

# Rural Development in Mountainous Areas of Northern Lao PDR

Lao-German Cooperation

gtz





## ..... GTZ Profile

GTZ - Deutsche Gesellschaft für Technische Zusammenarbeit GmbH - is an international cooperation enterprise for sustainable development with worldwide operations. It provides viable, forward-looking solutions for political, economic, ecological and social development in a globalised world. GTZ promotes complex reforms and change processes, often working under difficult conditions. Its corporate objective is to improve people's living conditions on a sustainable basis.

- **GTZ was established in 1975. It is organised as a private company owned by the German Federal Government. We work on a public benefit basis, using all funds generated as profits exclusively for projects in international cooperation.**
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We mainly work for the German Federal Government. Our primary client is the German Federal Ministry for Economic Cooperation and Development (BMZ). The company also operates on behalf of other German ministries, partner-country governments and international clients, such as the European Commission, the United Nations and the World Bank, as well as on behalf of private enterprises. Currently, we are implementing some 2,700 development projects and programmes in over 130 countries. We have our own offices in 66 of these countries. Of our circa 9,400 employees, some 1,000 people are employed at our Head Office in Eschborn near Frankfurt am Main.

# Rural Development in Mountainous Areas of Northern Lao PDR

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# The Millennium Development Goals

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To be achieved by 2015, the eight Millennium Development Goals (MDGs) are the international communities' response to the world's main development challenges. Drawn from the Millennium Declaration adopted by 189 nations and signed by 147 heads of state and governments during the UN Millennium Summit in September 2000, the MDGs are made up of 18 quantifiable targets measured by 48 indicators.

The MDGs synthesise many of the commitments made during international conferences and summits of the 1990s.

- Goal 1 Eradicate extreme poverty and hunger
  - Goal 2 Achieve universal primary education
  - Goal 3 Promote gender equality and empower women
  - Goal 4 Reduce child mortality
  - Goal 5 Improve maternal health
  - Goal 6 Combat HIV/AIDS, malaria and other diseases
  - Goal 7 Ensure environmental sustainability
  - Goal 8 Develop a Global Partnership for Development
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Germany contributes to achieving the Millennium Development Goals.

In April 2001, the German Government adopted The Programme of Action 2015 to implement the development goals of the Millennium Declaration. As an inter-ministerial policy framework programme, it coordinates activities and ensures coherence in development policy. In the 2003 Rome Declaration, Germany agreed with other bilateral and multilateral donors to harmonise and coordinate activities. This effort was further endorsed by the international community in the 2005 Paris Declaration on Aid Effectiveness.

The Millennium Development Goals and Millennium Declaration provide a binding framework of reference for German development policy.

To be effective, development cooperation must concentrate on countries where favourable preconditions exist in the form of institutions and policies that foster development. This is the starting point for German development cooperation. The most important planning instruments in poverty reduction are the Poverty Reduction Strategy Paper or comparable national poverty reduction strategies. The German Government gears its internal planning procedures to these strategies.

# Lao PDR's Development Strategy

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The National Growth and Poverty Eradication Strategy (NGPES) is the comprehensive strategic framework under which Lao PDR's growth and poverty eradication programmes will be developed and implemented. The NGPES is the result of an extensive process involving development partners and national stakeholders that started in 1996 when the 6th Party Congress defined the long-term development objective as freeing the country from the status of least-developed country by 2020.

**The NGPES is consistent with internationally defined goals regarding poverty reduction through the Millennium Declaration and the LDC Brussels Summit.**

The NGPES operational framework comprises four main sectors, as well as a number of supporting sectors, cross-sector priorities, and specific national programmes that address poverty eradication. The four main sectors are agriculture/forestry, education, health, and infrastructure. Cross-sector priorities include environmental, population and gender issues, information and culture, and social security. Trade facilitation and market linkages pervade most sectors and have an important impact on poverty eradication. Capacity building cuts across all sectors.

Three poverty-related national programmes - National Drug Control, UXO Decontamination and the National Action Plan for HIV/AIDS/STD - complete the sector-based framework.



