator. Extensive and participatory consultations were held throughout the process, including the organization of the scoping mission by the Regional Monitoring and Evaluation Officer to meet with ILO staff and tripartite constituents in Lao PDR, the preparation of terms of references, and the consultations with partners and key stakeholders, the tripartite stakeholders' workshop, and the solicitation from key stakeholders and constituents of inputs to the draft report. Substantive inputs were also provided by ILO experts from the Country Office Bangkok and the Decent Work Technical Team in Bangkok.

I wish to express my appreciation to MPI for initiating and supporting the CPR, and to our Lao tripartite constituents in their active participation in the process and to all concerned who contributed to the review process and the report. I believe that the conclusions, recommendations and lessons learned will be useful for ILO units concerned both at Headquarters and field levels and in particular ILO Country Office in Bangkok, ILO tripartite constituents and partners, policy makers, researchers, other UN agencies in our joint efforts to make better progress towards achieving decent work goals in Lao PDR.

Considering ILO Country Programmes as the main instrument for ILO cooperation with member States throughout the world, I hope that this review report will contribute to the generation of knowledge on how to strategically design, implement the ILO Country Programmes, and to make progress towards the realization of the Asian Decent Work Decade, 2006–2015.

Sachiko Yamamoto  
Regional Director  
Asia and the Pacific



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# EXECUTIVE SUMMARY

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**Review:** This review of the International Labour Organization's programme in the Lao People's Democratic Republic (Lao PDR) over the past four years sought to: i) assess the relevance of the ILO programme; ii) assess the appropriateness of programme formulation and implementation processes; iii) analyse the achievement of results; and iv) provide forward-looking recommendations for enhancing the programme.

**Relevance:** Given the ILO's mandate, regional presence and tripartite structure, it has strong relevance to the country's challenges and development frameworks. This relevance most likely will increase over the coming decades. Of the ILO's four strategic objectives (employment, rights at work, social protection and social dialogue), Lao stakeholders regard activities associated with employment creation (most notably skills development) as having the greatest relevance – and urgency – to reach the overarching development goals. Considering the overwhelming proportion of the population within the rural sector, the ILO needs to ensure that it balances support to the formal and informal sectors and, critically, increases emphasis on activities that will deliver direct and tangible outcomes to households and help the country attain the Millennium Development Goals.

**Formulation:** The ILO programme in Lao PDR has been, over the past four years, broad in scope, in line with the National Growth and Poverty Eradication Strategy and the Sixth National Socio-Economic Development Plan. The programme promotes a coherent and integrated approach to decent work, covering all four ILO strategic objectives. An evolving focus within the employment sector – one that is responding to national development priorities – was evident, with the ILO mobilizing financial and human resources in support of three important elements within the Ministry of Labour and Social Welfare's draft strategic plan associated with: i) employment services; ii) technical skills standards; and iii) labour management information systems. Although stakeholder engagement in activity design processes was clear, their role in the overall programme planning was more limited. A number of constituents and partners requested a clearly defined long-term plan for the ILO in Lao PDR. Regular programme review processes with stakeholders are also required.

**Results:** The ILO programme of assistance contributed to the production of important results at both the policy and practice levels over the past four years, ranging from a significant expansion in social security system capacities and coverage to access to financial services at the village level. The results achieved were in large part due to: i) strong national ownership; ii) high-quality and respected technical assistance; and, in the best cases, iii) combining actions at the local level with broader policy formulation processes. During the review interviews, stakeholders highlighted three operational constraints: i) absence of a formal in-country presence; ii) limited profile of the ILO programme; and iii) limited scale of financial resources. These constraints have hindered broader harmonizing with other development partners and limited the ILO's capacity to contribute within other programmes. Where this has occurred (rural roads), the synergies appear to have been effective.

**Recommendations:** The primary recommendation promotes a formal Decent Work Country Programme (DWCP) document to assist the ILO and national stakeholders. This should enable the ILO's unique mandate and technical excellence to maximize the contributions to the country's development priorities, in particular employment creation. The DWCP development process would enable ILO constituents and partners the opportunity to better shape needed strategies. It would also provide a platform upon which to: i) build greater awareness of the ILO programme; ii) develop greater synergies with other development partners; and iii) develop structured resource mobilizing strategies; and iv) establish strategies to mitigate risks. Recommendations associated with resource mobilizing, local representation, programme focus, capacity development and tripartism are also included.



# ABBREVIATIONS

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ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
BOL	Bank of Lao PDR
CO-Bangkok	ILO Country Office for Thailand, Cambodia and Lao People's Democratic Republic
CTA	Chief Technical Adviser
DIC	Department of International Cooperation
DWCP	Decent Work Country Programme
DWT	Decent Work Technical Support Team
FDI	foreign direct investment
GDP	gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)
HIV/AIDS	human immunodeficiency virus and acquired immune deficiency syndrome
HRD-ME	Human Resource Development for Market Economy
ILO	International Labour Organization
Lao PDR	Lao People's Democratic Republic
LCSDPA	Lao Community Sustainable Development Promotion Association
LFTU	Lao Federation of Trade Unions
LNCCI	Lao National Chamber of Commerce and Industry
LYU	Lao Youth Union
MAF	Ministry of Agriculture and Forestry
MDG	Millennium Development Goal
MOE	Ministry of Education
MOFA	Ministry of Foreign Affairs
MOH	Ministry of Health
MOLSW	Ministry of Labour and Social Welfare
MOPWT	Ministry of Public Works and Transport
MPI	Ministry of Planning and Investment
MPWT	Ministry of Public Works and Transport
NGPES	National Growth and Poverty Eradication Strategy
NSEDP	National Socio-Economic Development Plan
NTFP	non-timber forest products
ODA	official development assistance
OSH	occupational safety and health
OSHNET	Occupational Safety and Health Network (ASEAN)
PRF	Poverty Reduction Fund
RBSA	Regular Budget Supplementary Account
RBTC	regular budget for technical cooperation
RO-Asia and the Pacific	ILO Regional Office for Asia and the Pacific
SASS	State Authority Social Security
SMART	specific, measurable, achievable, realistic and time bound
SME	small and medium-sized enterprise
SMEPDO	Small and Medium Enterprise Promotion and Development Office
SSD	Social Security Department
SSO	Social Security Organization
SSP	Social Security Project
TICW	Project to Combat Trafficking in Children and Women
TVET	technical and vocational education and training
UNDAF	United Nations Development Assistance Framework
WEDGE	Women's Entrepreneurship Development and Gender Equality Project
WHO	World Health Organization
WISCON	Work Improvement in Small Construction Sites
WISE	Work Improvements in Small Enterprise



# 1. INTRODUCTION AND METHODOLOGY

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This review of the International Labour Organization's programme of assistance to Lao People's Democratic Republic over the past two biennia (2006–2007 and 2008–2009) was conducted in line with the terms of reference developed by the ILO and the Ministry of Planning and Investment (MPI). The MPI highlighted particular areas of study during initial meetings.

The MPI requested the review because it lacked information on the ILO's assistance to over the past few years. The MPI oversees official development assistance (ODA) for the implementation of the National Socio-Economic Development Plan (NSEDP) and coordinates ministries, agencies and local authorities to monitor and evaluate the ODA projects. For the drafting of the next (Seventh) NSEDP, the MPI wanted an assessment of the ILO programme's strengths to consider.

Thus the programme review was asked to look at areas in which the ILO's collaboration contributed to the national framework, to inform on what should be pursued in the future and suggest where improvements can be made. This will include reinforcement or changes in priorities, strategies and organizational practices. The review was also intended to provide a basis for improved insights within the Subregional Office as to how to better design, implement, monitor and assess country programmes in the future. The recommendations of the review will also be an important input to the formulation of the new Decent Work Country Programme (DWCP) in Lao PDR.

## 1.1 Review scope

The review scope had two main dimensions: i) the appropriateness and adequacy of the programme design, outreach/partnership and implementing performance; and ii) an operational assessment of the progress being made on tangible outcomes directly resulting from ILO contributions.

**Specifically, the review was to:**

- 1) Assess the overall relevance of the programme to national development challenges, national priorities (National Growth and Poverty Eradication Strategy and the National Socio-Economic Development Plan), the United Nations Development Assistance Framework, ILO priorities and the Millennium Development Goals.
- 2) Assess the programme formulation process and the focus, coherence and logical fit of the outcomes, outputs and strategies.
- 3) Analyse programme implementation, looking at:
  - effectiveness of interventions in producing results, with particular attention to synergies/coherence across interventions;
  - sustainability, with particular attention to capacity/institutional development and the creation of an enabling environment (changes in laws, policies and behaviours);
  - factors of success and constraints encountered (internal and external);
  - adaptation/adjustments to the changing situation (emerging opportunities and threats) and evidence of the application of lessons learned;
  - the partnership approach, the role and effectiveness of partners in promoting decent work and coordination among partners;
  - knowledge management, communication strategy (internal and external) and incorporation of monitoring and evaluation results into the knowledge base;
  - organizational arrangements (managerial, administrative and business processes);
  - resource availability; and
  - efficiency of programme execution (time and costs).
- 4) Assess progress towards outputs and outcomes with data-supported evidence and using the scale and matrix in the terms of reference (Annex I).

## 1.2 Methodology

The review team consisted of an external facilitator hired by the ILO on a short-term basis and one representative each from the Ministry of Labour and Social Welfare's (MOLSW) International Relations and Cooperation Division and the MPI's UN System Division.

Unfortunately, the ILO regional monitoring and evaluation (M&E) officer did not join the review team as planned.

The external facilitator was provided with considerable background documentation on ILO programme activities conducted and outcome-based reporting documents covering both biennia. Briefings were held in Bangkok (18–19 February 2010) for the facilitator by ILO technical specialists and management. Consultations in Vientiane commenced with an initial meeting with the MPI on 22 February 2010 and continued with representatives from the MOLSW, the Ministry of Health (MOH), the Ministry of Education (MOE), the Ministry of Foreign Affairs (MOFA) and the Ministry of Public Works and Transport (MOPWT) as well as from UN agencies, donors and non-governmental organizations (see Annex II).

A total of 30 consultations took place over a seven-day period, with a number of meetings in the MOLSW covering a range of technical areas. The Subregional Office programme officer for Lao PDR joined several meetings over the first two days. Due to the relatively limited awareness of the ILO's programme as a whole among most people interviewed, discussions tended to focus on the specific area of collaboration. Broad overviews of the collaborative process, together with strengths and weaknesses, were discussed as well as recommendations for the future. Where this discussion did not cover ILO assessment areas outlined within the terms of reference, additional questions or probing was undertaken to elicit responses.

Common themes and issues emerged rapidly within the consultation process, largely around operational factors. Based on advice from the ILO's regional M&E officer, interviewed participants did not join in the scoring exercises on either specific outcomes or broader performance areas. Such scoring would have been problematic because of the limited awareness of those individuals on the ILO programme outcomes.

A review workshop was conducted in Vientiane at the MPI on 12 March 2010 in which the consultant presented the preliminary findings. The tripartite constituents and representatives from the MOPWT and the MPI provided feedback. Overall, the participants agreed with the main findings and recommendations, although a number of additional points were raised and areas for clarification identified. The review document reflects the feedback. During this meeting, the ILO country manager presented the steps being undertaken to address the review findings and pre-existing issues associated with the ILO programme.

## 1.3 Review limitations

### Several factors limited the review process:

- 1) The absence of an ILO staff member on the review team for most of the period limited team member understanding of ILO systems and procedures. While this was addressed to some extent through the document review, clear gaps in knowledge remained.
- 2) The amount of time allocated for interviews with the ILO technical adviser in Bangkok and relevant individuals in Lao PDR was limited, typically one to two hours. This had implications on both the volume and quality of feedback received. Several meetings were scheduled as group meetings in which several ILO-supported activities were discussed. Importantly, on-the-ground verification of statements made during interviews and the results reported within ILO documentation were not possible other than through the final findings-review workshop.
- 3) As per the terms of reference, the review was structured around the DWCP outcomes. The outcome statements form the basis of the ILO's programme planning and M&E systems. This basis rapidly emerged as problematic in that even tripartite constituents were not aware of the outcomes or the presence of documented biennial work plans. As a result, interviews were focused on the experience of the partnership with the ILO over the previous four years and strengths and weaknesses as well as recommendations for future direction.

- 4) Limited awareness of the ILO's biennium priorities and outcomes was compounded by the generally low level of awareness among most individuals (the exception being the MOLSW officers) of the breadth of the ILO programme as a whole. Issues associated with institutional performance were generally addressed solely at the individual project or activity level rather than at programme levels.
- 5) The low level of financial resources that the ILO has devoted to Lao PDR has resulted in some outcome areas receiving very limited assistance-only workshops or training events. It was initially difficult to see some of the links between, and strategies behind, such events, but as the review progressed, greater clarity emerged.
- 6) The ILO did not provide a clear picture of the level of technical cooperation and other expenditure directed to Lao PDR over the past four years by outcome until mid-2010, when the report was in its final editing stage. This was in large part due to the complexities associated with the expenditure allocation within regional projects. Given the MPI's role in mobilizing official development assistance (ODA), this delay was unfortunate.

## 1.4 Overview of the ILO programme

Lao PDR joined the ILO in 1964, but with limited national resources, engagement was minimal for many years. Increased levels of activity occurred in the late 1980s and early 1990s, most notably the Integrated Rural Accessibility Planning Project (MOPWT), which generated participatory, local area priorities for assistance (such outcomes were widely used by the donor community at that time). The MOLSW was established in 1993, with the ILO becoming a partner rather quickly. ILO support to the development of a national social security system represents the greatest focus of ILO support over the review period that this report represents.

The ILO programme of assistance to Lao PDR is based on biennium planning systems; the review covers the past two biennia (2006–2007 and 2008–2009) and the established programme priorities. Table 1.1 provides an overview of the established ILO country priorities and outcomes over those periods.

Table 1.1 Overview of ILO country priorities and outcomes (2006–2009)

Employment	Rights at Work	Social Protection	Social Dialogue
<b>LAO100:</b> More job opportunities are created for rural poor, youth, people with disabilities and other targeted group resulting in poverty reduction.	<b>LAO125:</b> Further progress is made to realize fundamental principles at work.	<b>LAO150:</b> Social protection extended to uncovered population.	<b>LAO800:</b> Strong and representative employers' and workers' organizations influencing economic, social and governance policies.
<b>2006–07 Programme Outcomes</b>			
<b>LAO101:</b> Conducive policies and strategies on skills and SME are developed to better prepare	<b>LAO126:</b> ILO constituents have improved capacity to apply ratified conventions, review additional conventions for ratifications, and make effective changes to the labour law through a process of consultation	<b>LAO151:</b> Capacity of government to plan and administer social security policy is enhanced.	
<b>LAO104:</b> Rural infrastructure development and other livelihood strategies for employment creation and poverty reduction are developed and implemented.	<b>LAO129:</b> Capacity of workers' and employers' organizations is further strengthened to extend knowledge and exercise of rights and responsibilities at the local level.	<b>LAO152:</b> National OSH Master Plan adopted and implementation initiated, focusing on inspector capacity building and OSH protection in small enterprises and construction sectors.	
	<b>LAO130:</b> National Policy to promote safe migration and prevent trafficking in children and women is formulated and implemented.		
<b>2008–09 Programme Outcomes</b>			
<b>LAO102:</b> Participatory local development strategies for employment creation and livelihood improvement for rural men and women are developed and implemented.	<b>LAO127:</b> Enhanced capacity of ILO constituents to apply International Labour Standards, with a specific focus on core conventions, to review additional conventions for ratification and make effective changes to the labour law through a process of consultation.	<b>LAO153:</b> Policies developed and capacities enhanced to extend social protection to uncovered population in the areas of social security, OSH and HIV/AIDS.	<b>LAO801:</b> Strengthened institutional capacity of employers' organizations.
<b>LAO103:</b> Lao constituents adopt coherent and sustainable national strategies for human resource development to improve employment opportunities for youths and adults.			<b>LAO802:</b> Strengthened institutional capacity of workers' organizations.
			<b>LAO803:</b> Increased capacities of employers' and workers' organizations to participate effectively in the development of social and labour policy.

### Actions in support of these outcomes occurred through the following mechanisms:

- 1) donor-funded projects operating solely within Lao PDR;
- 2) donor-funded projects operating regionally, with a significant presence in Lao PDR; and
- 3) ILO's regular budget for technical cooperation (RBTC) activities, principally workshops, training events and study tours in response to national requests.

For some outcomes, such as for LAO801, LAO802 and LAO803, support was largely limited to a series of workshops, training events and study tours over the four-year period. In contrast, outcomes LAO101 and LAO102 contained several separate projects. The intensity of ILO support across these outcomes varied considerably.

According to ILO data, of the 36 projects and activities undertaken between 2006 and 2009<sup>1</sup>, 28 had budgets of less than US\$20,000; of the remaining eight projects, four were regional projects (Project to Combat Trafficking in Children and Women (TICW), Women's Entrepreneurship Development and Gender Equality Project (WEDGE), Advisory Support, Information Services and Training (ASIST) and ILO/Japan Project on Managing Cross Border Movement of Labour in SE Asia. Only the Social Security Project (US\$3.4 million) was a substantially sized project operating solely within Lao PDR. The level of financial resources devoted to the ILO programme was limited.

Determining the exact financial value of ILO contributions over this period was problematic due to the large proportion of regional projects and other factors.

At the time of the review, the ILO in-country presence consisted of two national officers, each working on separate projects in offices located within: i) the MOLSW; and ii) the Small and Medium Enterprise Promotion and Development Office (SMEPDO). They are supported by a full-time programme officer for Lao PDR, who is based in the Country Office in Bangkok, and the Bangkok-based country manager, who is also responsible for ILO programmes in Cambodia and Thailand. These ILO staff travel to Lao PDR approximately 12 and four times per annum, respectively, typically staying up to one week.

A new programme of country outcomes (in total 12, representing a significant increase over both biennium periods) covering the years 2010–2011 was recently developed by the Subregional Office and discussed with tripartite constituents prior to the finding-review workshop.

## 1.5 Decent Work Country Programmes

The ILO introduced the Decent Work Country Programme (DWCP) approach, as described below, in 2005.

The ILO has decided to focus its assistance to member States on achieving decent work objectives through time-bound and resourced vehicles called Decent Work Country Programmes (DWCPs). DWCPs are ILO governance documents that:

- specify the Office's intended results during a specific time period in a specific country (country programme outcomes, or CP outcomes);
- are consistent with the ILO commitment to tripartism and social dialogue and draw on consultation with constituents (governments, workers' organizations and employers' organizations) to help establish country programme priorities;
- are implemented with the engagement of constituents; and
- provide a vehicle for the Office to manage its collaboration with other UN agencies and partners through the UN Development Assistance Frameworks (UNDAFs) that also engage ILO constituents (ILO 2008, p. 1).

A Decent Work Country Programme is the main instrument for ILO cooperation over a period of four to six years in a specific country. The content of the DWCPs varies from country to country and is based on national circumstances, the ILO's global commitments and the priorities established in the Strategic Policy Framework, the programme and

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1 The Subregional Office provided the list of supported projects and programmes by outcome area from 2006 to 2009.

budget and the regional Decent Work Agenda/Decade. The best DWCPs are focused and prioritized in terms of their country programme outcomes and recognize that tripartism, social dialogue and international labour standards are central to the planning and implementation of a coherent and integrated ILO programme of assistance

Although the ILO programme in Lao PDR links to global ILO priorities and uses DWCP language, a formal DWCP document agreed to by national constituents has yet to be developed. ILO programmes in both Cambodia and Viet Nam have such DWCP documents in place or are in the process of developing them.

