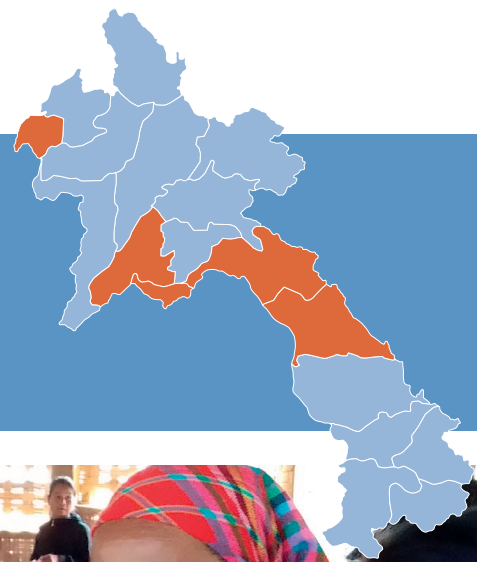




LOCAL DEVELOPMENT PROGRAMME

LAO/338



SECTOR | Socio-economic development

AGENCY | LuxDev

DURATION | 60 months (January 2023 - December 2027)

TARGET GROUPS

The population living in 226 target villages of 17 target districts to receive Village Development Fund support (about 172,000 people) and the overall population living in 20 districts that will benefit from infrastructure investments (approximately 790,000 people)

INSTITUTIONAL ANCHORAGE

Provincial and district offices of Planning and Investment with support from the Ministry of Planning and Investment

SECTORIAL POLICIES AND REFERENCE STRATEGIES

National, provincial and district Socio-Economic Development Plans with sector strategies in education, health, agriculture nutrition and disaster risk reduction

BUDGET | EUR 33,930,000

(Luxembourg : EUR 27,000,000 – Switzerland: EUR 6,930,000)



Laos has seen rapid macro-economic progress in the past decade. However, the current socio-economic crisis, caused by high levels of public debt and worsened by the COVID-19 pandemic, has left many people living on the brink, especially in remote rural areas. Inequalities between urban and rural areas continue to persist, with generally lower income levels, education, health, and nutrition indicators in rural communities. This is associated with increased resource scarcity, environmental degradation, challenges in governance and inadequate public service delivery, in addition to geographical isolation, accessibility issues, and limited agricultural potential.

The expected outcome of the Local Development Programme (LDP) is “the well-being of Lao people is improved, leaving no one behind”. This overall goal reflects the priorities of the Lao government’s *9th National Socio-Economic Development Plan (2021-2025)*, the goals of Luxembourg Aid & Development’s *Indicative Cooperation Programme V (2023-2027)* and the Swiss Agency for Development and Cooperation’s *Cooperation Programme for the Mekong Region (2022-2025)*, who jointly fund the LDP.

The LDP builds on the strong working relationships that have been established under its predecessor programme (LAO/030)

with the Ministry of Planning and Investment, particularly the Department of Planning, and its line agencies within the four partner provinces.

It will continue to foster inclusive development using participatory planning methods and channel programme resources into realising priorities at the district and village level. Its focus on capacity development at national but primarily at sub-national levels will assist central, provincial, district and village authorities to improve public services for the benefit of local communities. By improving capacity at all levels and engaging in policy dialogue, LDP intends to mitigate some of the threats facing rural communities in Lao PDR, which include land tenure insecurity, deforestation, and low education outcomes.

While strengthening the capacity of relevant central agencies, LDP will focus on the poorest villages and districts in the provinces of Bokeo, Vientiane, Bolikhamxay and Khammouane, and will expand operations to cover 20 districts and 226 villages.

About 172,000 people are expected to benefit from Village Development Fund support and 790,000 people will benefit from infrastructure investments at district level.



VISION OF CHANGE

To meet the expected outcome above, LDP is underpinned by a Theory of Change that can be described as follows: “If capacities of the government in local development and governance systems are strengthened, if target villages are empowered to contribute to development planning, and their livelihood activities become more productive and nutritious, and if sufficient and quality social infrastructure/facilities and services in target villages are built and accessible, then villagers’ well-being is improved and target villages will be lifted sustainably above the poverty line because government and villagers are able to take full responsibility, credit and ownership for local development work”.

Three intermediate changes (IC) with priority areas of intervention have been identified

- IC1 will focus on ensuring the rural households have improved opportunities for productive and sustainable livelihoods. Interventions include land management, disaster risk reduction and climate change adaptation, nutrition promotion, access to financial services, market access, and agricultural extension;
- IC2 will support improved access to infrastructure facilities through construction, rehabilitation and maintenance work. This will be combined with interventions in governance and education strengthening;
- IC3 will continue to support the participatory Village Development Planning process established under LAO/030 programme for identifying and prioritising village needs. This village plan will be supported with a Village Development Fund to meet community priorities in infrastructure rehabilitation/maintenance, credit facilities and capacity development among others.

Actions to maximise the effectiveness and efficiency of LDP include:

- ensuring alignment with current and upcoming national strategies;
- using existing government guidelines and systems for procurement and monitoring;
- promoting local ownership through the activity prioritisation process at district and village level;
- collaborating with other donors to avoid duplication;
- adopting a flexible approach to budgeting to reward well-performing villages and districts; and
- strengthening the planning, monitoring and evaluation systems that allow for feedback and learning, and feed into policy dialogue. Moreover, innovative financing systems will be adopted to strengthen decentralisation and capacity at local level;
- mainstreaming cross-cutting issues (gender, rights-based approaches, environment and climate change, and Digital for Development) into key actions, approaches and processes (such as local planning and prioritisation, investment project appraisal) or taking specific measures to promote them (e.g. such as climate proofing of infrastructure).

The Department of Planning and the provincial Departments of Planning and Investment under the Ministry of Planning and Investment will as in the previous phase of the LDP coordinate the multisectoral interventions at the central and local levels on behalf of the Lao government.

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