# Lao-German Bilateral Cooperation

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Lao-German bilateral cooperation involves two GTZ programmes:

- the Lao-German Programme on Integrated Rural Development in Mountainous Areas of Northern Lao PDR (RDMA), and
- the Lao-German Programme on Human Resource Development for Market Economy (HRD-ME)

RDMA is based on the Sector Strategy “Rural development in the upland and highland of Northern Laos”.

RDMA supports people in northern Laos to make sustainable and effective improvements in their living conditions and resources by promoting rural development and supporting institutions and groups to assume the responsibility of fostering regional development.

RDMA components foster sustainable natural resource management, expansion of the local economy, and capacity building by establishing village organisations and social services.

The strategy aims to reduce poverty and achieve structural improvements through coordinated measures in rural infrastructure, health, education, and planning.

RDMA combines Lao Government contributions with technical assistance from GTZ and DED, and IFAD loans for Sayaboury.

RDMA assists the government in achieving the development goals formulated in the National Growth and Poverty Eradication Strategy, specifically their targets to:

- eradicate rural poverty
- stabilise shifting cultivation
- eradicate poppy cultivation and eliminate drug abuse

RDMA contributes to Lao PDR's development goals.

RDMA applies a multi-level approach to policy, planning and implementation. At the national level, the programme coordinates with the Department of International Cooperation of the Ministry of Foreign Affairs (with focal points in other ministries). The main focus of implementation lies at the district level. The main partners are the Departments of Planning and Investment and other line departments including agriculture and forestry, industry and handicraft, transport, commerce and trade, education, health, and Lao Women's Union. At the village level, activities are conducted in close cooperation with village authorities and functionaries. Local experiences and lessons learnt are used at the national level to further policy development, sector strategies, and harmonise donor activities. RDMA also works closely with the private sector, international NGOs, and the wider donor community.