## 2. COUNTRY CONTEXT

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### 2.1 Overview

From a low base, Lao PDR has sustained high levels of economic growth over the past decade, with gross domestic product (GDP) growing at an average of 7.7 per cent per annum over the past five years. This growth has been maintained despite the global economic downturn. The contribution to GDP of the resources sector has grown rapidly, with the mining sector contributing some 2.5 per cent to growth in 2009 (World Bank, 2009). Capital-intensive mega projects in sectors such as mining and hydropower continue to attract foreign direct investment. However, the limited contributions of such sectors to employment creation and balanced growth as well as the associated environmental and public health risks are increasingly recognized.

The latest data on poverty suggests that the incidence has declined, from 33.5 per cent of the population in 2002–2003 to 26.9 per cent in 2007–2008 (MPI, 2009). Despite this, in both income and non-income indicators, Lao PDR remains one of the poorest countries in the region, with 44 per cent of the population living below the US\$1.25 a day poverty line and 77 per cent living below the US\$2 a day poverty line (World Bank, 2010). With over 70 per cent of the population living in rural areas, household economies remain largely reliant upon the agriculture, informal economy and non-timber forest product (NTFP) sectors. Based only on anecdotal evidence, short-term, casual wage labour increasingly appears to be an important livelihood strategy. The increasing concentration of populations along roadsides is reducing the returns on labour invested in NTFP collection—a traditional safety net.

Despite economic growth and perhaps linked to the declining availability of forest foods, malnutrition remains a significant issue, with 23 per cent of the population as a whole and 37 per cent of children younger than 5 years remaining undernourished. There was virtually no improvement in the malnutrition situation over the past decade. Although the incidence of poverty remains highest in remote, mountainous areas, in absolute terms, the majority of the people who are poor live along the Mekong flood plain (Epprecht et al., 2008). Despite 35 years since the end of the Second Indochina War, high levels of unexploded ordnance contamination remains a threat to around some 25 per cent of Lao villages, resulting in some 300 injuries and deaths annually; an estimated 80 million live cluster munitions remain.

### 2.2 Labour force

The total population of Lao PDR, 5.6 million in 2005 (latest census data), is projected to reach 6.9 million in 2015 (MPI), with some 67,000 workers entering the labour force annually and a projected labour force of some 4 million by 2020 (ILO, 2008a). Given the youthful population age structure (50 per cent of the population is younger than 20), the country is benefiting from a declining dependency ratio. The proportion of the working-age population is expected to rise from 57 per cent in 2005 to some 62 per cent by 2020 (MOLSW). The ILO projects that Lao PDR will have the highest labour force participation rate within the Association of Southeast Asian Nations (ASEAN) by 2020. This demographic dividend is expected to last about 30 years. The dividend, however, presents a challenge to the Decent Work Agenda in ensuring the availability of decent work employment opportunities for men and women predominantly from rural areas and often with limited education.

Urbanization is increasing, with the urban population rising from 17 per cent to 26 per cent (1995–2005). A significant proportion of internal migrants are moving to Vientiane (MOLSW) and mid-sized cities, with the consequent need for urban employment creation and social protection. Labour remains overwhelmingly concentrated within the agriculture sector (76.6 per cent in 2005), with the past decade of economic growth having limited effect. Less than 1 per cent of the labour force moves out of agriculture annually. Labour force and market data availability, especially associated with labour productivity - where Lao PDR faces considerable challenges - remain limited; current data is also limited.

## 2.3 Gender and ethnicity

Although the relative position of women within Lao society is better than in many other countries, women lag behind in areas such as education and labour market participation. While women constitute the majority of small and medium enterprise (SME) owners and managers, this ratio is reversed within larger enterprises. Clearly, challenges remain within the areas of gender equality and require increasing focus by the Government to “pursue sustained policies aimed at the promotion of women’s full and equal participation in decision making areas of public, political and professional life (MPI, 2009)”. Lao PDR has a rich ethnic diversity, with some 49 officially recognized ethnic groups. There are correlations between ethnicity and poverty: though non-Lao *Loum* ethnic groups account for only one-third of the national population, they represent more than half of all people who are poor. There are also disparities between major ethno-linguistic groups, with the poverty headcount varying from 25 per cent for the Lao Tai to 54 per cent for the Mon Khmer. As the *2006 Poverty Assessment Report* (World Bank, 2006) demonstrates, these disparities extend beyond consumption poverty to encompass other dimensions.

## 2.4 Labour law and policy

A revised labour law was issued in 2006. Application of the law, however, remains, anecdotally at least, limited in some respects. The MOLSW’s ability to ensure awareness of and compliance with the labour law is constrained by financial and human resources. Ratification of Equal Remuneration Labour Convention, 1952 (No. 100), and the Discrimination (Employment and Occupation) Labour Convention, 1958 (No. 111), appears to require additional changes to the labour law (ILO, 2009).

## 2.5 Skills and the labour market

Data on the imbalance between market labour demands and supply are not currently available, although there is widespread acknowledgement of the seriousness of the issue. Current studies on labour market demand and labour force surveys<sup>2</sup> should help address this data constraint and enable closer links to be made between market demands and education. An estimated 200,000 skilled workers will be required annually over the next five years. The country’s poorly skilled workforce ranked as the third most significant problem associated with firms considering investment in Lao PDR, according to the World Bank (2009).

The Lao National Chamber of Commerce and Industry (LNCCI) confirmed that access to a skilled workforce remains a major challenge for its membership. Addressing this challenge is a complex undertaking, given the wide range of skills required now and in the future within a context of rapid economic and foreign direct investment (FDI) growth. In-migration from neighbouring countries to meet labour needs is increasingly reported and appears inevitable in the short term if growth is to be sustained. The issue of labour force skills is high on the national development agenda, with comprehensive technical and vocational education and training (TVET) strategy and master plans recently issued. The MOLSW is making solid progress in the development of skills standards. A continued high level of attention and resource allocation by the Government and donors will be required to further address the challenges.

## 2.6 Private sector and SME development

The Lao PDR Constitution of 1991 protects state, collective and private forms of ownership. During the 1990s, an active legislative programme laid the foundations for developing market-based rules and institutions to support private sector development, which is acknowledged as the principle driver of economic growth. Foreign investment increased rapidly, from US\$110 million in 2003 to US\$770 million in 2008. Lao PDR has been gradually integrating into the world economy through the accession to regional and multilateral trade organizations, such as ASEAN. The country applied to join the World Trade Organization in 1997 and recently made accelerating progress towards accession. The limited contribution made by the extensive FDI within the energy and mining sectors to employment generation is increasing government emphasis on small- to medium-scale manufacturing, food and agricultural crop production and processing, trade and tourism to generate employment and increase incomes.

<sup>2</sup> Supported by the ADB and ILO, respectively.

Substantial opportunities exist for growth within the SME sector as a whole, based on a range of natural and geographic comparative advantages and the still-limited range of domestic products. The regional profile of Lao PDR as a country whose natural habitats remain intact and growing regional organic demand is widely seen as providing the basis for organic-based food production, processing and marketing.

Developing links between such value chains and the strongly growing tourism sector likewise has opportunities. Credit supply within Lao PDR has expanded rapidly, but physical collateral requirements and transaction costs remain an obstacle to many borrowers contributing to a vibrant informal credit sector. The microfinance sector experienced significant growth over the past decade, with new policy frameworks enacted; but it remains comparatively weaker than in some neighbouring countries. The sector remains dominated by a very large number of village funds, possibly as many as 5,000. The microfinance sector receives significant donor assistance at both the policy and practice levels.

## 2.7 Occupational safety and health

Rapid economic growth and FDI in the resource sectors (agriculture, hydropower and mining) have had a range of impacts on the environment, health and livelihoods. The establishment of an Occupational Safety and Health (OSH) Master Plan in 2005 by the MOLSW was an important step in raising issues. However, implementation and enforcement challenges remain. This is particularly the case where use of new technologies and chemicals within industrial processes are common and risks unknown by workers or, in some cases, OSH inspectors. Support to OSH from development partners has been limited; however, the significant rise in FDI and new risks emerging indicate that this is an area in which greater focus is probably required. Lao PDR is currently coordinating the ASEAN Occupational Safety and Health Network (ASEAN-OSHNET).

## 2.8 Social protection

The family remains the overwhelmingly dominant form of social protection, with strong and enduring positive cultural attitudes associated with parental care by adult children. Health care costs and quality of service remain significant factors in health-seeking behaviours and represent a significant and urgent challenge in meeting associated Millennium Development Goals and social protection needs. Medical costs are a major cause of household indebtedness and compound poverty. The development of a national health insurance scheme was recently announced, reflecting the significance of the issue. The drafting of a national health financing policy and strategic plan is scheduled for 2010. Although the country maintains a youthful population, the issue of ageing will emerge and associated social security safety nets, particularly relating to health care, will be required in the longer term.

## 2.9 Labour migration

There are an estimate of 200,000-plus Lao migrant workers in Thailand, predominantly within low-skilled occupations and generating remittances valued at a minimum of US\$100 million per annum. The National Statistical Office/MOLSW Labour Migration Survey<sup>3</sup> (2003) analysts estimated that there were approximately 128,000 migrant workers from the three provinces of Khammoune, Savannakhet and Champassak, with most migrants being young (15–24 years) and better educated and that some two-thirds of all migrants from those provinces went to Thailand for work. In addition to economic motivations for high pay, there is considerable evidence of social aspects associated with migration. The majority of migrants cross the border informally and illegally. Such migration increases risk of abuse by employers; reports of abuse are common. Safe, out-migration helps Lao PDR meet the employment needs of its population as it provides significant inward investment through remittances. There are an estimated 100,000 migrants within Lao PDR from neighbouring countries, many of them having come informally. Many of the foreign migrants are active in the informal and SME sectors but also provide skilled labour requirements and thus are likely to be contributing importantly to the country's economic and employment growth.

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3 Supported by ILO's International Programme on the Elimination of Child Labour.

## 3. RELEVANCE ASSESSMENT

### 3.1 Relevance to the Sixth NSEDP

The National Growth and Poverty Eradication Strategy (NGPES) provides an overall framework for national action that will enable growth and reduce poverty. Detailed planning and actions are elaborated within each five-year NSEDP. The following table offers a comparative review of ILO priorities against the provisions stated in the Sixth NSEDP (2006–2010).

**Table 3.1 Relevance of ILO programme areas to the Sixth NSEDP (2006–2010)**

Excerpts from the Sixth NSEDP	ILO priorities
<i>Focus will be on providing additional employment and developing human resources, through the formulation of additional policies ... The employment network and technical skills will be improved. Promotion of micro, small and medium enterprises, enlarging access to appropriate technologies, and provision of other support services including the supply of credit (both through formal institutions and informal ones, including user groups. (p. 87)</i>	<b>LAO100:</b> More job opportunities are created for rural poor, youth, people with disabilities and other targeted groups and resulting in poverty reduction.
<i>The labour law will be improved in order to ensure the balance of benefits between employees and employers, promoting and facilitating the workforce to have jobs in both domestic and international markets. (p. 195)</i>	<b>LAO125:</b> Further progress is made to realize fundamental principles and rights at work.
<i>Social security, especially unemployment insurance, will be implemented. This will provide equal opportunities to workers in all economic sectors. There will be reasonable benefits for both employees and employers. Establish an effective social insurance system, particularly the unemployment insurance, creating equality on providing social insurance for the employees of all economic sectors (public, private and voluntary).</i>	<b>LAO150:</b> Social protection is extended to the uncovered population.
<i>Enhance the role of the trade union as the representative organization of the employees in order to facilitate the involvement of the labour force in plan formulation, setting forth policies on the labour (workforce) market and monitoring the compliance with (observance of) the labour law. (p. 195)</i>	<b>LAO800:</b> Strong and representative employers' and workers' organizations influence economic, social and governance policies.

Table 3.1 shows that the ILO programme of technical assistance to Lao PDR has a clear fit with the Sixth NSEDP; in some cases, such as social security, the fit is highly specific. Based upon a request from the MPI, the ILO provided substantive input to the mid-term review of the current NSEDP. The input highlighted the need for enhanced labour management information, an area in which the ILO has recently provided more support to the MOLSW through a labour force survey and other activities.

### 3.2 Relevance to the UNDAF

The ILO contributed to the drafting of the current UNDAF and committed to six outcomes. The following is a brief assessment on the contribution of the ILO's programme to those outcomes:

**UNDAF outcome 1.1:** *Improved and equitable access to land, markets and social and economic services, environmentally sustainable use of natural resources, with balanced population growth.*

**ILO contribution:** Social security system development and extension to private sector employees, expansion in rural roads (Smallholders Development Project), SME business development tools, financial services (village funds) and awareness on risks associated with migration.

**UNDAF outcome 1.5:** *Enabled environment for growth with equity.*

**ILO contribution:** Support to revised Labour Law, support to ratification of ILO Conventions associated with equal pay and non-discrimination, social security, skills development decree and skills standard and employment services development.

**UNDAF outcome 2.2:** *Improved equity, efficiency and quality of health services with increasing health services coverage, with an emphasis on maternal and child health, family planning, nutrition, communicable disease control and water.*

**ILO contribution:** Social security system and associated capacity development, including health benefits.

**UNDAF outcome 2.3:** *Increased coverage of quality HIV prevention and AIDS treatment, care and support, focusing on the most vulnerable groups as defined in the national strategy on HIV and AIDS, sexually transmitted infections and of quality treatment, care and support for all.*

**ILO contribution:** Tripartite declaration on HIV/AIDS in the workplace issued, and pilot initiatives on such within the construction and hotel sectors.

**UNDAF outcome 3.1:** *Greater people's and community participation in and contribution to public policy, local development and nation building.*

**ILO contribution:** Community-based local development-planning processes undertaken by the MPTW in three northern districts, with community priorities financed under the Poverty Reduction Fund.

**UNDAF outcome 3.4:** *Progressive realization of international treaty obligations, including protection of human rights, in accordance with the Lao Constitution and the Millennium Declaration.*

**ILO contribution:** Support to ratification of two ILO Conventions and workshops on implications of ratification for policy frameworks and implementation. Support to national review exercises of additional ILO Conventions.

Although the ILO made significant contributions to the UNDAF, the scale of resources devoted to the country was less than expected.

### **3.3 Relevance to attaining the Lao Millennium Development Goals**

The Government adopted the Millennium Development Goals (MDGs) as indicators for its overarching national development goal of exiting the least-developed country status by 2020. The contribution to be made by the ILO towards achieving the first MDG has particular importance within the country. The ILO's contribution towards attaining the MDGs is mostly focused within target 1b: "Achieve full and productive employment and decent work for all, including women and young people." ILO assistance to the MOLSW and other implementing partners associated with this goal over the past four years entailed a series of actions that covered the following: technical skills standards development, SME development and promotion, village funds, labour-intensive construction techniques, labour market information, skills development, employment service centre pilot, safe migration, social security system development and expansion. Through these activities, ILO direct assistance is estimated to have probably impacted on a minimum of some 200,000 persons.

ILO assistance has contributed towards reaching the third MDG on gender equality through work done to ratify and implement the Equal Remuneration Labour Convention, 1952 (No. 100), and the Discrimination (Employment and Occupation) Labour Convention, 1958 (No. 111), as well as gender-mainstreaming activities (and SME development) through the WEDGE Project. ILO assistance to the national social security system is likely contributing towards reaching the fourth MDG on child mortality and the fifth MDG on maternal health. The proposed phase III of this project, with its greater orientation to the informal economy and national health insurance, should increase the contributions.

### **3.4 Relevance to the Vientiane Declaration**

The Vientiane Declaration is the national expression of the Paris Declaration commitments made in support of development effectiveness. As shown in table 3.1, the ILO programme is broadly aligned with national development priorities and, in particular, with the draft strategic plan of the MOLSW.

Ownership of ILO-supported actions among consulted stakeholders was high, with the ILO primarily playing a role of technical adviser for specific national priorities rather than the financing of ILO projects per se, which is largely reliant upon the mobilizing of additional donor resources.

There are, however, several areas in which the ILO programme can be improved to better meet the Vientiane Declaration principles: First, despite the reasonably good engagement at individual activity or project planning levels, the limited engagement of implementing partners and tripartite constituents within the planning processes of ILO biennial work plans is problematic.

Second, while a degree of harmonizing and collaborating with other donors occurred (the Asian Development Bank-funded Smallholders Development Project and the Asian Development Bank-funded labour market survey), there is greater potential for more, such as with the German Society for International Cooperation's (GIZ) Human Resource Development for Market Economy Programme, which is more broadly associated with development partners working with the LNCCI. The ILO has participated in major roundtable events but has not yet engaged within sector working groups.

Third, the decree on the management and use of ODA (March 2009) highlights the central role in coordinating development partners that the MPI retains. And yet, this programme review was characterized as the first formal engagement of the MPI in the ILO planning and review processes.

In large part, those three issues are a result of; i) the absence of a mutually agreed DWCP document; ii) the absence of a locally based ILO representative; iii) the limited profile of ILO engagement within Lao PDR; and iv) the reasonably limited financial value of direct ILO assistance as compared to the demands for it.

The ILO programme is primarily one of technical assistance associated with specific requests from tripartite constituents; thus, its ability to support full projects is dependent upon donor fundraising.

### 3.5 Relevance conclusions

The review of the country context and specific areas of harmonizing indicates that the ILO has significant relevance to current challenges and the Government's development plans. From the review consultations, a clear consensus emerged that the primary challenge confronting Lao PDR (for which the ILO has the most direct comparative advantage) is employment promotion and creation. Table 3.2 presents key areas of support provided by the ILO over the past four years.

**Table 3.2 Summary of ILO support to employment promotion and creation (2006–2009)**

Employment area	ILO support 2006–2009
Skills development (including standards)	ILO support to the MOLSW for the development of technical skills standards in the construction sector paid dividends; the MOLSW capacity to develop standards was enhanced and utilized.
SME development	Through the regional WEDGE Project, support to the SMEPDO resulted in the application of a range of small business development tools and the establishment of village funds.
Labour management information	The ILO highlighted the need for a substantial increase in labour information and contributed to the initial steps by supporting the labour force survey with the National Statistical Office and the MOLSW.
Employment services	Piloted Employment Service Centres in three provinces linked job seekers with job opportunities.
Migration	The regional TICW Project significantly influenced regional policy, resulting in the paradigm shift from anti-trafficking towards safe migration. Within Lao PDR, the project supported both policy and practice, including a substantial contribution to awareness of migration risks among migrants and potential migrants through the media.
Local economic development	Support to the MPWT allowed it to conduct participatory local area development-planning exercises, including rural accessibility planning.

Lao PDR remains an overwhelmingly agricultural nation. Although ILO activities are relevant to the national plans and the UNDAF, strategies employed over the past four years place it at risk of being perceived as primarily associated with the formal sector. While this is not the case (consider the WEDGE and TICW Projects), it is important that the ILO remains engaged in a major way with the rural and informal sectors. The ILO's regionally strong record in local economic development strategies and national plans associated with new rural development strategies and modalities<sup>4</sup> has a strong fit with Lao institutions (such as the Poverty-Reduction Fund) and thus encourages greater ILO contribution to such strategy development.

During the findings-review workshop, the ILO country manager emphasized the need to balance the priority of the employment sector with social protection needs. Over the past four years, ILO assistance to social protection was dominated by the development of the Lao social security institutions, with additional assistance directed towards building up OSH and HIV/AIDS at the workplace capacities within the tripartite constituents (MOLSW, Lao Federation of Trade Unions and the Lao National Chamber of Commerce and Industry). As a technical assistance agency, the level of direct financial contribution to be made is limited, with ILO project financing (as opposed to workshops or trainings) largely reliant upon fundraising from bilateral and multilateral donors.

