Thirty-third session
2-27 June 1986, Geneva
Item 5 (b) of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR THE LAO PEOPLE'S DEMOCRATIC REPUBLIC

Note by the Administrator

I. PROCESS OF THE PROGRAMMING EXERCISE

1. The preparation of the fourth country programme coincided with a review by the Government of the national development strategy in the context of the formulation of the country's second five-year development plan, which covers the same period of time. It also coincided with preparations for the second Round Table Conference between the Lao People's Democratic Republic and its development partners scheduled for April 1986. The exercise was conducted in close co-operation between the Government and the UNDP field office.

2. The exercise was initiated by the Resident Representative through consultations with the Government in mid-1984. As a first step in the programming process, sectoral missions were invited to the country in late 1984 and early 1985 covering the fields of agriculture, fisheries, forestry, education, telecommunications, transport, natural resources and small-scale hydro-power. These missions reviewed completed and ongoing projects in the respective sectors and carried out comprehensive assessments of external assistance needs covering both technical and capital assistance. They also provided advice to the Government on strategies that might be adopted in the next five-year development plan.

3. In the first quarter of 1985 an assessment of the results of the third programme was conducted by the Government, UNDP and various executing agencies. This assessment highlighted both the achievements and the shortcomings of the third programme. All of the constraining factors were discussed frankly with the Government and steps have already been taken to solve many of the problems...
identified. Based on the results of the sectoral studies and the assessment, the Resident Representative prepared a note to the Government presenting UNDP's ideas on the possible orientation and content of the fourth country programme. This note served as a point of departure for the dialogue between the State Planning Committee, technical ministries and the office of the Resident Representative on the new programme. Following these discussions, a first draft of the country programme was formulated. Comments on the draft document from UNDP headquarters, United Nations agencies and other multilateral and bilateral sources were discussed with the State Planning Committee in October 1985. The final version of the country programme was officially submitted to the President of the State Planning Committee in November 1985.

4. In his note to the Government on proposed areas of concentration, criteria that might be used for the selection of projects and the modalities that could be pursued in order to achieve greater programme effectiveness, the Resident Representative emphasized the implementation experience of the third cycle. He stressed, in particular, the need to ensure that projects were carefully selected not only in terms of the degree to which they respond to development priorities, but also in terms of the capability of the proposed co-operating government institutions adequately to perform the envisaged counterpart functions.

5. The final version of the country programme closely reflects the views expressed in the Resident Representative's note.

6. The comprehensive documentation prepared for discussions at the Second Round-Table Conference will serve as an important tool for co-ordinating external assistance to be provided during the period of the second five-year plan. In order to avoid duplication of effort, the co-ordinating function of the country programme is focused on serving as a frame of reference for UNDP's own resources, the funds directly administered by UNDP and projects proposed for funding by multilateral donors as far as these are directly related or complementary to projects proposed for UNDP financing.

II. THE FOURTH COUNTRY PROGRAMME

7. The areas of concentration of the country programme are the priority areas established in the country's second five-year plan which were selected for UNDP assistance, taking into account technical co-operation available from other multilateral and bilateral resources. UNDP assistance is expected to contribute to the attainment of five specific objectives, i.e., expansion and diversification of agricultural production, strengthening of the transport and communications system, improvement of education and vocational training, industrialization, with emphasis on hydro-power development, and development of health services.
8. While there is continuity between the third and the fourth programme in the sense that all of these objectives were also included in the previous programme, substantially increased resources have been allocated to education (9 per cent compared to less than 1 per cent) and transport and communications (23 per cent compared to 13 per cent). Agriculture, which dominates the economy, remains the most important area of concentration with a share of 41 per cent of the total Indicative Planning Figure (IPF) resources.

9. As a reflection of the results of the assessment and the sectoral missions, a number of guiding principles can be discerned in the strategy of the programme and the related list of projects selected. 

   (a) The single most serious limiting factor for the attainment of the objectives of the third programme was the lack of qualified national personnel. This reflects a general shortage of trained manpower, visible in all sectors of the economy, particularly at the university level and the level of technicians. Human resources development has, therefore, been selected as an important theme, with attention being paid to education and training programmes both free-standing and as part of projects in other sectors;

   (b) The Lao People's Democratic Republic is comprised of a number of geographical regions with specific characteristics forming distinct socio-economic units, which complement each other within the national context. Until now the plain of Vientiane has received most of the external capital and technical assistance given to the country. The majority of the current UNDP-assisted projects are also centred in Vientiane. In the interest of a more balanced development of the country as a whole, the new programme will gradually increase the number of projects with a direct impact at the provincial level;

   (c) Since the country's own resources are extremely limited, all major project inputs, with the exception of counterpart personnel, have to be provided from external sources. Keeping in view UNDP's mandate as an organization providing technical assistance, the programme envisages, in a number of cases, co-financing arrangements with organizations whose mandate includes the provision of capital assistance and commodities. An important share of the IPF funds is also earmarked for the financing of pre-feasibility and feasibility studies. The use of UNDP resources for such studies will facilitate and encourage investments which may be financed by loans or grants;

   (d) Following in-depth analyses and evaluation of individual projects consideration has been given to the extension of a number of ongoing projects into the fourth programming cycle to consolidate results achieved so far and ensure that all set objectives will be met. The results of the joint review undertaken by the Government and UNDP in this context are reflected in the project listings and other related data. In arriving at decisions the Government and UNDP agreed that extreme caution has to be exercised and that only projects with a high probability of successful completion deserve extension.
10. Besides the areas of sectoral concentration, small allocations are foreseen in a range of areas of secondary importance. The UNDP is satisfied with this approach, which has been taken in order not to deprive the respective ministries totally of access to the know-how and expertise available in the United Nations system, which, it is anticipated, would be able to make a valuable contribution, even with very limited resources.

11. Since specific project proposals have already been identified in all sectors, there is no programmed reserve. In order to provide some flexibility to the programme and to face unforeseen contingencies, the Government has decided to allocate 4 per cent of the total IPF to the unprogrammed reserve.

III. MANAGEMENT OF THE COUNTRY PROGRAMME

12. Annual reviews of the country programme are already an established feature in the Lao People's Democratic Republic and will be continued throughout the fourth cycle. These reviews are usually based on comprehensive documentation prepared by the field office summarizing the status as well as specific problems of every project. They also serve as an opportunity for a policy dialogue with the Government with regard to the direction of the programme as a whole and the use of unprogrammed resources. Technical ministries and United Nations agencies represented in the country participate in the discussions. A mid-term review of the country programme is scheduled for 1988. Tripartite reviews and evaluations will continue to be carried out in accordance with existing rules and regulations. Close links will be maintained between implementation of the country programme and the round-table process, with a view to using the programme to the maximum possible extent as an instrument to attract additional resources for the development of the country.

13. In most cases, new projects will be formulated by joint teams of government officials and staff of executing agencies, and a schedule for such missions has already been drawn up by the field office in consultation with the Government.

14. While holding the unprogrammed reserve for unforeseen contingencies, the Government expects that it will be used mostly to enhance initiatives aimed at building up the human resources capacity of the country with a view to improving the effective absorption of aid. In addition, the unprogrammed reserve may be used to improve the management of the overall development process, including both planning and implementation, particularly through experts' services and support for a recently created planning institute to train planners at the provincial level. A number of project proposals in the field of planning are also being presented to donors in the context of the round table process.
IV. RECOMMENDATION OF THE ADMINISTRATOR

15. The Administrator endorses the country programme for the Lao People's Democratic Republic and recommends its approval by the Governing Council.

Notes

1/ Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request (see document DP/CP/LAO/4, p.1, note).