**Luang Namtha Province .**

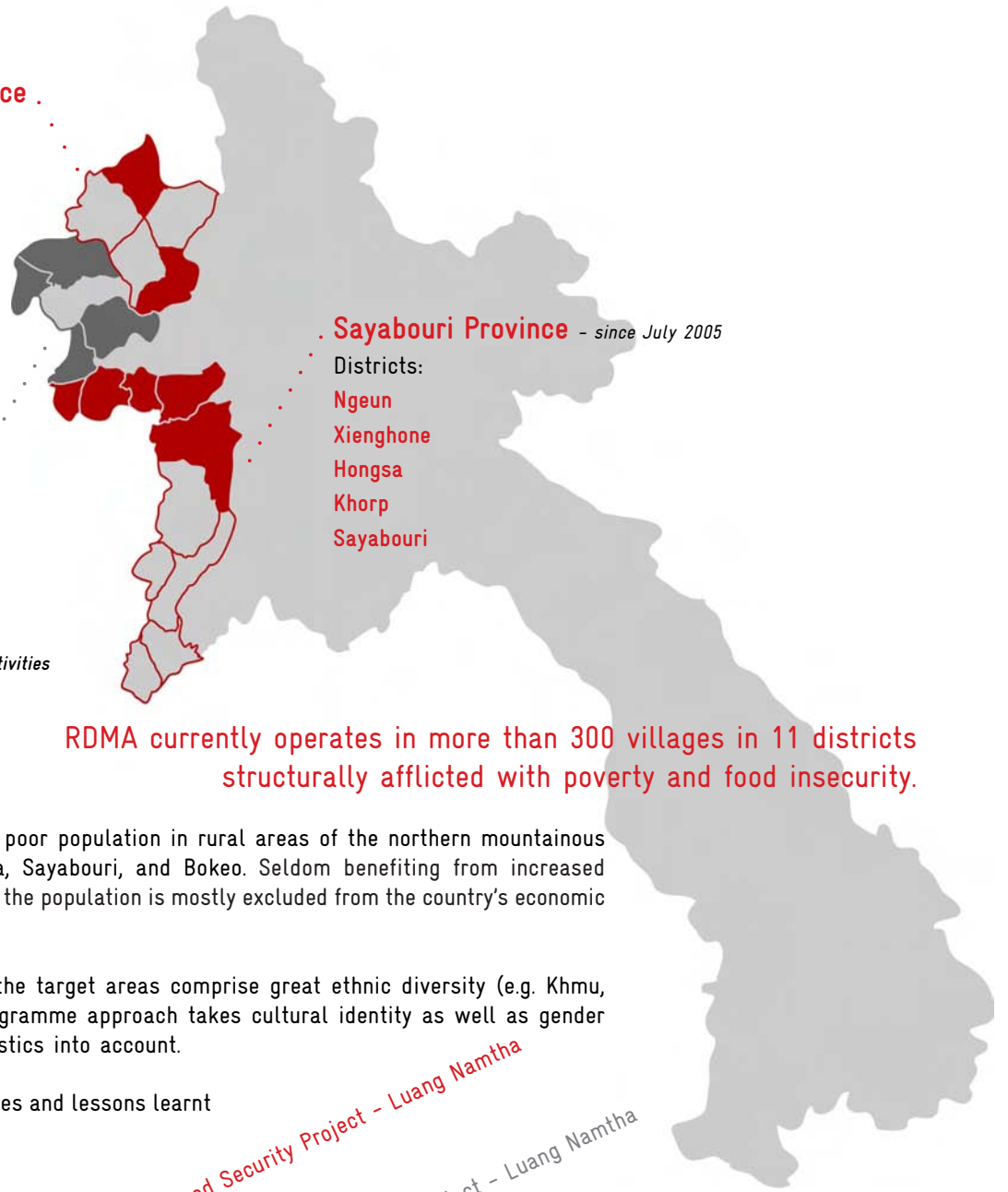
Districts:  
Sing  
Nalae

**Bokeo Province**

Districts:  
Paktha  
Pha Oudom  
Meung  
Thonpheung - follow up activities

**Sayabouri Province - since July 2005**

Districts:  
Ngeun  
Xienghone  
Hongsa  
Khorp  
Sayabouri

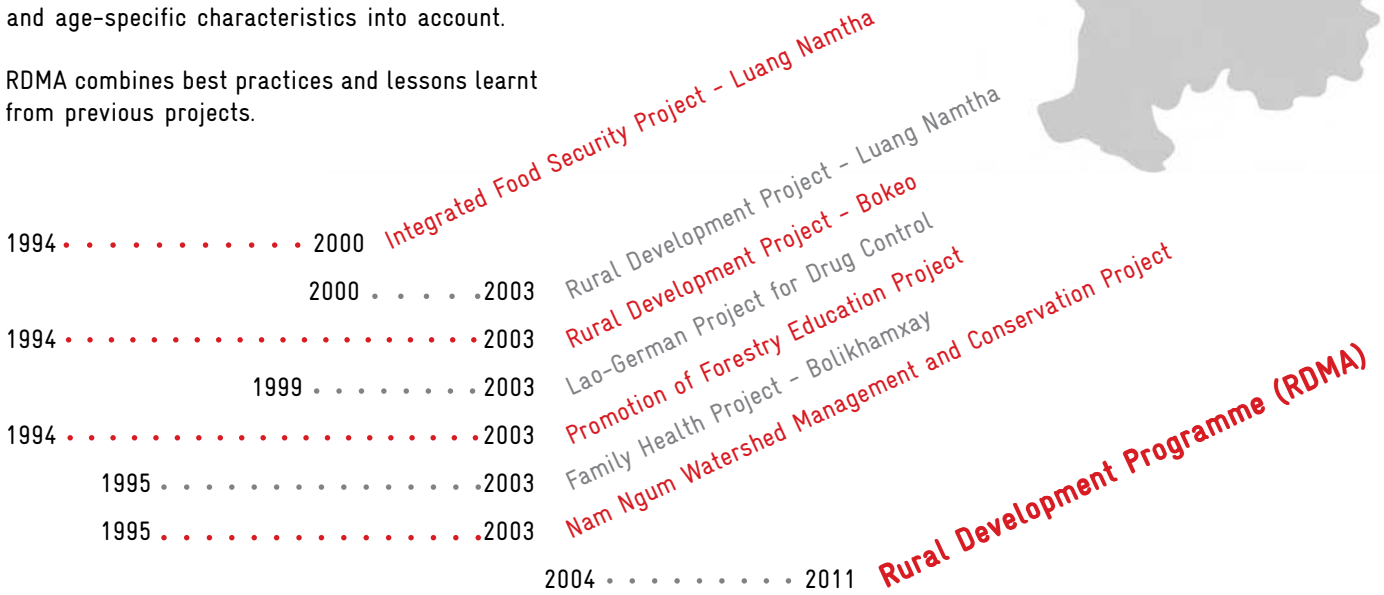


**RDMA currently operates in more than 300 villages in 11 districts structurally afflicted with poverty and food insecurity.**

RDMA's target group is the poor population in rural areas of the northern mountainous provinces of Luang Namtha, Sayabouri, and Bokeo. Seldom benefiting from increased levels of cross-border trade, the population is mostly excluded from the country's economic development.