Given the ILO's mandate, regional presence and unique tripartite structure, it has strong relevance to current national challenges and development plans. Due to the rapid economic and population growth rates and the associated effects on labour markets and regional migration, the relevance of the ILO mandate appears destined to progressively increase over the coming decades.

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4 The Standing Board for Rural Development

## 4. PROGRAMME FORMULATION, FOCUS, COHERENCE AND LOGICAL FIT

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This section responds to the terms of reference, with a particular focus on performance criteria 3, focus and coherence of the programme's design and strategies (see Annex I).

The ILO programme structure within Lao PDR is based on the production of biennial work plans consisting of a series of outcomes that are linked to social protection or programme and budget priorities covering all four strategic objectives of the ILO: employment, rights at work, social protection and social dialogue. Outcomes for the reviewed period reflected regional projects in which Lao PDR participated (primarily TICW, WEDGE, ILO/Japan Project on Managing Cross Border Movement in South-East Asia, which constituted a significant proportion of the overall portfolio value).

The programme generally supports a coherent and integrated approach to decent work objectives. Support provided during the reviewed period consisted of both large, donor-funded discrete projects as well as smaller, discrete actions within other priority areas primarily associated with policy development, implementation design and capacity development.

The biennial work plans appear to be developed within the Subregional Office through technical specialist input based upon; i) the understanding of the context, ii) the implementation of partner priorities; and iii) funding availability. In many cases, such approaches were successful in leading to well-formulated outcomes that addressed needs and partners' priorities. However, the resulting plans tended to reflect a collection of activities and projects rather than a strategic engagement with Lao development priorities as a whole. A degree of confusion emerges when comparing the actual activities within each outcome between the two biennia. Activities established as stand-alone outcomes within one biennium merge with others under a different outcome area in the following period. This makes the review of progress at the outcome level complex and further reinforces the conclusion that biennium outcome plans are largely a continuation of existing activities rather than a reflection of strategic analysis.

Constituents and other implementing partners were largely unaware of the biennial work plans or the outcomes related to their specific area of engagement with the ILO. Thus, while individual actions within a plan were based on constituent and partner engagement, it was at the tactical rather than the strategic level and did not involve constituents within the biennial work plan development overall. This should not be taken to mean that ILO plans were not demand driven, but stakeholder engagement was at individual activity levels rather than in an overall plan formulation.

In a limited number of cases, outcomes were not achieved due to delays in funding approval or the inability to secure funds. ILO-prepared<sup>5</sup> biennial work plans for 2010–2011 contain a total of 12 outcomes, a significant increase from previous periods (seven outcomes per biennium) and reflecting a move towards a "one project, one outcome" approach.

More recently and in response to a MOLSW request, a stronger strategic focus was developed to support the draft MOLSW strategic plan. The focus consists of actions within three interlinked areas; i) support for developing labour management information systems, with initial work on a labour force (and child labour) survey that was being conducted at the time of the review; ii) support for the initiation of state employment services through three piloted Employment Service Centres in Vientiane and Savannakhet and Khammoune provinces; and iii) support for technical skills standards development. These three areas represent both tactical and strategic actions to address the challenges associated with labour skills and employment creation, which are increasingly recognized as national priorities. They represented the central strategy of the ILO programme. Yet, despite the centrality of such actions, they were not fully reflected within the 2008–2009 biennial work plans.

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<sup>5</sup> Discussed with national stakeholders for the first time just prior to the findings-review workshop on 12 March 2010.

Opportunities for synergy between actions are clear but have yet to materialize because of their recent establishment. The TICW and WEDGE Projects collaborated closely in supporting the development of the village funds. Synergies between ILO actions appear to have been constrained by the lack of an in-country ILO representative who could develop them on a day-to-day basis.

In some cases, partner relations with the ILO were seen as one of project partnerships; among constituents, a deeper, institutional and long-term partnership was evident. The positive effects of such partnership on workers' and employers' organizations were constrained by the limited amount of support that the ILO provided to those institutions.

In general, outcomes established and actions undertaken within each indicate a careful and strategic use of limited ILO resources, with a strong focus on practical actions in support of national capacity development in priority areas. Activities generally were responsive to stakeholder requests and demonstrated flexibility and a willingness to adapt. The pace of individual actions appears to have been generally appropriate, but in some cases, perhaps slower than national constituents and partners would have liked.

The biennial work plans were comprehensive in scope and coherent with individual actions in support of them. In a number of cases, individual outcomes reflected several actions or projects.

For all priority areas except LAO800,<sup>6</sup> the terms "milestones", "results" and "outputs" were used to describe expected results within annual or biannual periods that would contribute towards outcome attainment. In priority areas where specific, donor-funded projects were not present, intended results were sometimes high level in nature, reliant upon both ILO and (often multiple) partner contributions. As such, they were difficult to assess; for example, "The revised labour law understood and served better the transformation of the command economy to market-oriented economy."

Several constituents and partners made a strong case during the review consultations for the need for a clearly defined and understood long-term plan for ILO support to Lao PDR. The ILO's DWCP guidebook encourages such a plan development and outlines an appropriate six-step process. Given the current development of the Seventh NSEDP, to commence in 2011, the timing is right for the ILO to engage in a participatory process for establishing a five-year DWCP document with constituents and other national institutions, in particular the MPI.

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6 LAO800: "Strong and representative employers' and workers' organizations influencing economic, social and governance policies."

## 5. PROGRAMME IMPLEMENTATION

### 5.1 Producing results

The ILO programme contributed to important results at both the policy and practice levels over the past four years. This achievement was in large part due to strong national ownership, in particular within the MOLSW and the MPWT. The following presents highlights of the ILO programme according to each ILO strategic objective.

**Employment:** Labour-intensive rural access road construction techniques and participatory planning methods were mainstreamed by the MPWT and adopted by several donor programmes seeking to generate local employment through the expansion of the rural road network. Through the initial TICW Project and later the WEDGE Project, village banks were established in 142 villages, with a membership of 31,926 persons. With initial total capital from the ILO of US\$70,000, these village banks now have a total capital of US\$3.9 million (these figures, as of 31 December 2009 include ILO-supported village banks and replicas).

Through the development of strong ASEAN links, the MOLSW successfully developed several comprehensive technical skills standards in line with its role for technical and vocational education and training. Three state-managed Employment Service Centres were piloted to link jobseekers with employment opportunities. While this is a new and challenging area of work, long-term prospects appear strong.

ILO adaptation of global good practice tools to the Lao context for SME and entrepreneurship strengthening resulted in their wide-scale adoption by both state and non-state actors.

**Rights at work:** The ILO provided progressive and well-structured assistance to the MOLSW to review the applicability of international labour standards and then progressively put them forward for national ratification. Equal Remuneration Labour Convention, 1952 (No. 100), and Discrimination (Employment and Occupation) Labour Convention, 1958 (No. 111), were ultimately ratified and studies initiated on Abolition of Forced Labour Convention, 1957 (No. 105), and Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144). This was achieved by supporting national research efforts, with tripartite constituent involvement, and increasing broader awareness of the pending Conventions among stakeholders, including the National Assembly. The MOLSW took the lead role and demonstrated commitment to the progressive adoption of those Conventions. The revised labour law issued in 2006 incorporates principles from previously ratified labour Conventions. The ILO also initiated help associated with the implementing of Conventions No.100 and No.111 and stimulated debate on the rights of domestic workers.

**Social protection:** ILO support to the development of the Lao social security system was significant and is probably the flagship of ILO assistance over the past four years. Assisted by the Social Security Project, the Social Security Department (SSD) of the MOLSW established a broadly effective and comprehensive social security system for private sector employees (Social Security Organization (SSO)) that so far covers some 5 per cent of eligible workers within Vientiane. Although national coverage is much lower, estimated at perhaps 10 per cent, strong foundations for a national social security system were established. Despite the absence of ILO support since 2007, the State Authority Social Security (SASS) and SSO continued to progress well and extended coverage to additional provinces and companies.

In line with the MOLSW's OSH Master Plan (2005–2010), the ILO helped promote occupational safety and health by fostering strong ASEAN links (Lao PDR now assumes the secretariat function for ASEAN-OSHNET) and improving OSH inspectors' capacities. The Lao Federation of Trade Unions (LFTU) and the LNCCI also were encouraged to participate in these activities.

As part of the regional TICW Project, ILO assistance substantially increased public awareness of the risks associated with unsafe migration and trafficking, reaching an estimated 1.4 million people through media activities. ILO support to the establishment of the memorandum of understanding on migration between Lao PDR and Thailand reportedly resulted in the regularizing of around 58,000 Lao workers in Thailand.

Work associated with HIV/AIDS in the workplace reportedly increased tripartite capacity and profile, particularly with a tripartite declaration on HIV/AIDS and practical models for workplace action that were developed and demonstrated within the hotel sector.

**Social dialogue:** Of course, the ILO assistance sought to engage tripartite constituents within the range of its activities. This included drawing the LNCCI and LFTU into the draft labour law review processes. Ongoing dialogue with constituents to address labour disputes and the identifying of areas where the current labour law may need additional clarification are also considered significant.

Given the limited level of resources at its disposal, the ILO contributed to important impacts associated with major current challenges and the national preparations for longer-term actions regarding decent work. In large part, the achievements are due to the commitment of national stakeholders. In some areas, the ILO contribution was modest in scale but still contributed to the quality of nationally determined objectives. The development of national policies and frameworks received greater ILO assistance than on-the-ground actions, with limited financial resources contributed. In the best examples of the ILO's work, on-the-ground action contributed to the development of policy frameworks and approaches more broadly (such as the work in partnership with the MPWT). There was a broad consensus among constituents and partners from the review consultations that the ILO should increase its focus on implementation and greater tangible results.

## 5.2 Sustainability

Sustainability (defined as “continued benefit flows after the end of external assistance”) prospects for ILO programming overall look positive. Examples include: i) the achievements of the SSO and SSD since the end of ILO assistance; ii) the expansion in skills standards development by the MOLSW, without additional ILO support; iii) the MPWT's mainstreaming the ILO labour-intensive and participatory-planning approaches; and iv) the paradigm shift from the anti-trafficking agenda towards safe migration, which the TICW Project played a significant role in promoting nationally and regionally.

Stakeholders reported that the extensive use of national consultant services by the WEDGE Project was an important success factor in the broad adoption of the SME tools and processes. In comparison, many people commented on the heavy reliance on international consultant services for the social security-related work. Expanding, where appropriate, the use of national consultant services would have a range of pay-offs to the ILO programme, not least-as demonstrated by the WEDGE Project-increasing the sustainability of benefits.

Risks to the sustainability prospects are present, particularly the limited financial resources available to ILO tripartite constituents. While the ILO has been effective in supporting these institutions to initiate actions at the policy and practice levels, stakeholders requested greater ILO support for sustaining and expanding implementation. Real concerns over the ILO's ability to provide sustained assistance were evident in the document review, such as with the Employment Service Centres. In some cases, for example the work associated with HIV/AIDS in the workplace, stakeholders raised concerns over sustainability that related to the relative significance of the issue being addressed as compared with other more pressing national priorities.

The Child Labour and Trafficking Office established within the MOLSW with ILO assistance was reported to be no longer formally operational; the individual assigned to manage the unit now occupies a new post. Although capacities and commitments built through the process remain, the institutional structure no longer does. There were other elements within the ILO programme that actually had limited sustainability prospects because of their relative low priority within the current Lao development context. This situation appears to derive from the biennium planning process (see section 4). The joint development of a focused DWCP by the ILO and national partners would likely provide a mechanism through which such situations could be avoided in the future.

## 5.3 Success factors and constraints

Factors associated with the ILO's achievements to date in support of national development goals are: i) the tripartite nature of the ILO; ii) the ability to provide highly professional and respected technical advice within ILO mandate areas; iii) strong commitment within the ILO for supporting the development of national capacities; iv) sustained engagement and partnership with national constituents - albeit sometimes at a low level; and v) positive personal relationships developed between several ILO experts and partner agency leadership.

Constraints entail: i) highly constrained ILO financial resources; ii) limited resource mobilizing, specifically for Lao PDR; iii) insufficient in-country representation; iv) limited awareness within Lao PDR of the ILO programme as a whole; v) large workloads of technical experts, with many operating across 24 countries regionally; vi) absence of an agreed DWCP document providing mutually agreed, focused and time-bound priorities and outcomes; vii) limited support for sustained implementation within a number of areas; and viii) less focus (within some priorities) on tangible, on-the-ground results achievement as compared to policy action.

## 5.4 Adaptation to change

The ILO showed an ability to respond to changing national circumstances in a number of arenas. Most significantly, in response to requests from the MOLSW, the ILO mobilized financial and human resources in support of three elements within the draft master plan associated: with i) employment services; ii) technical skills standards; and iii) labour management information systems.

Additional examples of adaptation to change include: First, the decision by the WEDGE Project to limit expansion of the village funds in numerical terms and instead to adapt to new regulations issued by the Bank of Lao PDR for the registration of the village funds. The ILO took a progressive approach, engaging seriously with the new regulations and initiating supportive actions.

Second, with limited financial resources available, the ILO collaborated with the ADB-supported Smallholders Development Project to provide technical assistance associated with contracting small-scale construction firms for rural access road development and technical training to those firms. The ILO showed its ability to adapt to limited financial resources while continuing, albeit in a limited way, to provide technical assistance.

Third, rapid expansion in FDI and areas lacking clarity within the Lao labour law reportedly contributed to the increasing difficulties associated with industrial relations. The dramatic rise in industrial disputes reported within Viet Nam may indicate future risks for Lao PDR. The ILO is reviewing and planning exercises on these issues with the MOLSW, the LFTU and the LNCCI. This activity will result in a guide on the Lao labour law for international investors and a draft proposal for developing dispute prevention and settlement procedures. This small example demonstrates how the ILO is responding to changes within the Lao economy and resultant challenges.

The ILO's ability to adapt to changing circumstances is, however, limited by the lack of in-country presence and limited engagement with other donors (such as GIZ's HRD-ME programme) and a number of subworking groups within the roundtable mechanism that have clear relevance to the ILO's mandate (such as the sector working group on infrastructure). This insufficient engagement with other donors is likely to have hampered effectiveness and understanding in some areas (as noted by the LNCCI) and/or resulted in missed opportunities for the ILO to make a greater contribution to the national development plans.

## 5.5 Partnership approach

The ILO has enjoyed a close working relationship with the MOLSW since it was established in 1993. The MOLSW programme and strategy broadly reflect the three ILO strategic objectives of employment, rights at work and social protection, and it has taken advantage of ILO technical assistance to push forward with those objectives. The MOLSW engages in policy development relative to its responsibilities and, with ILO assistance, engages with the LFTU and the LNCCI, the most significant example being the process of developing the revised Lao labour law. Some respondents in the review research thought that the quality of the revised labour law draft could have been stronger and commitment to the partnership would have been greater had the MOLSW brought the LFTU and the LNCCI into the process much earlier and provided more clear responses to them. The MOLSW recognizes there is room to improve its relationship and coordination with the LFTU and the LNCCI; they have requested ILO assistance in this regard in the past.

New outcomes directly associated with building up LFTU and LNCCI capacity were included within the 2008–2009 biennial work plan. However, milestones/results/outputs for such outcomes were not clearly established. Overall, the direct capacity-development assistance provided to those institutions was limited mostly to workshops or exchange visits, such as:

- workshop on the roles of trade unions and labour migration;
- fellowships and exchange visits;
- briefing sessions on the international labour standards;
- rapid assessment of the impacts of economic crisis and migration (returnees); and
- translation of the trade union law into English.

Arguably more importantly, the LFTU and LNCCI were engaged in other ILO-supported activities from which staff could further develop their capacities related to social security (membership on the board of the SSO), occupational safety and health, HIV/AIDS in the workplace and others.

In general, the ILO programme has had a greater degree of engaging with the LFTU as compared with the LNCCI (five of the six activities listed<sup>7</sup> within this priority area involved only the LFTU).

The extent to which the LFTU and the LNCCI take ownership<sup>8</sup> of the ILO programme *as a whole* is limited by: i) the lack of their inclusion in the development of the biennial work plans; and ii) the engagement by the ILO of other ministries and institutions in activity implementation, such as the SMEPDO.

However, the MOLSW, the LFTU and the LNCCI are playing increasingly important roles in line with the rapidly developing economy and emerging challenges and opportunities. The ILO programme of assistance has contributed to their expanded participation. Increasing ILO engagement with other donors working with the LNCCI was specifically requested by them and appears warranted, in line with the tripartite mission and given the reported role of the ILO in the establishment of the Employers' Bureau in 2005.

## 5.6 Monitoring and evaluation

Larger projects supported by the ILO (social security, WEDGE and TICW) have well-developed and comprehensive M&E frameworks that demonstrate the quality of regular budget monitoring that can be achieved with adequate resources. Integrating the indicators from these projects into the programme's broader M&E framework may be possible and would provide greater rigor to the current system.

At the programme level, however, the ILO does not appear to meet the M&E standards outlined within the DWCP guidebook (July 2008) and the regular budget monitoring guidebook (July 2008); specifically, SMART<sup>9</sup> indicators were not developed at the outcome level. This is perhaps not surprising given the context of: i) the reasonably new nature of these guidelines; ii) the absence of an agreed DWCP document; iii) the breadth of the current programme; and iv) the limited resources devoted to many outcomes.

The current monitoring system is based on outcome-level sheets listing major milestones or results, against which broad, overall progress can then be assessed and with outcomes clearly linked to the performance-based outcomes. This appears to be a pragmatic and sensible approach to monitoring, given that the programme structure is commensurate with the level of resources. The development of a formal DWCP document with tripartite partners would provide the framework for establishing indicators, although the results-based management effort should remain commensurate with the level of resources.

## 5.7 Knowledge management

The profile of the ILO within Lao PDR is limited, with few people aware of the programme's breadth or the very real accomplishments over the past four years. Despite this, the high quality of the ILO's technical specialists is well known, both the specific technical advisers operating within Lao PDR and more generally. Improving coordination with other donors operating in similar work areas was a recurring theme raised by several people during the review; participation in sector working groups as part of the roundtable mechanism would be one approach to improving the coordination.

7 ILO: *Projects and programmes of the ILO in the Lao PDR 2006–2009* (Bangkok), unpublished document.

8 Point 2 within second ILO performance criteria.

9 SMART= specific, measurable, achievable, realistic and time bound.

The ILO programme draws heavily on global ILO good practice resources, in particular within labour-intensive construction and the small and medium-sized enterprise (SME) sectors and has adapted the tools to the national context. These tools are also broadly applied by many stakeholders. Lessons learned from the ILO programme in the areas of migration and social security have been documented and the Social Security Project has served as a study tour location for Cambodian officials. The ILO has used its online resource base for disseminating both programme and research documents that have strong relevance for policy development (such as *Labour and Social Trends in ASEAN*, 2008).

## 5.8 Organizational arrangements

The ILO programme is managed on a day-to-day basis by a programme officer based in the Subregional Office (three persons filling this role over the past three years). There is no in-country ILO office. Some degree of in-country coordination is provided by the two national staff currently and, previously, by a project's chief technical adviser. While this has mitigated the issue of local representation to some degree, the role was and remains limited.