Because the population in the target areas comprise great ethnic diversity (e.g. Khmu, Akha, Lao, Hmong), the programme approach takes cultural identity as well as gender and age-specific characteristics into account.

RDMA combines best practices and lessons learnt from previous projects.



RDMA cooperates with the Lao Government and other partners in three thematic areas

- Natural Resource Management and Local and Regional Economic Development
- Social Development
- Institutional Development

# Natural Resource Management and Local and Regional Economic Development

Most rural villages depend on natural resources. This makes sustainable management of natural resources a key to successful rural development. Based on its support of Improved Land Use Planning, RDMA plans and implements Natural Resource Management and Economic Development.

Participatory Land Use Planning (PLUP) is an important feature of the work of all District Agriculture and Forestry Extension Offices (DAFEO) in Laos. It is considered one of the key activities to begin the village development process because it fosters the creation of village organizations (e.g. Village Land Use and Natural Resource Management Committees), enhances social justice, and strengthens local government.

RDMA supports **Improved Participatory Land Use Planning** activities in the three target provinces of Luang Namtha, Bokeo and Sayabouri.

Natural resource use by villagers is assessed by DAFEO teams during walks through the village and group discussions with villagers. This information is later used to promote more sustainable management of the available natural resources and distinguish specific land use zones. Village mapping exercises provide information about past and present land use and from this; new and existing practices are developed and integrated into village regulations. In addition, results from the PLUP exercises provide essential information for the elaboration of district development plans.





Following a land use planning exercise involving all villagers and the district team, programme activities like crop diversification, sedentary upland farming, village forestry and non-timber forest product management are implemented in partnership with the District Agriculture and Forestry Extension Office.

**RDMA supports the development of integrated and market-oriented farming systems.**

RDMA assists farmers overcome existing farm-level harvesting and pre-processing inefficiencies by supporting the introduction of cash crops, soil improvement schemes, and building agricultural value chains. In addition, RDMA promotes profitable rubber cultivation that is socially and ecologically sensitive.



RDMA promotes integrated farming methods, supports extension services that help farmers raise livestock profitably, and microfinance approaches that assist rural farmers invest in progressive farming techniques.

**RDMA support to animal husbandry, fish management, and aquaculture includes training courses and technical assistance.**

RDMA support to the Village Veterinary Workers network began in 2003. While training is still provided by district staff, Village Veterinary Workers are allowed to charge fees for veterinary services and sell medicines (arranged through private pharmacies) for a small profit. The profit motive has increased service quality and this has led to a greater interest from villagers in introducing good veterinary practices.

# Natural Resource Management and Local and Regional Economic Development

In response to growing land degradation and declining yields, farmers in lowland and upland areas with sufficient water are trying to develop wetland rice using small-scale irrigation as a supplement or replacement for shifting cultivation.

**RDMA supports infrastructure improvements that increase agricultural production. This includes assistance to further develop irrigation systems.**



Irrigation is an important issue addressed through district extension services supported by RDMA. In this context, RDMA facilitates irrigation development in cooperation with food-for-work projects.

The overall strategy of local and regional economic development is to increase incomes and food sufficiency for poor, food-insecure households. It is an inclusive approach that helps the rural poor reduce their vulnerability to changing circumstances.

**RDMA contributes to Local and Regional Economic Development.**

By opening access to economic opportunities for the poor, the approach is expected to contribute to regional growth and strengthen existing small-scale commercial enterprises. The main entry point for this approach is through developing income-generating activities and analysing the weaknesses and opportunities of the existing mechanisms underlying the livelihoods of the majority of the population. Access to relevant information, services, and markets enable farmers to make better-informed choices.



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The Trade Network Meeting has proven to be an excellent tool for assessing constraints in the trade sector. The meetings enhance trust which is needed for building long-term relationships within the supply chain. This provides a basis for improving quality levels – resulting in improved income for farmers.

**RDMA facilitates Trade Network Meetings which provide information and improve linkages by bringing together traders, producer groups, and government representatives in the district to discuss trade-related issues.**

Information on existing markets, trade flows, and trends is gathered during semi-structured interviews with traders, producers, and government representatives. The first Trade Network Meeting categorises constraints experienced by participants, and later, smaller groups of traders and farmers meet to discuss solutions. Following a needs assessment, next steps and intervention strategies can be formulated.

Participatory Appraisal of Competitive Advantage (PACA) is a pragmatic approach to local economic development. Based on a set of tools that permit a rapid appraisal of the competitive advantages and disadvantages of a locality, a PACA exercise is conducted by a team of external specialists and local economic development experts.

**RDMA applies Participatory Appraisal of Competitive Advantage to identify opportunities and critical bottlenecks hindering local economic development.**

PACA focuses on early implementation of practical solutions. It helps prioritise practical economic development activities and shows how to better connect local agencies, stakeholders and businesses, while identifying who should lead the implementation.

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**Information from PACA activities is used to plan further interventions.**

- Value chain analysis (e.g. for rubber: the analysis at provincial and district levels initiated discussion about national level production)
- Infrastructure improvement that supports economic development (e.g. road construction)
- Capacity building for business and technical skills and marketing techniques

# Natural Resource Management and Local and Regional Economic Development

Most villagers in the programme target areas have little or no access to formal financial services, and the Lao banking sector is not expected to deliver saving, credit and insurance opportunities to poor, remote villages in the near term.

**RDMA supports the establishment of village banks to develop microfinance schemes at the grassroots level.**

Village banks give villagers a way to participate in the local economy. Therefore RDMA supports the development of village based microfinance schemes which include saving and credit components.



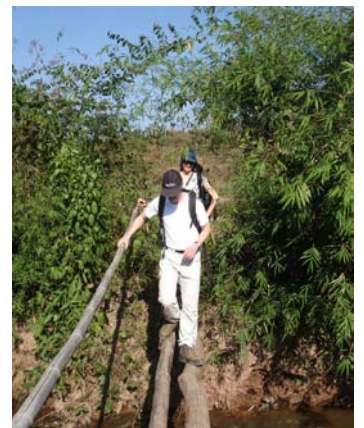
**An innovative, participatory Public-Private Partnership provides tourists and villagers with a meaningful exchange.**

RDMA, along with its government partners and a private tour operator, Exotissimo Travel, combined their resources to assist Akha villagers in creating their own business that allows them to fully share in the benefits of tourism. The three day tour gives participants an opportunity to experience the culture and daily life of the Akha.

**The Akha Experience motivates Akha people to preserve and share their traditional culture while gaining new skills and a new source of income.**

The tour programme represents a new and important aspect of development assistance where a government funded project cooperates with a private sector business to establish a sustainable village enterprise with the aim of poverty alleviation.

Public-Private Partnerships in the context of Community-based Tourism offer the potential of a global tourism market to villages while helping minimise the negative impacts. Partnerships of this type create local ownership, jobs and income, and transfers business know-how and technology in a sustainable and participatory manner.



# Social Development

All RDMA project interventions include efforts to eliminate gender discrimination. RDMA and the Lao Women's Union work together to identify income generating activities and provide skill development for women in rural areas.

RDMA target villages are mostly located in the remote highlands where villagers have limited access to basic services like health and education. Because not all highland ethnic groups are literate in the Lao language, establishing healthcare delivery systems in these areas face special challenges.

**Social development** is a fundamental goal of the RDMA programme.

The RDMA health strategy includes the strengthening of existing health networks, promoting basic preventative health services, curative healthcare, and a patient referral system. Strengthening local capacities and improving community-based disease prevention are crucial for sustainable health development.



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In cooperation with partners, RDMA supports a number of initiatives that strengthen the local healthcare delivery system.

Providing a clean water supply (mainly gravity fed) has made a substantial improvement in the lives of the target communities. Women no longer have to carry water long distances, fewer diarrhoea cases are reported, and general hygiene is improved.