For several years, national constituents, partners and donors have perceived the absence of a formal in-country presence as an obstacle to the ILO's operations. Relationships forged between constituents and the ILO are generally good and have improved over the past 12 months in particular.

During the review, several people expressed a degree of frustration associated with the ILO's financial management of and responsiveness to assistance requests. It was almost universally reported that ILO activity payment occurred retrospectively, and this required partners to advance funds from other sources, sometimes personal sources. This generated risks for the institutions and individuals involved. Late response to assistance requests or confirmation of approved activities also generated risks and was reported in some cases to have led to implementation delays. While these issues may be seen as minor operational factors, the effects on the operation and management of partner institutions as well as the ILO's reputation nationally should not be underestimated. The planned posting of a national coordinator should include access to resources to help address these issues.

Despite those issues, the operations the ILO pursued were successful, in part due to the commitment that constituents and ILO staff feel towards achieving the stated objectives. During the review process, constituents and partners frequently mentioned the high calibre of ILO technical specialists as well as highly valued inputs. Close working relationships—an important strength—have been developed in many cases, with the ILO seen as providing professional and impartial technical advice. This relationship is particularly strong with the MOLSW due to the long history with the ILO.

## 5.9 Resource availability

**Table 5.1 ILO financial contributions to UNDAF outcomes (US\$)**

	2007 contribution	2008 contribution	As % of total UN 2007–08
UNDAF outcome 1	160 900	175 156	0.88
UNDAF outcome 2	436 240	12 800	1.62
UNDAF outcome 3	220 000	33 175	1.90

Under the UNDAF, the ILO pledged a contribution of some US\$3.8 million over the 2007–2011 period, averaging US\$740,000 per annum. Table 5.1 shows the value of ILO contributions to UNDAF outcomes over the period 2007–2008, with US\$817,000 contributed in 2007 but falling to US\$221,000 in 2008. Initially, the review was unable to obtain a clear picture of the total ILO contributions over the period 2006–2009 due to issues associated with cost allocations within regional projects. The eventual provision of this information (July 2010) reveals a total expenditure of US\$1,478,142 (table 5.2).

## 5.2 ILO expenditure 2006–2009, by outcome (US\$)

Outcome	Expenditure	%
102: Employment	246 455	17
103: Skills development	148 836	10
127: International labour standards	54 561	3
153: Social security	1 028 290	70
<b>Total</b>	<b>1 478 142</b>	<b>100</b>

Resource mobilization is widely acknowledged by national stakeholders and ILO staff as the major issue associated with the programme. ILO financing for large projects is wholly reliant on generating additional donor resources. With some 22 United Nations agencies, perhaps 100 NGOs and only six sizable bilateral donors, fundraising within Lao PDR is highly competitive. The absence of an established in-country office and limited awareness of the ILO programme as a whole among donors appear to have contributed to the resourcing problems. The slow process associated with the development and funding of the Social Security Project Phase III (likely to be three years) may indicate the significance of other issues, including the Subregional Office workload.

The engagement of ILO technical assistance (2005–2009) on labour-intensive road construction and associated contractor training within the ADB-financed Smallholders Development Project is illustrative of ways in which ILO technical expertise can be utilized in support of programme goals in alternative ways. Additional scope for such approaches would appear likely but will require a closer level of coordination with other donors, in particular the ADB and the World Bank.

Despite the obvious successes achieved over the past four years, inadequate levels of resources, in particular associated with implementing frameworks the ILO has promoted (OSH for example), have impacted on the ILO's ability to meet its mandate nationally. Resources will need to be substantially increased if higher levels of on-the-ground results are to be achieved. This will be also important if support to the three areas of skills, employment services and labour information is to be sustained and tangible results obtained. The resource issue also impacts sustainability; as previously noted, staff with the Employment Service Centre highlighted resource availability as a significant risk in 2009.

The development of a formal DWCP in partnership with Lao constituents and other parties, using the six-step process outlined in the ILO guidebook would strengthen the ILO's profile nationally. Combining this process with a donor analysis and resource-mobilization strategy would enable the identifying of resource gaps and resource targets ultimately and demonstrate ILO commitment. It would also enable greater national ownership over resource allocation decision making within the overall programme framework to occur, in line with the Vientiane Declaration principles.

## 6. ASSESSMENT OF PROGRESS TOWARDS COUNTRY OUTCOMES

A detailed assessment by country outcome is included in Annex IV. The following represents a summary of the major findings regarding outcome attainment.

### 6.1 Employment

**Priority LAO100:** More job opportunities are created for rural poor, youth, people with disabilities and other targeted groups, resulting in poverty reduction.

Outcomes associated with this priority were as follows:

- 2006–2007**
- LAO101:** Policies and strategies on skills training and SME strengthening are developed to better prepare and link women and men to employment opportunities and sustainable livelihoods.
  - LAO104:** Rural infrastructure strengthening and other livelihood strategies for employment creation and poverty reduction are formed and implemented.
- 2008–2009**
- LAO102:** Participatory local development strategies for employment creation and livelihood improvement for rural women and men are formed and implemented.
  - LAO103:** Lao constituents adopt coherent and sustainable national strategies for human resource development to improve employment opportunities for youth and adults.

#### Findings

**LAO 101/102:** The WEDGE Project helped the SMEPDO (within the Ministry of Planning and Industry) to develop and use a range of entrepreneurship development tools (based on global ILO good practice tool kits) for use primarily with women entrepreneurs. These tools, including GET Ahead for Women in Enterprise are valued by the SMEPDO and have been widely adopted by others (the Gender and Development Group, the Netherlands Development Organization (SNV), GIZ and Concern as well as private consulting firms) and mainstreamed into the draft SME action plan. The SMEPDO uses the tools independently of ILO support. The number of persons receiving training in such tools is now reported to be in the thousands.

A small-scale impact assessment (2006) of village bank members who had received GET Ahead training indicated a substantial expansion in sales. Additional and more thorough impact assessments are planned for 2010 and are required. More recent work on developing tools associated with support to small business associations and business groups (or producer groups) is well targeted, has strong coherence with national development strategies and the emerging One District One Product strategy and reflects an effective approach to policy development through practical on-the-ground demonstration.

Through collaboration with the TIWC Project, the WEDGE Project also progressively adopted responsibility for the support of the village banks (initially established by the TICW Project in collaboration with MOLSW and a Lao non-profit association, Lao Community Sustainable Development Promotion Association (LCSDPA)). There are now 142 village banks, with nearly 32,000 members and a total capital of US\$3.9 million. The LCSDPA continues to provide technical and monitoring support.

Manuals on methodology and associated bookkeeping have been developed and shared with other stakeholders. The WEDGE Project collaborated closely with the Microfinance Working Group and proved adaptable to a changing policy environment (by initiating support of the progressive registration of village funds under new Bank of Lao PDR regulations). National and international technical assistance provided by the ILO has been of high quality and appreciated by the national donors. The use of national consultant services within the WEDGE Project appears to be a core and successful strategy. Through this outcome area, ILO donors report that impact has been high despite the small budget value; the ILO appears to have had both policy and practice impacts on poverty and the achievement of the first Millennium Development Goal.

The WEDGE Project has a strong gender focus, which it has found difficult to pursue at times, particularly with large numbers of its trainees and trainers being male. Despite this, successes have been achieved with the Lao Women's Union. They are highly appreciative of the WEDGE methodologies and request continued assistance to expand the trainings.

Given the project focus, links with the high-profile Lao Women's Business Association could perhaps be developed. The Know About Business curriculum, focused on entrepreneurship development, is reportedly being piloted in a number of technical and secondary schools and may possibly be incorporated into the national secondary school curriculum. However, links with the MOE do not appear to have been established sufficiently, with little awareness within the MOE on the curriculum activities. Although progress has been good, several planned outputs have been only partially achieved, largely due to external factors. WEDGE funding is largely exhausted; activities planned for the next period are dependent upon additional donor financing. This constitutes a significant risk.

**LAO104:** The ILO has had a long and successful partnership with the MPWT; stakeholders reported during the review that ILO's labour-intensive and participatory planning approaches have been mainstreamed by the MPWT and by a number of development partners (such as the Lao-Swedish project). However, the level of ILO support was limited during the period that the review assessed. The principle activity in that time was support for the development of local participatory plans at district levels (three districts) to identify investment priorities.

The MPWT implemented the participatory planning processes, drawing upon ILO's local economic development tools. But the ILO was unable to finance implementation of the strategies, which the Poverty Reduction Fund provided.

The ILO organized a national workshop in 2008 to look at links between rural access and poverty reduction. One of the presentations highlighted a recent evaluation by Swedish International Development Agency of its support to basic access and demonstrating the poverty-reduction effects that occur when access is improved.

The Ministry of Agriculture and Forestry's (MAF) Smallholders Development Project (ADB financed) subcontracted with the ILO to provide considerable technical assistance on bidding, contracting and capacity development for contractors in relation to rural road construction in Champassak province. Contractors were required to adopt labour-intensive approaches; this included training for contractors in a range of skills, most critically on works costing. The modality of using ILO technical skills within larger donor-funded programmes offers Lao PDR an effective means for accessing ILO technical advisers, particularly in specialist areas. But, as discovered through the review, there was only limited awareness of the project and the ILO's role within it at the national level.

The ILO's work within these outcome areas was limited over the reviewed period, primarily because of a lack of financial resources. Relationships between ILO technical experts and the MAF and MPWT remain strong and are clearly valued.

**LAO103:** Based upon a request in 2007, the ILO initiated a programme in support of the MOLSW's new mandate associated with vocational education. Throughout the review process, the issue of labour skills development was consistently referred to by constituents and stakeholders as a major priority for the country and one that the ILO is well positioned to assist. According to people interviewed, the TVET master plan has benefited from ILO technical assistance. The draft skills standards were developed by the MOLSW during 2009–2011 with technical assistance from the ILO and the Human Resources Development Service Korea (through sponsorship from the ILO/Korea Partnership Programme).

The ILO has helped the MOLSW develop policy frameworks associated with its role within skills development (Lao Skills Formation and Development Decree). In doing so, it has provided input on organizational and technical aspects associated with skills standards development and practical experience in the development of standards for prioritized sectors that would have regional comparability to facilitate skilled migrant labour employment. The draft standards relied on technical assistance from the ILO, which in turn helped build up the staff skills in standards development. More draft skill standards have since been developed, using the initial technical assistance input.

The ILO provided training to the Lao Youth Union (LYU) staff on methodologies for assessing local labour market opportunities for youth. The workshop was successful in developing skills within the LYU; however, the lack of follow-up support from the ILO towards enabling such assessments was highlighted during the review consultations.

The ILO assistance to this outcome has evolved over the past two years, with important, linked initiatives occurring: i) technical assistance and material support for establishing and operating three piloted Employment Service Centres (job centres); ii) focused technical assistance for developing technical skills standards; and iii) a labour force survey, the results of which can be analysed against the ADB-supported labour market survey. These three programme elements are mutually reinforcing and were the core of the ILO programme at the time of the review.

During the review, MOE officers noted limited engagement with the ILO to date in the TVET sector and specially requested additional assistance with curriculum development. In particular, they are looking to ensure maximum employability of secondary school graduates as well as technical school graduates. The officers also commented that ILO's Know About Business pilot within secondary schools is a useful initiative but that greater ILO coordination with the MOE is required if the benefits are to be maximized. They requested a report on the pilot's progress.

## 6.2 Rights at work

**Priority LAO125:** Further progress is made to realize fundamental principles and rights at work.

Outcomes associated with this priority were as follows:

- 2006–2007**      **LAO126:** ILO constituents have improved their ability to apply ratified Conventions, review additional Conventions for ratification and make changes to the labour law through a process of consultation.
- LAO130:** National policy that promotes safe migration and prevents trafficking in children and women is established and implemented.
- 2008–2009**      **LAO127:** Enhanced capacity of ILO constituents to apply international labour standards, with a specific focus on the core Conventions, to review additional conventions for ratification and to make changes to the labour laws through a process of consultation.

**LAO129** will be addressed later as part of the outcomes under the priority series 800.

### Findings

**LAO126, 127:** Significant progress appears to have been made within this outcome area with the ratification of the Equal Remuneration Convention, 1951 (No. 100), and Discrimination (Employment and Occupation) Convention, 1958 (No. 111), in 2008 and a tripartite working group established to research and make recommendations regarding ratification of the Abolition of Forced Labour Convention, 1957 (No. 105), and Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), which occurred. Research was initiated and quality ILO technical assistance was provided. The assistance involved progressive, logical steps with clear stakeholder ownership of processes associated with research, ratification and, critically, implementation. A comprehensive assessment of Convention No. 100 and Convention No. 111 within the Lao legal framework was carried out and used as basis for the national workshop on convention implementation; a range of areas lacking clarity between legal documents was identified to support the implementation processes. Help in expanding awareness of international labour standards among decision makers, including National Assembly members, was requested and provided. The amended Lao labour law was promulgated in December 2006. The consultation processes on the law involved tripartite constituents.

**LAO130:** The regional TICW Project (commencing in 2000) as well as the ILO generally have contributed to national and bilateral policy frameworks associated with migration and trafficking in both the previous biennia and from 2006 to 2008. Article 134 of the Penal Code was revised in 2006 and now covers trafficking in men, women and children and the prosecution of human traffickers. The revision fully adopts the UN trafficking definition. The National Law on the Protection of the Rights and Interests of the Child, endorsed by the National Assembly in December 2006, requires that all Lao children be protected from abuse, exploitation and injustice.

The new law is based on the children's rights stated in the Convention on the Rights of the Child and other international conventions. The Government endorsed the National Plan of Action on the Commercial Sexual Exploitation of Children in September 2007. A National Plan of Action Against Trafficking in Persons (2007–2012) was developed and included several core ILO approaches, although it remains a draft. Through the project, village

funds were established to provide alternative economic opportunities to potential migrants. These village funds have been sustained; they have mobilized significant local capital, with a reported reduction in migration levels. Significant achievements in raising public awareness of risks associated with migration were achieved through radio, TV and print media and have reached an estimated 1.4 million persons.

The TICW Project was described during the review as the first national project of its type in Lao PDR and as having achieved excellent partnership with the United Nations Inter-Agency Project on Human Trafficking. Strong project ownership was evident when the Child Labour and Child Trafficking Office was established within the MOLSW, which successfully drove actions under the project (although that office, as noted, is no longer operating). Critically, ILO assistance contributed to a paradigm shift, from an emphasis on anti-trafficking to one of safe migration. At the end of the TICW Project, the ILO redirected activities to the ILO/Japan Cross-Border Migration Management Project, enabling momentum to be maintained. This project provided advisory services to promote orderly labour migration from Lao PDR to Thailand through the strengthening of the formal employment service system. It also helped impress upon the Lao authorities that shortened time frames, reduced costs and minimized inconvenience of the legal recruitment channel are required if formal rather than informal migration channels are to become more widely used.

Specific recommendations from TA associated with labour migration were:

- to simplify the administrative procedures and documentation needed to achieve legal labour migration;
- to establish a national employment service network specifically designed to promote income and employment opportunities within Lao PDR as a viable option to migration;
- to promote public awareness concerning the availability of a legal system protecting self-initiated formal and safe migration and of the dangers and risks of irregular migration; and
- to continue promoting the recruitment of migrant workers under the memorandum of understanding on employment of workers between Thailand and Lao PDR in a context in which it has comparative advantage.

The project supported the establishment of a National Employment Service Network, which incorporates four components: i) the central policy and management of employment services; ii) the comprehensive labour market database (job bank and labour bank); iii) a National Employment Service Office in each province; and iv) the supervision and monitoring of licensed recruitment companies. A follow on to the regional TICW Project has been approved (the Triangle Project) by AusAID and commenced in 2010.

## 6.3 Social protection

**Priority LAO150:** Social protection extended to the uncovered population.

Outcomes associated with this priority were as follows:

<b>2006–2007</b>	<b>LAO151:</b> Capacity of the Government to plan and administer social security policy is enhanced.
	<b>LAO152:</b> A national OSH master plan adopted and implementation initiated, focusing on inspector capacity building and on OSH protection in small enterprises and construction sectors.
<b>2008–2009</b>	<b>LAO153:</b> Policies developed and capacities enhanced to extend social protection to uncovered populations in the areas of social security, OSH and HIV/AIDS.

## Findings

**LAO 151/153:** The final evaluation report (March 2007) on ILO assistance to the Social Security Project states:

The ILO Social Security Project has played a pivotal role in building the basis of a viable social security scheme in Lao PDR. Over the five-year life of the project, it provided technical and material assistance to a variety of government agencies in order to establish the institutions necessary to extend social security coverage ... The [Social Security Project] fills a niche role, addressing health-financing issues, health management and social security policy at a macro/national level. The benefits and role of this program need to be seen in its broad context. The project has met its core objectives: consolidating the social security scheme for private enterprise workers and achieving the legal instruments and policy decisions required to reform the civil servants' scheme. These schemes are based on important social security principles and health financing models that are appropriate for a developing country – prepayment, risk pooling and equity finance.

Despite the ILO's major contribution to creating a system for all Lao people, the overall coverage remains low (estimated by stakeholders to be some 10 per cent of eligible workers). This is not surprising given the scale and range of challenges encountered, the establishment of the Social Security Office only recently and still-limited national capacities, including staff numbers, especially at the provincial level. Expanding awareness on the value in social security, both within the population and among decision makers, was perceived as an important strategy.

Planned actions in support of the Social Security Office and the State Authority Social Security over 2008–2009 did not occur due to the ILO Social Security Project Phase III not being financed and significant (justified) revisions to the project document being requested by the intended donor. This resulted in a significant gap in ILO assistance, with the eventual "gap period" likely to be around three years. Despite the gap, the expansion of the social security system has continued, with scheme coverage extended to new provinces and major new employers (MMG LXML Sepon gold and copper mine). The Phase III design represents a challenging but highly significant undertaking, with a focus on the self-employed and health insurance. This focus will need to be closely maintained if achievements are to be made.

Technical assistance provided was reported to be generally of high quality; for some tasks, there are national consultants available and drawing on them would strengthen the long-term sustainability of project benefits. Board members include those from tripartite constituents, but there is a perception that they need some technical skills improvement. Several people interviewed during the review cited limited partner engagement in the financial management processes of the Social Security Project as an area for future improvement.

**LAO152:** A national OSH Master Plan 2005–2010 (the first such plan) was adopted and implemented by the MOLSW. ILO support towards this process was considered useful but limited in scale, even below what the respondents think is required to adequately address such a challenging area. The respondents highlighted the new nature of industrial OSH risks that have emerged as a result of rapid economic development, in particular risks associated with new technologies and chemical use, for which inspectors have limited knowledge. ILO support included training in the use of relevant approaches associated with OSH improvements in small enterprise and construction sites (Work Improvements in Small Enterprise (WISE) and Work Improvement in Small Construction Sites (WISCON)). Training on the use of these tools was extended to tripartite constituent members as well as the private sector and others.

Strong ASEAN links were developed through this programme, with ASEAN experts supported by the ILO to provide technical assistance to Lao PDR, including a review of OSH practices at the small-enterprise level and on-site training on inspection methods by a Korean OSH specialist (supported by ILO/Korea Partnership Programme). The MOLSW is currently serving as the ASEAN-OSHNET Secretariat. The ILO/Korea programme support for OSH is making an important contribution, which included assistance for a national seminar on OSH at the end of 2009 and a review of the OSH Master Plan implementation since 2005. Significant progress was made (estimated by stakeholder interviews at 60 per cent attainment), but additional awareness raising, improvements in regulatory and operational systems associated with OSH inspection and enforcement and the need for provincial OSH committees were cited as future priorities.

Although both the LFTU and the LNCCI were closely engaged in OSH activities, some people suggested expanded support for their role, particularly the LFTU. Through the biennium work plans, the ILO successfully supported the tripartite partners' initial programme of action. ILO resources provided were modest and yet the results obtained reflect good value for money. However, sustained long-term engagement is required to assist Lao PDR to obtain a clearer picture on the extent of work-related health and safety issues and then to address them.

**LAO153:** The ILO sought to strengthen the capacity of tripartite constituents to draft a National Model Workplace Policy, based upon a recently launched ILO Code of Practice, and then to disseminate the policy across sectors for adoption at the enterprise level. ILO support helps tripartite constituents develop and launch a Tripartite Declaration on HIV/AIDS in the workplace, with additional financial support provided for awareness-raising activities at hydropower construction sites. With financing from UNAIDS, the LFFTU and LNCCI developed an HIV/AIDS workplace action plan and implemented it with APHEDA (Humanitarian Aid Agency of the Australian Council of Trade Unions) help within the hotel sector in Luang Prabang and Vientiane. The implementation was effective and skills were built up; however, the extent to which actions will be sustained without additional financial support is unclear.

## 6.4 Social dialogue

**Priority LAO800:** Strong and representative employers' and workers' organizations influence economic, social and governance policies.

Outcomes established under this priority were as follows:

- 2008–2009**
- LAO801:** Institutional capacity of employers' organizations is strengthened.
  - LAO802:** Institutional capacity of workers' organizations is strengthened.
  - LAO803:** Increased capacities of employers' and workers' organizations to participate in the development of social and labour policy.
  - LAO129:** Capacity of employers' and workers' organizations is further strengthened to extend knowledge and exercise of rights and responsibilities at the local level, established within the 2006–2007 biennium, is addressed in this section because of the logical fit.

### Findings

The extent of ILO assistance directly to the development of tripartite constituents' capacities was limited over both biennia to a few stand-alone activities (mostly trainings and workshops), with the exception of: i) support to the LFTU associated with child labour; ii) training to the LFTU on migration; and iii) LFTU monitoring of migrants from northern regions. The ILO adopted a more indirect approach to capacity development through the active inclusion of tripartite partners within the range of ILO activities. This engaged the LFTU and LNCCI at both the policy level (Lao labour law review, HIV/AIDS in the workplace, international labour standards) and the practice level (OSH training and industrial relations).

Although capacities within these areas were strengthened, the extent to which they respond to the self-assessed needs for enhanced capacities is less clear. A review of recent ILO mission reports showed that the LFTU is interested in a longer-term programme from the ILO that is associated with OSH training of trainers within different sectors, skills development, awareness raising on the Lao labour law, and an expansion of collective bargaining and dispute resolution mechanisms. The importance of labour market information was reiterated.

ILO coordination with the Employers' Bureau of the LNCCI included: i) Employers' Bureau participation in workshops on the international labour standards; ii) an HIV/AIDS project in the hotel sector in Vientiane and Luang Prabang (implemented according to the Tripartite Declaration on HIV/AIDS in the Workplace); iii) an LNCCI strategic planning workshop for employers' activities; iv) labour law training for Employers' Bureau staff; v) multiple meetings on OSH with other stakeholders; vi) meetings on labour disputes and resolution mechanisms in a tripartite forum; and vii) project design engagement for the Social Security Project, Phase III 2010–2013.

While tripartism is seen as a highly relevant approach within Lao PDR and able to generate positive policy and practice impacts, not least within the areas of labour skills, clear significant issues associated with coordination and other factors remain. These are broadly acknowledged among constituents, with the MOLSW requesting ILO assistance for a specific workshop on such issues.

A clearer assessment of support to capacity development of workers' and employers' organizations was problematic because the ILO did not provide the consultant with formal milestones/results for this work until the completion of the review. Reports on LNCCI activities conducted with ILO support are provided to the Subregional Office in Bangkok.

## 7. CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations are structured as specified within the terms of reference (Annex I). A reasonably large number of recommendations have been made, and perhaps the ILO and constituents should prioritize them for action.

### 7.1 ILO role and relevance

*Conclusion:* The ILO's mandate has clear relevance to Lao PDR, with its rapid, sustained economic growth and imbalances and as the fastest-growing labour force in ASEAN. The ILO has brought its comparative advantages with respect to skills development, labour management information systems and employment services to the country. Of the ILO's four strategic objectives, Lao stakeholders interviewed for this review regarded the activities associated with employment creation (most notably skills development) as having the greatest significance.

Given the overwhelming proportion of the population engaged within the agricultural sector, the ILO needs to ensure that it balances its support to the formal and informal economies along similar ratios and critically increases emphasis on activities that will deliver direct and tangible outcomes at the household level. The WEDGE Project provided a platform for doing this, with additional assistance by smaller partners (SMEPDO and the Lao Women's Union).

Balancing support to employment promotion and creation with social protection is a priority for the ILO in its work with the Lao PDR; the contributions it made towards social security system development have been widely recognized. The ILO programme over the past four years was broad in scope and in line with the National Growth and Poverty Eradication Strategy and the Sixth NSEDP.

ILO resources were limited, and a number of stakeholders commented on the need for a greater degree of focus and increased attention on the implementation of policy through on-the-ground pilot activities. Given national development planning processes, the timing is now excellent for the development of an agreed five-year DWCP with tripartite constituents and other stakeholders (most notably the MPI) to provide the requested focus and long-term planning.

**Recommendation 1:** In recognition of the relevance of the ILO to the current and emerging development context and the considerable national challenges associated with employment creation, the ILO should initiate a formal DWCP document development process that follows the six steps outlined in the DWCP guidebook and results in a formally agreed, five year plan in line with national development planning schedules.

**Recommendation 2:** Use the DWCP development process to jointly establish clear areas of strategic focus for ILO assistance over the next five years and identify resources available as well as gaps.

**Recommendation 3:** Increase the focus within all strategic objective areas on activities that will deliver direct and tangible results at the household level, in support of overarching national poverty eradication goals. This requires assisting partner agencies in policy development and its implementation. The quality of the policy advice should be enhanced as a result of feedback.

**Recommendation 4:** Offer ILO technical expertise associated with integrated strategies for local development planning to the Standing Board for Rural Development or associated institutions.

The terms of reference for the review specifically sought guidance associated with programme and project planning. It is the primary conclusion of the review that recommendation 1 is a critical step in ensuring the degree of focus to the programme that is now required. This should enable the ILO's unique mandate and technical excellence to maximize its contributions to one of the national development priorities, namely employment creation. The DWCP development process would afford ILO constituents and partners opportunity to better shape strategies.

## 7.2 Alignment of technical cooperation projects and country programme

*Conclusion:* The ILO programme is generally well aligned with both the Sixth NSEDP and the UNDAF, with ILO technical focus areas and comparative advantages well suited to make a significant contribution to achieving the Millennium Development Goals, in particular within the employment area (MDG 1b). Alignment with the MOLSW's draft strategic plan is particularly strong, with recent important support to technical skills development and employment services. This trend is positive and would be further reinforced through the formal DWCP document development, which, at this time, would enable clear alignment with the upcoming NSEDP and UNDAF.

**Recommendation 5:** The DWCP design process should determine areas of ILO focus with tripartite constituents and the MPI. Based on the review findings, this appears likely to include an emphasis on employment but balanced with continued action for social protection.

**Recommendation 6:** Consider developing a central role in the coordination of development partner assistance for skilled labour force development; this could, based on the significance of the issue, include consideration of a trust fund to mobilize donor resources. ILO capacity to engage will need to be carefully considered.

### Capacity building and sustainability

*Conclusion:* Direct institutional capacity building support to tripartite constituents has been limited, in particular, with the LFTU and the LNCCI, although capacities have been built up through engagement in ILO-supported activities.

**Recommendation 7:** Consider increased attention on direct capacity-development assistance to all tripartite constituents, based upon structured self-assessed needs, through the DWCP document development process. This will require engagement with other donors, most notably those working with the LNCCI.

**Recommendation 8:** Wherever possible, use national consultants to provide technical services to ILO activities.

### Partnership approach

*Conclusion:* The ILO has supported tripartism within Lao PDR, and the benefits from such approaches are recognized by many stakeholders. Despite this, tripartism remains fragile in a number of respects and requires additional, focused strengthening by the ILO. The MPI plays a central role in ODA administration; management and greater engagement by the MPI will strengthen the prospects for a focused DWCP and respond to stakeholders' requests.

**Recommendation 9:** Continue and expand ILO work in the promotion of tripartism, especially at the provincial level, and in playing a more direct supporting role.

**Recommendation 10:** Expand ILO coordination with the MPI through both the development of the DWCP document and through regular annual programme reviews.

**Recommendation 11:** Progressively move towards the adoption of the Vientiane Declaration principles through an explicit strategy to be developed as part of the DWCP document development process, including consideration of the MPI-developed manual on standard operating procedures associated with the planning and management of ODA projects.

**Recommendation 12:** Sustain and build upon successful approaches used in occupational safety and health through assistance aimed at deepening wider ASEAN cooperation within the ILO programme in Lao PDR.

### 7.3 Cost containment and efficiency

*Conclusion:* The ILO programme of assistance has been limited in financial terms, and a substantially greater commitment is required. This will require additional investment that, assuming resources are mobilized, will pay dividends in the medium to longer terms. No recommendations are offered.

#### Risks and risk management

*Conclusion:* The emerging focus areas of skills standards, labour management information and employment services place the ILO at risk of becoming unduly concentrated within the formal sector. While such focus areas are justified on the basis of stakeholder consultations and national development priorities, it is important that the ILO retains a balanced approach, with adequate consideration to the rural and informal economies and to support the overarching national poverty reduction objectives. There is a real risk that the level of planned ILO in-country presence will be insufficient to meet stakeholder expectations. Recommendation 1 best responds to the risks associated with the sustainability of activities; recommendations associated with other risks are covered elsewhere.

#### Knowledge management

*Conclusion:* The current results-based management approaches used are commensurate with the level of resources being programmed within Lao PDR; however, SMART indicators do not appear to have been established. Opportunities for integrating indicators for larger project goals may add more rigor to the M&E systems. Many development partners have limited awareness of the ILO programme as a whole and thus opportunities for replicating achievements on future collaborations are lost.

**Recommendation 13:** Use the DWCP document development process to identify the high-level indicators against which joint progress can be assessed. Also consider indicators within larger ILO projects or the MDG 1b indicators.

**Recommendation 14:** Develop simple promotional materials featuring ILO assistance to increase stakeholders' awareness of its duration, breadth and significance.

#### Organizational arrangements

*Conclusion:* Despite significant efforts by ILO staff in-country, the absence of a formal in-country presence has affected coordination with other development partners and the maximizing of programme synergies. These challenges are compounded by the breadth of the ILO programme and represent an important driver towards increasing programmatic focus. Given the ILO's institutional capacity limitations, substantially greater programmatic focus is required—"less breadth, more depth".

**Recommendation 15:** Proceed with the national coordinator position and consider upgrading it to a Country Representative position after two years, based on constituent feedback and successes in resource mobilization.

**Recommendation 16:** Increase the availability of ILO skills development technical assistance; at a minimum, it should represent 33 per cent of their time commitments. This is justified given the relative position of the Lao PDR within the region regarding skill levels.

**Recommendation 17:** Increase the degree of engagement with other development partners to improve harmonization (and enable resource mobilization). It should also rely on regular ILO expert participation in sector working groups and other development partners, in a review of the draft DWCP document, to specifically identify areas of potential future partnership.

## Resource mobilization

*Conclusion:* There is widespread agreement that mobilizing resources is a challenge for the ILO programme; in some areas, the availability of financial resources represents a major risk to the programme.

**Recommendation 18:** Make resource mobilization a priority, and seek to increase the value of the ILO programme to US\$4.5 million<sup>10</sup> per annum within the next two years.

**Recommendation 19:** Specifically identify areas where ILO technical assistance can be used within the programmes of other donors (as with the Smallholders Development Project) to both add value and build closer donor relationships.

**Recommendation 20:** Use the DWCP document-development process as a mechanism to raise the ILO profile and as a springboard for mobilizing resources.

## Additional recommendations

These additional recommendations are based upon stakeholder feedback received during the review interviews and the workshop in which the preliminary findings were presented. They are included as direct input by constituents for consideration by the ILO.

**Recommendation 21:** Consider a range of options for increasing Lao labour productivity within the context of the DWCP development process with tripartite constituents.

**Recommendation 22:** Consider specific additional technical assistance for developing structured mechanisms to establish minimum wage rates (possibly through ASEAN); further support the refining and implementing of the Lao labour law within the context of the DWCP development process with tripartite constituents.

**Recommendation 23:** Consider the MOLSW's request for additional support associated with the rights of disabled persons at work, within the context of the DWCP development process.

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<sup>10</sup> This figure is used as a reasonable target for the ILO, based on neighbouring country ILO programme values.

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# ANNEX I: TERMS OF REFERENCE

## Lao PDR country programme review

### 1) Introduction and objectives

Lao PDR joined the International Labour Organization as a member State as early as 1964. But due to insufficient resources and facilities in the country, it could not fully participate. To implement the ILO activities, the Government created the Ministry of Labour and Social Welfare in 1993; it was endorsed by constituents in 1997 to serve as a basis for programme development in six areas: employment promotion and poverty alleviation; human resource development; labour administration, industrial relations and tripartism; workers' organizations; employers' organizations; and social security.

Past and existing ILO activities in Lao PDR have covered a wide range of labour-related fields, from the provision of advisory services, the establishment of a social security system and a system to prevent and tackle child labour and human trafficking to collection of labour-based data. These are devices that help the country identify major employment and labour issues arising in the course of the country's transition to a market economy.

In late 2005, the ILO introduced the Decent Work Country Programme (DWCP). The decent work concept calls for the integration of economic and social objectives and for a well-orchestrated combination of measures in the areas of employment promotion, rights at work, social protection and social dialogue. This coherent approach is proving its relevance to a wide-ranging policy agenda, from social dimensions of globalization to poverty-reduction strategies. The focus of the decent work programmes varies from country to country, reflecting different national priorities and conditions.

ILO works with the MOLSW, the Lao Federation of Trade Unions (LFTU) and the Lao National Chamber of Commerce and Industry (LNCCI). In addition to continuing the dialogue process undertaken between the ILO and our social partners (mainly but not exclusively the LFTU and LNCCI), the identification of the country programme's priorities took into account the major development frameworks as well as prevailing conditions:

- The country is moving gradually towards a market economy system.
- The existing labour administration has limited absorption capacity.
- The country relies heavily on external financial assistance.

The Lao Government is currently in the process of preparing its Seventh National Socio Economic Development Plan (NSED 2011–2015). The Ministry of Planning and Investment (MPI) with the role<sup>11</sup> of mobilizing ODA to support the implementation of the NSED and to coordinate with ministries, agencies and local authorities to monitor and evaluate the ODA projects, has requested the ILO to conduct a country programme review of ILO interventions in Lao PDR in recent years. One of the reasons was inadequate information of relevant ILO activities. The review will provide important inputs that the MPI can consider for the Seventh NSED in regard to labour-related issues.

The review is to consider areas in which ILO collaboration has been more or less effective to contributing to the national framework, to inform on what should be pursued in the future and where improvements can be made. This will include reinforcement or changes in priorities, strategies and organizational practices.

The review is also intended to provide a basis for improved insights within the Office as to how to better design, implement, monitor and assess country programmes in the future. The recommendations of the review will also be an important input to the formulation of the new DWCP in Lao PDR.

The Country Program Review for Lao PDR will cover all interventions planned and carried out during 2006-2009. The review will be structured to provide guidance on design of the new DWCP. The Country Programme Review will be coordinated by the ILO Regional Office for Asia and the Pacific in cooperation with the Subregional Office Bangkok. The core review team will consist of an international consultant to act as team leader; the ILO monitoring and

11 Lao People's Democratic Republic, Decree on the Management and Utilization of Official Development Assistance. March 2009

evaluation officer from ILO RO-Asia and the Pacific may also participate. An officer from the Ministry of Planning and Investment and an officer from the Ministry of Labour may join as facilitator to ensure that the review team captures all necessary information and to coordinate with stakeholders.

DWT-Bangkok (programme officer and specialists) will provide inputs and support to the review team. The ILO approach is to encourage participation of key stakeholders throughout the review process. The accuracy of the Lao PDR country programme review will depend critically on the collaboration from the national constituents.

## 2) Background and context

### *Socio-economic context*

The economy of the Lao PDR is mainly an agriculture-based economy. The GDP per capita is US\$491 in 2005. The GDP growth rate was about 6.24 per cent per year. The economic structure substantially changed over the past five years; agriculture declined gradually and the share of industry, construction and service sectors increased. The global financial and economic crisis has had limited impact, according to an Asian Development Bank assessment. The projected growth rate for GDP in Lao PDR will be about 5–6 per cent in 2009–2010. A positive sign is the decline of the food price increment, from 7.6 per cent to 3.1 per cent. Some negative impacts were felt with the closure of a copper and gold mining enterprise recently, which has resulted in the increase of unemployment and reduced earnings. (Mineral production (copper, silver and gold) accounts for about 30 per cent of GDP earnings.) Some infrastructure projects have been postponed, such as the hydropower project (Namthern Dam 3). Some garment factories were closed down recently or the production slowed. Around 2,000 documented migrant workers reportedly have returned from Thailand due to the cancelling of their employment contract. Tourism is expected to drop by 20 per cent in 2009, affected by Thailand's decline of Thai tourists as a result of the economic and political crises. ODA is expected to decrease in the coming years.

### *National development framework*

In 2005, the Government prepared its Sixth five-year NSEDP (2006–2010) that subsumed the operationalizing of the National Growth and Poverty Eradication Strategy (NGPES) and the collective commitment made in 2000 by 189 world's leaders to overcome poverty through objectives set under the Millennium Development Goals (MDGs).

The country's objectives set under the Sixth NSEDP aim to take further the progress achieved to date, with concentration on the following areas:

- employment promotion and poverty alleviation (skill improvement for internal and external labour markets);
- social security for all;
- labour law amendment to ensure benefits for both employees and employers; and
- promotion of employment policy for youth in rural areas and ethnic groups.

The promotion of an employment policy for youth in rural areas and minority groups to some extent has been addressed by ILO entrepreneurship programmes, skills programmes, local economic development and also by the employment service programme. Other agencies, such as the World Bank and the United Nations Development Programme, are working on an employment policy for youth, an area in which the ILO can provide support through its existing work, if this is still an identified priority in the Seventh NSEDP.

### *ILO constituents*

The labour law was promulgated in 1990 and amended in 1994 and again in 2007. The division of International Cooperation (MOLSW) is the focal point of the labour administration system and liaises with the ILO and other international organizations on labour-related issues. In a restructuring in 2007, the MOLSW divided the Department of Labour into the Department of Management and the Department of Skills Development and Employment. Currently, the effectiveness of the MOLSW is limited by its lack of technical capacity, management capacity and

information collection. More importantly, it lacks the logistical support to perform its functions properly. Currently, the effectiveness of the MOLSW is limited by its lack of technical capacity, management capacity and information collection. More importantly, it lacks the logistical support to perform its functions properly.

The MOLSW Master Plan 2005–2010 gives priorities to skills development, labour protection, social welfare and social security, labour law reform, migration, employment services, labour administration and labour statistics.