RDMA supports health and hygiene promotion in cooperation with the district health staff, Village Health Volunteers, and Traditional Birth Attendants. Essential messages include the benefits of improved sanitation, using impregnated mosquito nets, prenatal check-ups, nutrition, immunisation, HIV/AIDS/STD prevention, and the three hygiene principles set out by the Ministry of Health (eat clean, drink clean, and stay clean).

The Drug Revolving Fund and Traditional Birth Attendants help rural communities manage their own basic healthcare by ensuring the availability of essential drugs and safe birthing in villages where access to basic healthcare is limited. District health staff carry out field visits quarterly to monitor the use of medicines, check for expired drugs, and collect outstanding debts for drugs purchased on credit. Traditional Birth Attendants and Village Health Volunteers receive training from the District Health Office.

Development oriented drug control is implemented under the direct responsibility of District and Provincial Committee on Drug Control and district health department using a community-based approach. It focuses on reducing the number of drug users and alternatives to poppy cultivation.

Capacity building is aimed at achieving significant gains in villager health and improving the efficiency of healthcare delivery by working with district health staff including Traditional Birth Attendants, Village Health Volunteers, and Village Health Committees.



## Social Development

RDMA's support to non-formal education focuses on reducing adult illiteracy among ethnic communities; in particular girls aged 15-20, while support to formal education focuses on school construction.

**Among other activities, RDMA supports formal and non-formal education.**

Capacity building at district and village levels includes offering training and conducting workshops. Workshops for teachers and district education staff include topics like curricula development, teaching methods, and improvements to the implementation and management of non-formal education. The programme supports study tours to other regions of Laos to exchange experiences on approaches to non-formal education.

A project education advisor works on a day-to-day basis with the district education department.



Participatory rural appraisals have been carried out in all target villages and are the basis for drawing up Village Development Plans. Updated every year, Village Development Plans define the development goals for individual villages and outline the activities and budgets needed to reach them.

**RDMA supports village development by assisting village authorities establish Village Development Plans.**

Community development interventions strengthen village-based organisations by linking them to district governments. The approach works within the framework of existing community structures and facilitates community participation through meetings and discussions. District agencies, government officials, and project staff participate in workshops organised by RDMA. A monitoring system is in place which allows villagers to periodically monitor implementation progress. All project community development field staff are of ethnic origin.





In cooperation with RDMA, communities identify food-for-work activities in consultation with community development field staff and ensure that beneficiaries represent marginalised people. Women are involved in identifying activities and gender is considered during the targeting to ensure the proposed schemes benefit women. Project and district government partners review the suggestions and a selection is then proposed to the World Food Program.

**RDMA supports the linkage between rural communities and the food-for-work activities of the World Food Program.**

The World Food Program provides training to implementing agencies on the management of food-for-work activities. Food-for-work projects implemented by RDMA fall into three categories:

- irrigation for dry season rice cultivation
- construction of rural roads and bridges for greater mobility
- better land management practices including multi-purpose reservoirs and crop diversification

# Institutional Development



RDMA supports Area-based Planning at the district level. Integrated Area-based Socio-Economic District Development Plans build on the needs and priorities expressed in the Village Development Plan, the 5-Year Village Cluster Development Plan, and the Sector Priorities defined by the district line agencies. They are the basis for further planning at provincial and national levels. At the same time, these plans take national policies and strategies as well as national Millennium Development Goals into consideration.

**RDMA supports the development of Socio-Economic District Development Plans as a major component of the Area-based Planning system in Laos.**



The Lao Government has established a policy framework that assigns clearly defined roles and responsibilities to the provincial, district, and village administrations on development planning, budgeting, and implementation. It provides for greater decentralisation and participation in the development process by bottom-up planning, strengthening local capacities, and the promotion of sustainable socio-economic growth. Local stakeholders participate in the process through public hearings and group discussions.

According to this framework, villagers make decisions about project implementation and other local planning issues. Forming the link between local needs and provincial planning, districts oversee budgeting, provide technical support to villages, and supply relevant information to the province. Provinces are responsible for overall strategic planning and guidance, and formulating their own 5-year strategic plans and corresponding budgets.