The LFTU, established in 1966, is the only national workers' organization. It maintains the status of a ministry with subsidy support (both staff and activities) from the Government. The president has a ministerial status. However, it is still in the early stages of reorienting its role to a market economy. The Government intends to restructure the organizational setting by withdrawing its financial support in the future and allow to become an independent trade union. The designated date is yet to be decided. The LFTU gives priority to workers' education to prepare all levels of the organization to respond effectively to the process of change to a full-fledged market economy.

The Lao National Chamber of Commerce and Industry (LNCCI) was established in 1989. The LNCCI provides the Government with views and comments on business operations and mobilizes, educates, guides, organizes and unites business people in order to promote economy, trade, industry, agriculture, finance and service sectors as well as to protect legitimate rights and benefits of enterprises while ensuring that the business operations comply with laws and regulations. The LNCCI set up the Employers' Bureau in 2005 to coordinate all the work related to employers' interests, including the ILO tripartite interventions. The LNCCI and Lao employers have stressed the need to strengthen the capacity of the organization and develop it to become a properly functioning employers' organization.

### ***One UN programme in Lao PDR***

The Lao PDR is committed to achieving internationally recognized development goals, including the MDGs and especially those related to poverty eradication and sustainable development. In this effort, the United Nations through its enhanced harmonizing and coordinating among its various agencies at the country level plays an essential role.

The United Nations Development Assistance Framework (UNDAF) constitutes an important platform for the United Nations Country Team to help the Government realize its goals set forth in its NSEDP and poverty-eradication strategy.

The current UNDAF (2007–2011) was developed in an inclusive and participatory manner and based on the in-depth analyses of the common country assessment in 2005 as well as the mid-term review of UNDAF 2002–2006, with a view to enhancing its significance and effectiveness. The UNDAF focuses on the development priority areas identified in the Sixth NSEDP and set out clear objectives to be attained in the implementing process.

The UNDAF is a result of a joint and concerted effort by the UN system and the Government and represents our cooperation and commitments to eliminate poverty and improve the livelihoods of Lao people. The full and effective implementation of the UNDAF would help ensure the attainment of the Sixth NSEDP.

There are 25 UN organizations and other international financial institutions in Lao PDR: UNDP, UNICEF, UNFPA, WFP, UNV, UNIFEM, UNCTAD, UNIDO, ITC, UNCDF, UNHCR, ILO, FAO, UNESCO, WHO, IFAD, World Bank, IMF, UNAIDS UNCRD, OHCHR, UNODC, OCHA, UNESCAP and ADB.

### **ILO commitment in the UNDAF**

ILO contributed to the drafting of the UNDAF and committed to six outcomes as follows:

- CP outcome 1.1:** Improved and equitable access to land, markets and social and economic services, environmentally sustainable utilization of natural resources, with balanced population growth.
- CP outcome 1.5:** Enabled environment for growth with equity.
- CP outcome 2.2:** Improved equity, efficiency and quality of health services, with increasing health service coverage and an emphasis on maternal and child health, family planning, nutrition, communicable disease control, and water and sanitation.

- CP outcome 2.3:** Increased coverage of quality HIV and AIDS prevention, treatment, care and support, focusing on the most vulnerable groups as defined in the national strategy on HIV and AIDS, sexually transmitted infections and of quality treatment, care and support for all.
- CP outcome 3.1:** Greater people's and community participation in and contribution to public policy, local development and nation building.
- CP outcome 3.4:** Progressive realization of international treaty obligations, including protection of human rights, in accordance with the Lao Constitution and the Millennium Declaration.

### 3) ILO country programme

Based on the decent work concept introduced in 2005, the Lao PDR country programme was initiated in 2006, with the implementing of activities to date. For the past two biennia of 2006–2007 and 2008–2009, the Lao PDR country programme's focused on the following:

Priority sectors /areas	Country programme outcomes
1) Employment and skills development	<ul style="list-style-type: none"> <li>▪ Participatory local development strategies for employment creation and livelihood improvement for rural men and women are developed and implemented.</li> <li>▪ Lao constituents adopt coherent and sustainable national strategies for human resource development to improve employment opportunities for youth and adults.</li> </ul>
2) Rights	<ul style="list-style-type: none"> <li>▪ Capacity of ILO constituents to apply international labour standards is enhanced, with a specific focus on the Core Conventions, to review additional conventions for ratification and make effective changes to the labour laws through a process of consultation.</li> </ul>
3) Social protection	<ul style="list-style-type: none"> <li>▪ Policies are developed and capacities are enhanced to extend social protection to uncovered population in the areas of social security, OSH and HIV/AIDS.</li> </ul>
4) Social dialogue	<ul style="list-style-type: none"> <li>▪ Workers' organization is strengthened.</li> <li>▪ Employers' organization is strengthened.</li> </ul>

#### *ILO means of action for implementing the country programme*

- 1) In the area of employment promotion and skills development, ILO's interventions are related to the labour-based infrastructure development, labour market information development, training of entrepreneurial skills, microfinance, employment service development, skills standards development and migration management. The current piloted work on employment services and the ILO SIMPOC survey on child labour are critical to the proposed labour market information system.
- 2) In the area of promoting rights and labour standards, the ILO promotes the reform of the labour law and ratifications of ILO Conventions on labour rights, child labour and gender equity. During the past few years, the Lao Government ratified four Core Conventions: No. 138, No. 182, No. 100 and No. 111. A series of programmes related to information dissemination, awareness raising and training as well as fellowship studies were conducted in Lao PDR and abroad for constituents.
- 3) In the area of social protection, the ILO provides support to the establishment and extension of a social security system to private sector workers. The ILO also promotes safe and healthy working condition and work places and labour inspection. The organization also provides technical assistance on protection for migrant workers, especially among the vulnerable population, such as children and women. The ILO also promotes the HIV/AIDS code of practice at the workplace, and is piloting adaptation of it in the hotel sector. The ILO continues activities aimed at strengthening social partners, government, workers and employers.

- 4) In the area of social dialogue and representation, the ILO provides technical support to strengthen the social partners, such as the Lao Federation of Trade Union, on labour standard and trade union rights. The ILO provides capacity building to the LNCCI staff and the committee to develop the Employers' Bureau.

The ILO has no office in Lao PDR, but several project staff members are there. The ILO's work in Lao PDR is backstopped by the ILO DWT-Bangkok.

### Mapping of country programme outcomes SMM/implementing partners 2006–2007 and 2008–2009

2006–2007	SMM/implementing partners 2008–2009
<b>LAO100: More job opportunities are created for rural poor, youth, people with disabilities and other targeted group resulting in poverty reduction.</b>	<b>LAO100: More job opportunities are created for rural poor, youth, people with disabilities and other targeted group resulting in poverty reduction.</b>
<b>LAO101:</b> Policies and strategies on skill and SME are developed to better prepare and link women and men to employment opportunities and sustainable livelihoods.	<b>LAO102:</b> Participatory local development strategies for employment creation and livelihood improvement for rural men and women are developed and implemented
<b>LAO104:</b> Rural infrastructure development and other livelihood strategies for employment creation and poverty reduction are developed and implemented.	<b>LAO103:</b> Lao constituents adopt coherent and sustainable national strategies for human resource development to improve employment opportunities for youth and adults.
<b>LAO125: Further progress is made to realize fundamental principles and rights at work.</b>	<b>LAO125: Further progress is made to realize fundamental principles and rights at work.</b>
<b>LAO126:</b> ILO constituents have improved capacity to apply ratified conventions, review additional conventions for ratification and make effective changes to the labour law through a process of consultation.	<b>LAO127:</b> Capacity of ILO constituents is enhanced to apply international labour standards, with a specific focus on Core Conventions, to review additional conventions for ratification and make effective changes to the labour law through a process of consultation.
<b>LAO129:</b> Capacity of workers' and employers' organizations is further strengthened to extend knowledge and exercise of rights and responsibilities at the local level.	
<b>LAO130:</b> National policy to promote safe migration and prevent trafficking in children and women is formulated and implemented.	
<b>LAO150: Social protection extended to uncovered population.</b>	<b>LAO150: Social protection extended to uncovered population</b>
<b>LAO151:</b> Capacity of Government to plan and administer social security policy is enhanced.	<b>LAO153:</b> Policies are developed and capacities are enhanced to extend social protection to uncovered population in the areas of social security, OSH and HIV/AIDS.
<b>LAO152:</b> National OSH Master Plan is adopted and implementation initiated, focusing on inspector capacity building and on OSH protection in small enterprises and construction sectors.	
	<b>LAO800: Strong and representative employers' and workers' organizations influencing economic, social and governance policies</b>
	<b>LAO801:</b> Institutional capacity of employers' organizations is strengthened.
	<b>LAO802:</b> Institutional capacity of workers' organizations is strengthened.
	<b>LAO803:</b> Increased capacities of employers' and workers' organizations to participate effectively in the development of social and labour policy

## *Purposes and scope of country programme review*

### **Purposes**

The overall objectives of the review are twofold: First, the review is aimed at assessing the adequacy and appropriateness of the design, outreach and implementation of the ILO interventions and identifying and making recommendations for improvement, especially in terms of results-based management. Second, the review is aimed at providing strategic recommendations in regard to labour-related issues to the Ministry of Planning and Investment and in finalizing the Seventh NSEDP. The lessons learned and recommendations of the review will also be an important input to the formulation of the DWCP.

The review will also take stock of what has worked and what needs improving and what is feasible and a priority for continuing. This can be considered by taking into account the evolving national development plan.

The review will also take stock of what has worked and what needs improving and what is feasible and a priority for continuing. This can be considered by taking into account the evolving national development plan.

### **Scope**

The review will cover all ILO interventions in Lao PDR from January 2006 to December 2009. The review will also examine the strategy, capacity and resources available to deliver the DWCP outcomes or milestones set for the 2006–2007 and 2008–2009 biennia. The review scope has two main components: The first involves a review of the appropriateness and adequacy of the programme design, outreach/partnership and implementation performance. The second component is an operational assessment to report on progress being made on tangible outcomes directly resulting from ILO contributions. In summary, the scope of the work is as follows:

1. Assess the overall relevance of the programme to national development challenges, national priorities (NGPES and NSEDP), UNDAF, ILO priorities and MDGs.
2. Assess the programme formulation process and the focus, coherence and logical fit of the outcomes, outputs and strategies.
3. Analyse programme implementation:
  - effectiveness of interventions in producing results, with particular attention to synergies and coherence across interventions;
  - sustainability, with particular attention to capacity/institutional development and the creation of an enabling environment (changes in laws, policies and behaviours);
  - key factors of success and constraints encountered (internal and external);
  - adaptation/adjustments to the changing situation (emerging opportunities and threats); evidence of the application of lessons learned;
  - partnership approach, the role/effectiveness of partners in promoting decent work and coordination among partners;
  - knowledge management and communication strategy (internal and external), use of knowledge and incorporation of M&E into the knowledge base;
  - organizational arrangements (managerial, administrative and business processes)
  - resource availability; and
  - efficiency of programme execution (time and costs).
4. Assess progress towards outputs and outcomes (with data-supported evidence and using the scale and matrix in the TOR Annex), including the assessment of milestones set for the 2006–2007 and 2008–2009 biennia.

The depth of achievement of the above objectives will be commensurate with the number of days allocated to consultation processes.

## 5) Proposed methodology

The review exercise is a participatory assessment of the four-year ILO programme.

The methodology will comprise an extensive desk review of relevant documentation. It also includes an in-country mission of the review team for information gathering. The process includes a series of meetings/interviews between the review team and the Government, workers' and employers' organizations, other UN agencies, major donors and national partners, as appropriate. A stakeholder workshop will be organized as a platform for relevant internal and external colleagues to analyse and discuss the ILO's work in the country.

An external consultant will be hired to facilitate the review process and to prepare the review report. The TOR has been finalized to take into account inputs from ILO constituents and MPI (Department of International Cooperation (DIC)) and it will be endorsed by the MPI, (DIC), before the actual consultations between the review team and the stakeholders take place.

The external consultant will draft the review report based on the inputs from the consultations with relevant stakeholders and with members of the review team. The draft report will be submitted to the RO-Asia and the Pacific, which will share the draft report with the MPI (DIC) and the MOLSW. The MPI (DIC) will then circulate the draft report to other stakeholders for comments and inputs. The MPI (DIC) will consolidate other stakeholders' comments and submit them to the RO-Asia and the Pacific.

RO-Asia and the Pacific will also share the draft report with relevant ILO staff and specialists for comments. RO-Asia and the Pacific will consolidate all the comments and submit them to the external consultant for consideration to incorporate them in the revised report.

The facilitators will ensure that all necessary information can be captured and they will help coordinate with stakeholders in Lao PDR, CO-Bangkok and DWT-Bangkok staff and ILO staff in Lao PDR will help facilitate the review process. In addition, ILO specialists and other staff may be asked to contribute to the exercise, including through participation in a self-evaluation of the two components of the review to be covered by the review team.

### **Preparation**

- 1) CO-Bangkok will provide the following documents to the review team:
  - Summary performance profiles for each outcome – not to exceed one page with information that corresponds to assessment criteria. A summary of outcomes performance profile should be prepared for each outcome according to the assessment criteria provided.
  - Portfolio of projects during 2006–2007 and 2008–2009 and its extra-budgetary resources.
  - Up-to-date total allocation and expenditure (RB, RBTC, PSI, XBTC and RBSA) during 2006–2007 and 2008–2009 by outcomes.
  - Summary of relevant countries' policies, such as employment, migration, education, social security and labour protection.
  - Other relevant background information, including project progress reports, project evaluations, as well as evidence of major outputs and other performance-related information.
- 2) CO-Bangkok will schedule meetings for the review team with the following:
  - RO-Asia and the Pacific management, DWT-Bangkok's director/deputy director and staff (ILO specialists, programme officer and project staff);
  - Government (MOL, MPI, etc.);
  - LFTU;
  - LNCCI;
  - UN agencies;
  - major donors; and
  - other key partners.

- 3) CO-Bangkok together with MPI (DCI), in consultation with MOLSW and the social partners, will arrange a stakeholder workshop where relevant internal and external stakeholders can analyse and discuss ILO's work in the country (also for the review team to share the preliminary findings if applicable).

### **Actual review**

The external consultant will facilitate group meeting/discussions (internal ILO staff, tripartite constituents, relevant ministries UN agencies and donors) commensurate with time allocated.

## **6) Outputs**

The external consultant will present the preliminary findings in the tripartite constituent's stakeholder workshop after the review mission.

- The external consultant will prepare a draft and final report based on the scope of the work in this TOR, in line with the objectives of this review. The report should include:
  - analysis from the review of documentations;
  - analysis of the responses given by constituents;
  - findings from the interviews of tripartite constituents and key stakeholders; and
  - inputs from the tripartite stakeholders workshop.

**Draft and final reports will be produced in Lao and English and should not exceed 30 pages, plus annexes.**

- The lessons learned and recommendations should include how to better design, implement, monitor and assess country programmes in the future and strategies for the future DWCP of Lao PDR, but not limited to the following:
  - ILO role and relevance, its niche and comparative advantage;
  - the alignment of technical cooperation projects and country programme;
  - capacity building and sustainability;
  - partnership approach;
  - cost containment and efficiency;
  - risks and ways of managing them;
  - knowledge management;
  - organizational arrangements;
  - resource mobilization; and
  - exit or transition strategy.

## **7) Provisional work plan and schedule**

The time frame is based on the scope of work and methodology previously outline and resources available for the review.

### **Proposed time frame:**

<b>Task</b>	<b>Time frame</b>	<b>Responsible unit/ person</b>	<b>Consultations</b>
1. Draft TORs prepared	November 2009	RO-Asia and the Pacific	CO-Bangkok, DWT-Bangkok, national stakeholders
2. Identification of external facilitator	December 2009	RO-Asia and the Pacific/CO-Bangkok	EVAL/CO-Bangkok

Task	Time frame	Responsible unit/ person	Consultations
3. Internal and external consultations to finalize terms of reference	December 2009	CO-Bangkok	CO-Bangkok, DWT-Bangkok, national stakeholders
4. Scoping mission (1 day scoping mission to meet with ILO constituents)	6 January 2010	RO/CO-Bangkok	MPI and tripartite constituents
5. Preparation of background document and summary performance profiles by outcomes	15 January 2010	CO-Bangkok	DWT-Bangkok, project staff and ILO staff in Cambodia
6. An itinerary scheduled for the review team to get inputs from national stakeholders (government, workers' and employers' organizations, UN agencies, etc.) and DWT-Bangkok	15 January 2010	CO-Bangkok	RO-Asia and the Pacific
7. Documents reviewed by the review team	February 2010	Consultant and other review team members	Documents should be shared with national stakeholders
8. Field mission/consultations - missions to ILO RO-Asia and the Pacific Office - meeting/ interview with stakeholders in Lao PDR	18–19 February 2010 22 February –2 March 2010	Review team CO-Bangkok Consultant	National tripartite stakeholders, national partners, UN agencies
9. Stakeholders workshop	10 March 2010	Consultant, CO-Bangkok, DWT-Bangkok	
10. First draft report	19 March 2010	Consultant/review team	RO-Asia and the Pacific, CO-Bangkok, and DWT-Bangkok
11. Final report submitted	12 April 2010	Consultant/RO-Asia and the Pacific	
12. Follow up on the recommendations	April/May 2010	CO-Bangkok	

## 8) Resources

RO-Asia and the Pacific will finance the Lao PDR country programme review exercise, including the external collaboration contract for the external consultant.

### *Performance criteria for Lao PDR country programme review*

#### **The role and relevance of ILO in Lao PDR, its niche and comparative advantage and UN partnership approach**

Performance criteria:

- national political, economic and social factors have shaped formulation of country programme;
- flexibility and ability to respond to emerging opportunities;
- ILO establishes priorities consistent with its capacities and comparative advantages;
- ILO ensures CCA addresses subjects that are priorities for decent work in the country;
- ILO achieves overall policy coherence between ILO action and the UNDAF; and
- PRSPs/ MDGs: ILO's country programme links to and supports/influences national PRSPs.

### Tripartite participation and partnership

#### Performance criteria:

- national tripartite constituents are active in national development planning forums and networks;
- national tripartite constituents take ownership of the ILO's country programme;
- tripartite constituents have improved capacities to influence national policy and resources within decent work areas; and
- constituents have clear links to target groups.

### The focus and coherence of the programme's design and strategies

#### Performance criteria:

- programme coherence supporting an integrated approach to decent work;
- country programme fits within ILO's strategic policy framework and programme and budget priorities and strategies;
- country programme reflects a consensus between the country and the ILO on decent work priorities and areas of cooperation;
- presents a strategy with main means of action for delivery of ILO support.
- cross-cutting goals are integrated;
- current programme is coherent, logic and captures opportunities for reinforcing each other in meeting objectives;
- partnerships and tripartite constituents build national capacities and support policy change;
- verification that ILO responds to recognized needs among constituents; and
- resource mobilization is an integral part of strategies.

### Evidence of the direct and indirect results of ILO's contributions and support at national level

#### Performance criteria

- the programme has defined clear outcome-level results against which it can be assessed;
- these results are documented and verifiable;
- the outcomes justify the resources spent;
- the secondary effects, either positive or negative, are known and associated risks addressed;
- ILO has influenced thinking and action related to policy changes;
- results are sustainable by partner institutions and at various levels (local, national, regional); and
- expansion and replication of successful demonstration and pilot interventions.

### The efficiency and adequacy of organizational arrangements to deliver the ILO's programme in Lao PDR

#### Performance criteria:

- the operations of the programme match the programme plan;
- the ILO has operated fairly and with integrity;
- credible, skilled specialists support the work;
- resource mobilization is effectively and efficiently carried out; and
- work processes are efficient and timely.

### Knowledge management and sharing

#### Performance criteria:

- M&E is part of the knowledge base;
- office follows a communication/KM strategy, making effective use of its website and other tools for outreach; and
- ILO knowledge development used to improve national programmes, policies and benefit priority groups.

## Summary of specific outcome performance profile

### Performance factors and related questions for outcome-specific findings regarding progress and performance

#### A. Resource adequacy

- Is the plan adequately resourced? What is under-resourced and why?

#### B. Delivery of outputs

- Do all the planned outputs delivered by the end of 2009?
- Are the quality and quantity of outputs delivered satisfactory/acceptable?

#### C. Use of outputs by partners/ target groups

- Have there outputs delivered by the ILO being used by the partners/ target groups?

#### D. Progress made (against outcome indicators/milestones)

- Have the progress/changes taken place in the country in the past two years (taking into account the milestones set)?
- If not, why it did not happen?

#### E. Emerging risks and opportunities

- What are emerging risks and/or opportunities that affected the progress of this specific outcome?
- Does the country programme take into consideration those risks and opportunities and adjust the outcome and/or its strategies?

### The scoring categories are below

1	2	3	4	5	6
Very unsatisfactory	Unsatisfactory	Moderately unsatisfactory	Moderately satisfactory	Satisfactory	Very satisfactory

### Outcome-specific findings regarding progress and performance

Outcome:

Performance area	Rating	Comments by ILO/tripartite constituents/ partners	Plans for next period
A. Resource adequacy			
B. Delivery of outputs			
C. Use of outputs by partners/ target groups			
D. Progress made (against outcome indicators)			
E. Emerging risks and opportunities			
Total score			

## ANNEX II: PERSONS INTERVIEWED AND SCHEDULE

### ILO BRIEFINGS (BANGKOK)

#### 18 February 2010:

Mr Guy Thijs, Deputy Regional Director, ILO Regional Office for Asia and the Pacific (RO-Asia and the Pacific)  
 Ms Karin Klotzbuecher, Chief of Regional Programming Services, RO-Asia and the Pacific  
 Ms Rakawin Leechanavanichpan, Programme Officer for Lao PDR, CO-Bangkok  
 Ms Pamornrat Pringsulaka, Monitoring and Evaluation Officer, RO-Asia and the Pacific  
 Ms Carmela Torres, Senior Skills Specialist and Employability, DWT-Bangkok  
 Mr Tsuyoshi Kawakami, Specialist on Occupational Safety and Health, DWT-Bangkok  
 Mr Pracha Vasuprasat, CTA, ILO/Japan Migration Project  
 Ms Sukti Dasgupta, Senior Specialist on Employment and Labour Market Policies, DWT-Bangkok  
 Mr Dragan Radic, Senior Specialist on Employers' Activities, DWT-Bangkok  
 Ms Valerie Breda, CTA on Microfinance project  
 Ms Nelien Haspels, Senior Gender Specialist on Women Workers Issues, DWT-Bangkok  
 Mr John Ritchotte, Specialist on Labour Administration and Industrial Relations, DWT-Bangkok  
 Ms Sandra Yu, Local Strategies for Decent Work Specialist, DWT-Bangkok

#### 19 February 2010:

Ms Valerie Schmitt, Social Security Specialist, DWT-Bangkok  
 Ms Anna Engblom, CTA, IPEC project,  
 Ms Thetis Mangahas, Senior Regional Migration Specialist and former CTA of TICW, RO-Asia and the Pacific  
 Mr Richard Howard, Senior Specialist on HIV/AIDS, DWT-Bangkok  
 Ms Annemarie Reerink, CTA, WEDGE Project  
 Mr Tim De Meyer, Senior Specialist, International Labour Standards, DWT-Bangkok  
 Mr Wolfgang Schiefer, Adviser on UN reform, RO-Asia and the Pacific

### CONSULTATION MEETINGS IN VIENTIANE, LAO PDR

#### 22 February 2010

Ms Sisomboun Ounavong, DDG, Dept of International Cooperation, MPI  
 Mr Morakot Vongxay, Director of UN System Division, MPI  
 Ms Bangthong, DIC, MPI  
 Mr Chomyaeng Phengthongsavath, International Cooperation Division, MOLSW  
 Mr Phongxaysack Inthalath, DDG, Department of Labour Management  
 Mr Khamkhane, Department of Labour Management  
 Mr Bounphone, International Labour Standards, MOLSW  
 Mr Khamphat, Occupational Safety and Health  
 Mr Onvong, Trafficking, MOLSW

#### 23 February 2010

Mr Prasong Vongkhamchan and other representatives from SSO and SSD  
 Mr Khamtanh Sophimmavong, Head of International relations, LFTU  
 Mr Draproyiya Anabrong, Chief Bureau, LFTU  
 Mr Phouvanh Chanthavong, DG of skills development and employment and managers, MOLSW  
 Ms Keo Chanthavixay, Chief of Employment Promotion Division, Dept. of Skills and Employment, MOLSW  
 Mr Bounkham Sihalath, Director of Statistics Division, MOLSW

**24 February 2010****Briefing on TICW by:**

Ms Sengdavone Bangonesengdet, Dept Sec Gen & Director of Employers Bureau, LNCCI  
Mr Sa Siriphong, Dept Director, SME Promotion division, SMEPDO  
Mr Singeun Soukhaphonh, Chief Planning and Cooperation Division, SMEPDO WEDGE Project briefing,  
Annemarie and Phetphim  
Mr Manfred Matzdorf, HRD-ME, GTZ

**25 February 2010**

Mr Khampasong Siharath (Country Manager) and Adam Kaminski, APHEDA  
Mr Phouvieng Phoumilay, TVET, DDG, Ministry of Education, National Training Council  
Mr Lyfung , Director General of Secondary Education, Ministry of Education  
Dr Khampheth Manivong, Dept. of Planning and Finance, Ministry of Health

**26 February 2010**

Mr Sengdalith Katiyasack, Director of Local Roads Division, MPWT  
Mr Ouheaune Siraimphone, Training and Technical Division, MPWT  
Mr Souksakhone Soutannouvong, Local Roads Division, MPWT  
Mr Khamkheung Bounteum, Director General, Dept.of Treaties and Law, Ministry of Foreign Affairs  
Mr Khampoune Keoviphakone, DDG, Lao Youth Union  
Ms Onsey Sengmeuang, DDG Development Dept, Lao Women's Union  
Ms Douangsamone Dalavong, Dept. Dir. Of Cabinet, Lao Women's Union

**1 March 2010**

Ms Laila Ismaikham, Country Director and Mizuho Okimoto-Kaewtathip, Social Policy Specialist, UNICEF  
Ms Phanchinda Lengsavad (Assistant Resident Rep.) and Mr Laurent, UNDP  
Mr Xoukiet Panyanouvong, NPC, UNIAP  
Ms Boutsady Khounouvong, Programme Coordinator, Gender and Development Group  
Mr Asmus Hammerich, Programme Management Officer (health systems), WHO

**2 March 2010**

Ms Harumi Kobayashi and Ms Viengvilay Chanthabouly, JICA  
Ms Khankeo Moonvong, EU Programme Officer  
Ms Raine Dixon, AusAID  
Ms Sonam Yangchen Rana, UN Resident Coordinator & UNDP Resident Representative

**3 March 2010**

Mr Bart Jacobs, Health Financing, Social Health Protection Adviser, Lux-Development

## ANNEX III: ATTENDEES AT MEETING TO REVIEW PROVISIONAL FINDINGS (12/3/2010)

ກອງປະຊຸມທົບທວນແຜນງານການຮ່ວມມື ລະຫວ່າງ ລັດຖະບານ ແລະ ອົງການແຮງງານສາກົນ (ILO) 2006-2009

ວັນທີ 12/3/2010,

ລຳດັບ No.	ຊື່ ແລະ ນາມສະກຸນ Name and Surname	ຕຳແໜ່ງ Position	ມາຈາກພາກສ່ວນ Organization	ເບີໂທລະສັບ Phone Number	Email	ລາຍເຊັນ Signature
1	Mr. Say Samphanh ທ້ອງຖິ່ນ	official staff	LRD/DOR	5480139	Lsay.samphanh@yahoo.com	
2	Kolaket Veravantham	NPO	ILO/RBSA project	5599182	kolaveravantham@yahoo.com	
3	PHETPHIA CHAMPASITH	NPO	ILO/WEDGE	5196906	ilowedge@lactel.com	
4	Mr. Amoukone	office	Labour and social welfare	7201897		
5	Ms. Phaykham	Deputy director Abolition division	DOC			
6	Mr. Vilakone ວິລະກອນ	official staff	DIC/MPJ	218874	un.system.division@gmail.com	
7	Mr. Viriya Pansiri ວິຣິຍາປັນສິ	technical official	DIC/MPJ	218214	un.system.division@gmail.com	

ລຳດັບ No.	ຊື່ ແລະ ນາມສະກຸນ Name and Surname	ຕຳແໜ່ງ Position	ມາຈາກພາກສ່ວນ Organization	ເບີໂທລະສັບ Phone Number	Email	ລາຍເຊັນ Signature
1	WANG JIYUAN.	Deputy Director	ILO - Sko		wangjiyuan@ilo.org	
2	Mr. Akkonsavann ສິບາບຸນທິນ	official	DOFA	692020	Akkonsavann@yahoo.com	
3	Mr. Somrath ສົມຣາທິ	Engineer	EPD	5687438	somrath_ch@hotmail.com	
4	Mr. Phetsamoung ປິນສານ	technical	SMEPDO	5718993	pinsaru@smepdo.org	
5	Soukavanh Sitthavong ສົວຄວາມສິດທິ	official	DIC	6493281	be_ap2005@yahoo.com	
6	Ms. Virayphone ວິຣາຍຟອນ	technical staff	DIC	7607995	tamenh_bavard@hotmail.com	

ລຳດັບ No.	ຊື່ ແລະ ນາມສະກຸນ Name and Surname	ຕຳແໜ່ງ Position	ມາຈາກພາກສ່ວນ Organization	ເບີໂທລະສັບ Phone Number	Email	ລາຍເຊັນ Signature
1	Adam Folsom	Consultant	ILO	5504255	adam-folsom@ilo.org	Adam Folsom
2	Madachanh	Director	Ministry of Labour	5900855	madachanh@hotmail.com	Madachanh
3	Itthongsak	Deputy Director	Ministry of Labour	5624479	itthongsak@gmail.com	Itthongsak
4	Justin Shaw	DC/ICD				Justin Shaw
5	Mikay Sch	Technical Staff	Ministry of Labour	2495959	mikay_sch@yahoo.com	Mikay Sch
6	Xoydet	Technical Staff	Ministry of Labour	5617298	xoydet@hotmail.com	Xoydet

ລຳດັບ No.	ຊື່ ແລະ ນາມສະກຸນ Name and Surname	ຕຳແໜ່ງ Position	ມາຈາກພາກສ່ວນ Organization	ເບີໂທລະສັບ Phone Number	Email	ລາຍເຊັນ Signature
1	Phengxay	Director	Ministry of Labour	5862854	phengxay@yaho.com	Phengxay
2	Juy	Director	Ministry of Labour	5094816	juy_81@yahoo.com	Juy
3	Ksathak	Director	Ministry of Labour	5454882	ksathak@yaho.com	Ksathak
4	Archkha	Director	Ministry of Labour	5606700	archkha.wongso@hotmail.com	Archkha
5	Kuasechonyheng	Director	Ministry of Labour	5313052	kuasechonyheng@yahoo.com	Kuasechonyheng
6	Rakawin	Program Officer	ILO	6913173	rakawin@ilo.org	Rakawin

ລຳດັບ No.	ຊື່ ແລະ ນາມສະກຸນ Name and Surname	ຕຳແໜ່ງ Position	ມາຈາກພາກສ່ວນ Organization	ເບີໂທລະສັບ Phone Number	Email	ລາຍເຊັນ Signature
1	Mr. Khattakh S.	Head of Int'l Division	LFTU	9807312	ksophi@lftu.org	Khattakh S.
2	Ms. Viengmany Bounkham	Technical Staff	International Cooperation Division (Ministry of Health)	5614916	toybounkham@yahoo.com	Viengmany
3	Ms. Sengdane Bangsengdet	Deputy Secretary General	Lao National Chamber of Commerce and Industry	020 2203346, 453312	lnccei-eba@lncpcr.com	Sengdane
4	Pamornrat Pringsulaka	Monitoring & Evaluation officer	ILO	662-2882552	pamornrat@ilo.org	Pamornrat
5	CHRIS DOMGES	IID	ILO	662 2001790	domges@ilo.org	Chris Domges
6	Souksakhone S	official staff	LRD/DOE	5800009	ssouksakhone@yahoo.com	Souksakhone S.

## ANNEX IV: ASSESSMENT BY OUTCOMES

**Note:** These assessments and scorings are an assessment of the extent to which the ILO has achieved its outcomes according to established ILO criteria. Such scores should not be taken as commentary on the performance or engagement of national stakeholders.

### LAO 101: Conducive policies and strategies on skill and SME are developed to better prepare and link women and men to employment opportunities and sustainable livelihood.

Performance area	Rating	Comments	Plans for next period
A. Resource adequacy	3	Inadequate for WEDGE, current planning dependent upon additional financing. Insufficient funds available for separate skills development initiatives.	WEDGE continuing through till 2011 but inadequate funds remain to implement all planned activities- additional donor resources will be required.
B. Delivery of outputs	5	SME Promotion and Development Office have included ILO entrepreneurship development strategies in the National SME Development Plan. Village banks established through local NGO partnership operating well. Outputs primarily associated with adaptation and translation of ILO tools, e.g. on SME development and subsequent roll out with partner agencies. Village banks operating in five provinces (planned seven), village banking handbook and accounting guide developed and distributed representing good practice in Lao PDR.	ILO future plans associated with this outcome area relate to two main areas: SME and skills development.
C. Use of outputs by partners/ target groups	5	<p>Tools have been used by a range of partners and satisfaction in use expressed. Tool use adopted by SMEPDO, SNV, GIZ etc. LWU report high level of acceptability of SYOB and other tools (e.g. GET Ahead). Village bank model reported to be promoted by MFC and used by a number of stakeholders-significant savings mobilized.</p> <p>Local development strategies used in pilot sites with PRF financing, no wider application reported.</p> <p>Tools have been used by a range of partners and satisfaction in use expressed. Members of the village banks who participated in ILO GET Ahead training on average increased their monthly sales fourfold and improvement in basic business practices.</p> <p>Village banking model in Lao PDR has been replicated by other development actors but at limited scale, other strong models exist (IFAD/GIZ).</p>	<p>1. Promotion of inclusive value chains through participatory analysis and pilot implementation, continued support for gender mainstreaming within SME development and continued support to access to finance.</p> <p>2. Support to MOLSW within its role associated with TVET, including pilot testing and application of standards developed, Employment Service Centre pilot review and expansion.</p> <p>Given high level of other development partner engagement within MF sector, continued ILO participation is questioned by some stakeholders. Skills development is the major priority reported by all stakeholders. Increased emphasis requested. Ensuring TA availability will be important.</p>
D. Progress made (against outcome indicators)	5	Most outputs achieved, legislative changes requiring village bank registration with BOL altered WEDGE project strategy. Village banks established in four provinces (seven planned), while ILO village bank model recognized as good practice model, it has not been officially adopted as national best practice; other good practice models exist.	
E. Emerging risks and opportunities	5	Mainstreaming of gender has improved but remains a risk, current limited finance for next period activities a key risk, possible changes to BOL policies regarding VB financing. Limited MOE awareness of KAB pilot presents risk to wider adoption. Lack of donor support for local development strategies a key constraint and forward risk.	
<b>Total score</b>	<b>23</b>		

**LAO104: Rural infrastructure development and other livelihood strategies for employment creation and poverty reduction are developed and implemented.**

Performance area	Rating	Comments	Plans
A. Resource adequacy	3	Adequate through financing from ADB associated with Smallholders Development Project. Participatory planning process (see below) outcomes financed by PRF. MPWT raised lack of dedicated follow-on financing for infrastructure development an issue. Access to resources highlighted as major constraint by TA.	ILO would like to expand support to local development planning associated with income and employment generation. This would be achieved through strategy development, local economic development and employment, local governance associated with decent work and the development of funded project actions in support of pilot demonstration initiatives. Increased focus within Lao PDR on rural development and the establishment of the Leading Board for Rural Development, headed by the Deputy PM would appear to offer the ILO an opportunity to provide its technical experience to plan development and possibly implementation. The Poverty Reduction Fund is well aware of ILO capacities in this regard and is interested to see ILO engagement in the above.
B. Delivery of outputs	5	Outputs fully achieved. Employment creation through employment-intensive investment approaches. Capacity for planning and implementing rural road works has been established in Champassack province. A number of small-scale contractors in Champasack province bid for and implement rural road works.  Three districts (Nga, Vienkham and Khoun) have identified priorities for rural infrastructure and service development to achieve poverty-reduction targets.	
C. Use of outputs by partners/ target groups	5	MPWT report that ILO labour- intensive approaches widely utilized by development partners (SIDA, ADB, etc.) with approaches also mainstreamed within ministry systems. Builds upon significant ILO programme in previous biennium. Extent of continued use of ILO promoted bidding and contracting systems for rural road construction unable to be assessed because of limited awareness of the activity at ministry levels.  Outputs used as per above-use of approaches at provincial levels unable to be verified. Extent of change to PRF SOPs unclear as PRF already using participatory planning processes at Kumban levels for investment planning.	
D. Progress made (against outcome indicators)	5	Workshop on rural access and poverty conducted. MPWT assisted three districts have identified investment priorities, implementation of such financed through PRF. Improved capacity in Champassak to improve rural road networks reported.  Local development strategy for employment creation and livelihood development not achieved (financial constraints).	
E. Emerging risks and opportunities	3	Lack of secure financing for activities associated with local planning within this area represents a major risk that has materialized.	
<b>Total score</b>	<b>21</b>	Low score primarily result of financing issues for local planning initiatives	

**LAO126/127: ILO constituents have improved capacity to apply ratified conventions, review additional conventions for ratification and make effective changes to the labour law through a process of consultation.**

Performance area	Rating	Comments	Plans
A. Resource adequacy	6	National stakeholders report no shortage of financing for ILO actions on international labour standards and core conventions.	Increased focus on application of Lao labour law and identification of areas where lack of clarity is contributing to disputes. Utilize tripartite structures to analyse such and clarify dispute resolution procedures. Develop guide to Lao labour law for foreign investors. Support development of dispute prevention and resolution procedures. Continue support to research and action associated with Conventions No. 144 and No. 98.
B. Delivery of outputs	4	Translation of outstanding conventions and workshop held with members of National Assembly on such. Tripartite engagement in development of revised labour law occurs (although earlier engagement was reported as preferable and would have resulted in greater effectiveness), ILO specialist support to development of labour law, with law reflecting prior ratified conventions. Tripartite engagement has occurred but some constituents requested a more meaningful process of engagement e.g. responses from the MOLSW to input provided, rationales for acceptance or non-acceptance of suggestions made requested. Outputs established limited in scope.	
C. Use of outputs by partners/target groups	5	Implementation of the Labour and Social Welfare Master Plan 2007–2020 in line with international labour standards. Ratification of Conventions No.100 and No. 111 in June 2008. National research actions and workshops conducted on Conventions No.105 and No.144. Promulgation of revised labour law a significant achievement of the MOLSW. Progressive implementation of law is occurring but areas of clarification still exist and enforcement limited. Although time is required for such. Clear and meaningful engagement of stakeholders in convention review and associated research evident during discussions. MOLSW report commitment to ratification of eight core conventions during review workshop but that attaining such will take time.	
D. Progress made (against outcome indicators)	4	Tripartite constituents have better appreciation of means for application of Conventions No. 100 and No. 111, areas lacking clarity within Lao labour law identified, including those that have contributed to industrial relations issues, and areas for clarification associated with labour law and other legal frameworks also identified. While outcomes achieved, the scale of activities undertaken has been very limited and was reported as such by stakeholders.	
E. Emerging risks and opportunities	4	MOLSW limited experience in drafting decrees, ILO support in development of regulations and planning for implementation of such essential and highly valued. ILO support on reporting obligations associated with ratified conventions sought. Conventions No. 105, No. 89 and No. 97 reported to be priorities through to 2015. Gaps and lack of clarity within labour law remain and significantly greater ILO support in addressing such was requested by tripartite constituents, especially LFTU. In particular, policy and practice differentials were highlighted. Legal drafting capacity within MOLSW reported as being limited by MOFA.	
<b>Total score</b>	<b>23</b>		