**RDMA supports Participatory Monitoring and Evaluation as an integral part of its programme components.**



Participatory Monitoring and Evaluation (PM&E) is an important follow-up to RDMA activities. Community Development Workers and villagers discuss their perspectives regarding activities facilitated by RDMA, achievements, and possible changes to improve efficiency.



Following a participatory evaluation, a Village Development Plan is drawn up. Implementing agencies then summarise these by village cluster and include information about opportunities, success factors from past implementations, and the most common implementation constraints. Village representatives review the summary and discuss the suggested solutions to identified problems. Their advice is considered when planning RDMA operations for the following year.

Human resources are limited in rural areas of Laos, so one of RDMA's central tasks is to work with local networks to increase the capacity of communities to direct their own development. Specific training is targeted to government officials to upgrade their technical skills and increase their ability to collect and analyse data needed for project planning and implementation.



**Human capacity building forms an integral part of the work of RDMA.**

RDMA supports on-the-job training of government staff, excursions and meetings for professional exchange, government extension services to upgrade villager skills, and the training of the village volunteer network – e.g. Village Veterinary Workers, Village Health Volunteers, Traditional Birth Attendants, and Natural Resource Management Committees.



To evaluate approaches, activities and achievements, the Department for International Cooperation in the Ministry of Foreign Affairs, IFAD, and GTZ have jointly established a Policy Advisory Unit at the national level.

**The Policy Advisory Unit assists the Lao Government in improving strategies on rural development, optimising resource use, and focussing impact on poverty eradication.**

The Policy Advisory Unit's mandate is to analyse project implementation and draw conclusions on the impact of the programme and to provide advice to policymakers.



**Information and knowledge management, networking, and communication are resources that RDMA staff and others can use to learn about RDMA activities and share experiences and lessons learnt.**

Information and knowledge management link operational units by:

- hosting databases and the freely accessible programme library
- distributing timely information to RDMA staff and partner organisations
- establishing a programme knowledge centre to support ongoing activities

The central information and knowledge management office is located in Vientiane with satellite units in every target province.



# Partners

RDMA avoids duplication by combining available capacities and working with partners in a coordinated and synergetic approach to meet local needs. RDMA works with a number of committed partners in various fields of development support.



**Government of the Lao PDR** – RDMA’s direct counterpart at national level is the Department of International Cooperation of the Ministry of Foreign Affairs with focal points at MAF and CPI. At provincial and district level, our partners are the Governors’ Offices together with the Departments of Planning and Investment. At all levels, RDMA collaborates closely with line agencies.



**International Fund for Agricultural Development (IFAD)** is funding a Rural Livelihood Project in the five northern districts of Sayabouri to which RDMA provides technical assistance.

[www.ifad.org](http://www.ifad.org)



**Kreditanstalt für Wiederaufbau – Development Bank (KfW)** supports the extension of rural roads in Luang Namtha and Bokeo to improve the accessibility and year-round access to markets and social institutions. GITEC is the implementing German Consultant Company commissioned by KfW.

[www.kfw.de](http://www.kfw.de) and [www.gitec-consult.de](http://www.gitec-consult.de)



**The German Development Service (DED)** places professionally experienced and socially committed specialists in RDMA component areas. DED Development Advisors are working in the fields of agriculture, microfinance, media-advisory, cartography, land use planning, and small and medium enterprise development.

[www.ded.de](http://www.ded.de)



**Institute for Project Planning (IP)** is the implementing German Consultant Company for RDMA – Bokeo. Its central aim is to improve human development and organisational efficiency to permit independent, self-sustaining growth. IP services include providing external expertise, personnel training, and procurement and supply management.

[www.ip-consult.de](http://www.ip-consult.de)



**United Nations World Food Program (WFP)** supports food-for-work activities in Luang Namtha and Bokeo. Projects include preparing rice paddy fields, fishponds, community road construction, small-scale irrigation projects, and clearing pasture land for livestock.

[www.wfp.org](http://www.wfp.org)



**Exotissimo Travel** is the marketing and sales agent for the Akha Experience, a community owned and operated trekking and tour business in Luang Namtha Province. The Akha Experience takes participants on a three day learning experience into the culture and daily life of the Akha people.

[www.exotissimo.com](http://www.exotissimo.com)

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