**LAO129: Capacity of workers' and employers' organizations is further strengthened to extend knowledge and exercise of rights and responsibilities at the local level (including LAO801, 802, 803).**

Performance area	Rating	Comments	Plans
A. Resource adequacy	2	Very limited resources devoted to building capacities of employers' and workers' organizations.	Increased direct support for institutional capacity development of LFTU and LNCCI requested as well as greater coordination with other development partners engaged with the LNCCI. Support to strengthening social dialogue mechanisms requested, possibly through specific workshop to review tripartism, identify key challenges and determine ways forward. Consideration should be given to promotion of tripartism at local provincial levels, closer to where dispute resolution practices actually occur would be warranted.
B. Delivery of outputs	4	Support for direct capacity development very limited, a small number of workshops undertaken with apparent international focus. Unclear extent to which organizations expressed needs for capacity development has informed implementation. Strategy that appears to have been adopted is one of mainstreaming LFTU and LNCCI engagement across the ILO programme area as a whole. This has been effective in engaging institutions with such processes but would appear to have had limited effects on institutional development and capacities. Extent of effects at local levels limited.	
C. Use of outputs by partners/target groups	4	Unable to be assessed due to nature of support provided, during interviews, both constituents focused on their engagement within other programme areas rather than the capacity development of their institutions. Increased focus on tripartism requested.	
D. Progress made (against outcome indicators)	3	While tripartism is highly valued by constituents and seen as an effective approach, a number of stakeholders reported that much work remains to be done in strengthening communication and agreed operating systems for tripartism to live up to its potential. Some constituents reported that their engagement in key processes, e.g. labour law reform, could have been significantly strengthened through earlier engagement in processes and receiving feedback on input provided. Employers' Bureau now has four staff members.	
E. Emerging risks and opportunities	4	Clear requests from LNCCI and LFTU for substantial increase in assistance and in a planned, progressive and constant manner. The "series of events" approach used to date reported to have limited sustained impact. The issue of minimum wage levels is emerging as an area where tripartism approaches and ILO assistance to such would be required. Increased focus on tripartism at provincial levels suggested.	
<b>Total score</b>	<b>18</b>	Limited ILO engagement in direct capacity development support	

### LAO130: National policy to promote safe migration and prevent trafficking in children and women is formulated and implemented.

Performance area	Rating	Comments	Plans
A. Resource adequacy	5	Resources adequate, ILO has managed to maintain momentum within this area through short-term bridge financing, with a major new initiative now approved.	Now funded TRIANGLE project will build upon successes in TICW with clear tripartite engagement. Focus on policy coherence and practice feedback including close engagement with state and private employment services, seeks to develop association and code of practice associated with employment services. Issues of migrant domestic workers and classification of domestic work as a profession for migrants remain.
B. Delivery of outputs	4	Legislative frameworks on illegal migration modified, TICW playing key role in adoption of new approaches (policy change associated with fines levied on illegal migrants). Increased awareness through use of local media on migration and trafficking risks. The project a substantive player in raising safe migration issues within Lao PDR and the region. Significant policy action associated with migration occurred but national action plan on trafficking women and children developed remains a draft.	
C. Use of outputs by partners/ target groups	5	ILO engagement in processes leading to bilateral migration agreements between Thai and Lao proved effective and agreements adopted. Stakeholders placing strong emphasis on safe and legal migration and increased awareness on risks associated with migration reported. Project supported policy changes and implementation associated with such. Village banks established, functioning and sustainable as initial strategy to reduce economic motivations for migration. Close collaboration between TICW and WEDGE on such.	
D. Progress made (against outcome indicators)	4	Village banks established and reported to have contributed to reduced migration by some 30 per cent in some villages over baseline. Use of media, LWU and mobile teams to increase awareness of risks associated with migration and trafficking. Child Labour and Child Trafficking Office established within MOLSW and contributions made to: 2006-Lao Law Protection on the Protection of the Rights of Migrant Women 2007-Revised National Labour Law 2007-Lao National Plan on Commercial Sexual Exploitation of Children Facilitating the process to establish the national plan of action on trafficking in children and women at the national, provincial and district levels. While action plan remains a draft, plan development processes and associated debate contributed to policy debate and development more broadly associated with trafficking and migration (e.g. domestic workers).	
E. Emerging risks and opportunities	5	Newly funded triangle project presents excellent opportunity for ILO and tripartite constituents to build upon solid basis established to date.	
<b>Total score</b>	<b>23</b>		

**LAO151: Capacity of government to plan and administer social security policy is enhanced.**

Performance area	Rating	Comments	Plans
A. Resource adequacy	5	Directions taken following mid-term review were ambitious and beyond scope of ILOSSP to achieve within budget. Institutional and resource constraints highlighted in final evaluation.	Phase III currently under design takes ILO engagement towards the informal sector and a focus on Health Insurance. Such focuses are warranted but risks exist that “sustaining” progress to date and moving such forwards will undermine the new focus areas. Goal of universal social security highly ambitious within the Lao context and stage of development. Final evaluation noted that “Many of the challenges to the project result from systemic problems in the health sector and are beyond the scope of the project as designed.” These challenges will need to be addressed in Phase III -an ambitious undertaking. Substantial progress was made and given context as described within final evaluation-greater achievement was probably not possible. Low score on risks reflect highly ambitious nature of project and complexities of ensuring achievement-particularly when working across two ministries (MOLSW and MOH). ILOSSP has achieved substantial success- however; project was very ambitious in scope and technically complex. Stakeholders report simpler, more flexible approaches may gain greater traction.
B. Delivery of outputs	5	“The ILO Social Security Project has played a pivotal role in building the basis of a viable social security scheme in the Lao PDR. Over the five-year life of the project it has provided technical and material assistance to a variety of Government agencies in order to establish the institutions necessary to extend social security coverage” (final evaluation). New decree on social security for civil servants was established in April 2006. SSO scheme was extended to provinces outside Vientiane. Pilot health insurance scheme for civil servants was successfully implemented in Vientiane capital and provinces. Draft roadmap of social security extension developed but without policy traction. Major outputs achieved. Stakeholders highly value ILO TA in implementation with lack of such since 2007 viewed as problematic. Highly complex technical area requiring high investments in HRD-limited technical understanding at Board levels make decision making problematic. Many of the challenges to the project result from systemic problems in the health sector and are beyond the scope of the project as designed.	
C. Use of outputs by partners/ target groups	6	Further provincial (e.g. Xieng Khouang) and enterprise (e.g. LXML Sepon) expansion has occurred post-project with clear and strong ownership and capacity having been developed. Scheme membership has not expanded as envisaged over life of project due to poor compliance and enforcement issues. Difficulties associated with enforcement underestimated in design. Implementing health insurance provisions has been a major undertaking and ongoing support reported to be required by final evaluation.	
D. Progress made (against outcome indicators)	5	“The project has met its core objectives: consolidating the social security scheme for private enterprise workers and achieving the legal instruments and policy decisions required to reform the civil servants’ scheme.” (final evaluation) . Not all indicators achieved as some aspects outside project control.	
E. Emerging risks and opportunities	4	Stakeholders report technical issues associated with social security operations, need for increased provincial level flexibility in system operations. High level of complexity and limited board technical understanding present major challenges. Social security membership obligations on private sector yet to be enforced, and unlikely. Despite clear need for continued support within final evaluation and expressed by stakeholders during interviews, the ILOSSP ended and mid-2007, by early 2010 the Phase III design yet to be finalized with full start up unlikely before end of 2010-a gap in assistance of three and a half years.	
<b>Total score</b>	<b>25</b>		

**LAO152: National OSH Master Plan is adopted and implementation initiated, focusing on inspector capacity building and on OSH protection in small enterprises and construction sectors.**

Performance area	Rating	Comments	Plans
A. Resource adequacy	3	Limited financing for OSH available given scale of work required to be undertaken.	Improved regulations associated with OSH and linkages to tripartism roles.
B. Delivery of outputs	5	National OSH Master Plan (2005–2010) adopted in late 2005 and subsequently implemented. Stakeholders report plan has been implemented some 60 per cent to date. (1) National OSH profile of Lao PDR published; (2) Lao inspectors strengthened their inspection skills for manufacturing enterprises and construction sites; (3) Lao OSH trainers trained for small enterprises and construction.	Additional inspector training required especially associated with new and increasing use of chemicals and new technologies in many factories. This issue was raised by MOLSW as needs for inspector capacities beyond WISE and WISCON clearly evident.
C. Use of outputs by partners/target groups	5	MOLSW report that OSH inspectors undertake monthly inspections at provincial levels, each inspection day covering three to four enterprises. Issues are reported to be identified and raised with company management. Respondents demonstrated strong commitment to OSH and highlighted role in ASEAN-OSHNET as well as ASEAN linkages within the programme as a whole. Use of OSH tools is evident by tripartite constituents. LFTU playing major role in OSH roll-out.	Continued and expanded support to LFTU who have taken key role in OSH actions is requested, in particular associated with provincial level LFTU levels.
D. Progress made (against outcome indicators)	5	Outcomes broadly achieved however additional support required in implementation. Capacity of inspectors has been enhanced but remains limited. Inspections reported to be occurring one time per month per province.	
E. Emerging risks and opportunities	4	Key OSH issues identified (legal framework, OSH accident reporting system, labour inspection systems, extension of the OSH to small enterprises). Priorities identified: <ul style="list-style-type: none"> <li>- developing new regulations on construction and inspection;</li> <li>- strengthening inspector training;</li> <li>- assisting small and medium-sized enterprise improve OSH.</li> </ul> Possible expansion of focus from small to larger enterprises raised by some stakeholders. Widely acknowledged as area of rising importance.	
<b>Total score</b>	<b>22</b>		

**LAO102: Participatory local development strategies for employment creation and livelihood improvement for rural men and women is developed and implemented.**

Performance area	Rating	Comments	Plans
A. Resource adequacy	2	Funds provided enabled strategies to be developed within three districts; however, did not allow for realization of such plans with funding coming from the PRF. Plans existed for a major initiative in this area but donor funding for such was unable to be sourced. Discussion on ILO contributions associated with SME included in LAO101.	Stand-alone financing for ILO strategies associated with local economic development planning and employment creation would appear unlikely due to existing presence of PRF with similar approaches and goals and increasing donor efforts for harmonization. Increasing ILO engagement with the PRF and the newly established Standing Board for Rural Development may enable ILO technical contributions be made in this manner at scale. Alternative approaches associated with provision of ILO TA to other significant donor initiatives within specific geographic areas could also be considered (e.g. IFAD/LUX in Oudomsay/Attapeu).
B. Delivery of outputs	5	Outputs primarily associated with adaptation and translation of ILO tools, e.g. on SME development and subsequent roll out with partner agencies. Village banks operating in five provinces (planned seven), Village banking handbook and accounting guide developed and distributed representing good practice in the Lao PDR. Discussion on ILO contributions associated with SME included in LAO101.	
C. Use of outputs by partners/ target groups	4	Local development strategies used in pilot sites with PRF financing outcomes, no direct wider application of processes reported. Discussion on works associated with SME included in LAO101.	
D. Progress made (against outcome indicators)	5	Results established were achieved in that planning processes were reported as undertaken. Discussion on ILO contributions associated with SME included in LAO101.	
E. Emerging risks and opportunities	5	Limited financial resources are the major risk areas here, opportunities for technical engagement within programmes of other donors and the Government would appear to offer greater prospects for success in this area than seeking direct financing for a 'stand-alone' project.	
<b>Total score</b>	<b>21</b>		

### LAO103: Lao constituents adopt coherent and sustainable national strategies for human resource development to improve employment opportunities for youth and adults.

Performance area	Rating	Comments	Plans
A. Resource adequacy	4	Funds limited, while adequate for activities undertaken- additional expansion and work is required. Broader expansion of ESJC's requested.	Continuation and expansion of ESJCs and skills standards development represent key elements of a possible ILO DWCP.
B. Delivery of outputs	5	Building upon endorsement of TVET master plan, action in 2008–2009 on i) establishing pilot Employment Service Centres and ii) practical development of skills standards associated with construction industry. ESJC target achievement assessed as excellent by TA, centres established and operating rapidly. Limited engagement in youth sector, LYU reporting frustration that funds not available to implement research plan developed out of ILO supported workshop. Increasing ILO focus in this area is highly warranted and in line with national priorities.	Very high emphasis placed on skills development and standards development by stakeholders, support for latter reported as an urgent need given large number of standards required to be developed. ADB developing programme in support of TVET, apparent opportunity for ILO engagement.
C. Use of outputs by partners/ target groups	6	Outputs remain very new. Stakeholders report signals interest in ESJCs but number of actual jobs directly enabled remains limited. Skill standards developed in construction industry not yet used due to early stage of TVET Master Plan and implementation thereof. Additional skills standards have been developed with MOLSW capacities in standard development evidently now built. Clarity of division of roles and responsibilities between MOE and MOLSW high and functional implementation systems established. Research on youth employment not undertaken by LYU due to financial constraints.	Extent of ESJC utilization by job seekers and employers will be key; ESJCs very new and as such progress is limited; requires continued and expanded support from ILO. Expansion plans should be conditional upon performance of existing pilot. Workshop on vocational training survey assessment with LYU not followed by actual survey. Draft Lao employment decree developed but ILO assistance on such is requested.
D. Progress made (against outcome indicators)	6	Results planned were achieved and additional significant results also achieved, e.g. ongoing engagement in labour force survey. TVET Master Plan adopted and two activity pilots undertaken in support. ESJCs established with operational systems and procedures in short timeframe. Strong national support for this activity. Detailed skill standards for full range of concrete work skills (e.g. rebar, formwork, etc.) developed including assessment mechanisms.	
E. Emerging risks and opportunities	5	Very high national focus on skills development represents the areas of ILO assistance where national prioritization is greatest. Significant ILO response to such focus is now warranted. ESJC performance will need to be supported and assessed carefully ahead of any expansion. Reasonably slow, progressive development of ESJCs is likely given the new nature of this and current practices within labour market, job seeker behaviours and imbalance between job seeker employment expectations and market demands.	
<b>Total score</b>	<b>26</b>		

**LAO153: Policies are developed and capacities are enhanced to extend social protection to uncovered population in the areas of social security, OSH and HIV/AIDS.**

Performance area	Rating	Comments	Plans
A. Resource adequacy	2	<p><b>Social security:</b> Unfunded from 2007, stakeholders report significant needs for ILO TA since end of previous phase. Staff skills remain limited and additional training a priority.</p> <p><b>OSH:</b> Inadequate financial support available, implementation of OSH nationally requires significant additional financial and human resources.</p> <p><b>HIV:</b> Adequate financing obtained given limited scale of activities.</p>	<p>Lux-Development has funds allocated for Phase III. Follow-on OSH national plan will need to be developed and resourced. Focus on OSH as compared to HIV/AIDS at workplace appears warranted. Improved regulations associated with OSH and links to tripartism roles.</p> <p>Additional inspector training required especially associated with new and increasing use of chemicals and new technologies in many factories. This issue was raised by MOLSW as needs for inspector capacities beyond WISE and WISCON evident.</p>
B. Delivery of outputs	4	<p><b>Social security:</b> Despite funding gap, good progress continues to be made. Major achievement included signing up of LXM Sepon/government mine.</p> <p><b>OSH:</b> MOLSW operating at secretariat for ASEAN-OSHNET.</p> <p><b>HIV:</b> Pilot programme with hotel sector implemented effectively and to high quality. National model for workplace policy not reported by stakeholders.</p>	<p>Continued and expanded support to LFTU who have taken a role in OSH actions is requested, in particular associated with provincial level LFTU levels.</p>
C. Use of outputs by partners/target groups	5	<p><b>Social security:</b> Unfunded.</p> <p><b>OSH:</b> National OSH Master plan reported as 60 per cent implemented, implementation hindered by resource levels but issues have been identified and addressed at provincial levels. Reported OSH visits of three to four factories/month/province. Enforcement not yet occurred. Tripartite mechanisms reported to be utilized to achieve consensual resolution at local levels.</p> <p><b>HIV:</b> Hotel sector work associated with action plans reported as having limited sustainability without continued external support.</p>	
D. Progress made (against outcome indicators)	4	<p>Assessment against results established:</p> <p><b>Social security:</b> Absence of funded programme in support of social security a constraint, strong efforts of SSD and SSO staff have enabled expansion but ILO resources clearly missed.</p> <p><b>OSH:</b> ASEAN-OSHNET secretariat functioning. OSH training undertaken using WISE and WISCON on pilot basis, limited replication reported. OSH Master Plan (2005–2010) reported to be 60 per cent achieved.</p> <p><b>HIV:</b> Tripartite declaration issued and models for HIV/AIDS in the workplace developed with hotel sector in Luang Prabang. Action plans developed and implemented. Capacities built.</p>	
E. Emerging risks and opportunities	4	<p><b>Social security:</b> New project expands cover to include informal sector with focus on health insurance. Strong partnerships developed. Increased use of local consultants may be possible in some areas, e.g. ICT. Compulsory nature yet to be enforced. Some frustration exists at the slow pace at which Phase III design and contracting process is proceeding.</p> <p><b>HIV/AIDS:</b> Sustainability issues.</p> <p><b>OSH:</b> Increasing use of high technology and chemicals will lead to higher OSH knowledge required. Rising OSH issues reported.</p>	
<b>Total score</b>	<b>19</b>	Note, low score here primarily result of delay to ILOSSP III start-up	



## **Report on the review of the ILO Country Programme Lao PDR (2006–2009)**

The ILO Regional Office for Asia and the Pacific and the ILO Country Office for Thailand, Cambodia and Lao People's Democratic Republic organized a review of the ILO Country Programme Lao PDR (2006–2009) to take stock of the progress achieved, the constraints encountered, lessons learned, and to identify where and how improvements can be made for future programming. The extensive and participatory consultations with ILO constituents and other partners were held throughout the review process.

The criteria used for the review of the overall performance of the Country Programme include the role and relevance of ILO in Lao PDR, its niche and comparative advantage, tripartite participation and partnership, the focus and coherence of the programme's design and strategies, the evidence of direct and indirect results of ILO's contributions and support at national level, the efficiency and adequacy of organizational arrangements to deliver the ILO's programme in Lao PDR, and knowledge management and sharing.

In addition to the overall performance, the review also looks at the progress and performance of the four specific outcomes using five criteria i.e. resource adequacy, delivery of outputs, use of outputs by partners and target groups, progress made against outcome indicators/milestones and the emerging risks and opportunities.

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