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Abbreviations

ADB	-	Asian Development Bank (or "the Bank")
AICF	-	Action International Contre la Faim
AusAID	-	Australian Agency for International Development
CCL	-	Comité de Cooperation avec le Laos
CHAMPA	-	Community Health Action Modular Participatory Approach
CIDSE	-	Comité International pour le Développement et la Solidarité
FHI	-	Food for the Hungry
GDG	-	Gender Development Group
Lao PDR	-	Lao People's Democratic Republic
LPFR	-	Lao Patriotic Front for Reconstruction
LTN	-	Lao Training Network
LTU	-	Lao Trade Union
LWU	-	Lao Women's Union
LYO	-	Lao Youth Organization
MCC	-	Mennonite Central Committee
NCA	-	Norwegian Church Aid
NGO	-	nongovernment organization
QSL	-	Quaker Service Lao
SAF	-	Sustainable Agriculture Forum
SCFA	-	Save the Children Fund Australia
SCFUK	-	Save the Children Fund UK
TAG	-	Technical Advisory Group
UN	-	United Nations
UNDCP	-	United Nations Drug Control Program
UNDP	-	United Nations Development Programme
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
UNFPA	-	United Nations Population Fund
UNICEF	-	United Nations Children's Fund
WHO	-	World Health Organization

ADB

A Study of NGOs

Lao People's Democratic Republic

1999

INTRODUCTION

The Lao People's Democratic Republic (Lao PDR) is a small, former centrally planned economy that began the transition to a market economy in 1986 with its adoption of the New Economic Mechanism. Lao PDR is classified by the United Nations (UN) as one of the "least developed countries." The country is characterized by:

- low per capita income (\$350),
- high population growth rate (2.4 percent),
- low level of human resource development (almost half its population have had no formal education and two thirds of families live in poverty), and
- limited sources of income (forest resources and hydropower).

Lao PDR depends highly on foreign assistance. Besides multilateral and bilateral assistance from funding agencies, the Government also welcomes assistance from international nongovernment organizations (NGOs), as long as they contribute to the development of the country without political involvement. Because national and local NGOs are not yet recognized in Lao PDR, the term "NGO" is used exclusively for international NGOs.

NGOs in Lao PDR vary tremendously according to philosophy, purpose, expertise, program approach, and scope of activities. They are regarded by the Government as foreign, private, and nonprofit organizations that provide developmental or humanitarian assistance without any other purposes. According to the Ministry of Foreign Affairs, more than 60 NGOs were operating in the country in 1997. Most NGO support in the country is provided for integrated rural development activities in the provinces. Operating primarily through the Lao Women's Union (LWU) and the Ministry of Agriculture and Forestry, projects tend to emphasize flexible, participatory planning, and provide support for a wide range of agricultural, credit, irrigation, water and sanitation, and basic infrastructure development activities.

As NGO involvement in Lao PDR has increased, the need for improved communication between NGOs and the Government and among NGOs has also grown. NGOs have therefore set up informal working groups to share experiences and collaborate when appropriate. These groups are:

- Community Health Action Modular Participatory Approach (CHAMPA)
- Gender Development Group (GDG)
- HIV/AIDS Group
- Lao Training Network (LTN)
- Sustainable Agriculture Forum (SAF)
- Technical Advisory Group (TAG)

Apart from the international NGOs, several mass organizations are recognized by the Government as contributing to the development and security of the country. These include:

- Lao Womens Union (LWU)
- Lao Youth Organization (LYO)
- Lao Patriotic Front for Reconstruction (LPFR)
- Lao Trade Union (LTU)

Because they are involved in development and because their networks exist from central to grassroots levels, despite not technically being NGOs, the mass organizations have been covered in this report.

In accordance with Article 31 of the 1990 Constitution and Resolution 5 of the Lao Revolutionary Party (the Party), some associations have been set up in the local areas to operate according to their professional background and objectives. These include the Women's Red Cross, the Water User Association, and associations of retail traders, parents, and religious bodies.

There are also two private business groups that conduct part of their activities on a nonprofit basis, both of which are registered with the Trade Department and follow the business laws of Lao PDR. These are:

- Participatory Approach Training Center
- Credit Collective

The Government realizes the significance and value of international NGOs and is generally appreciative of the contributions they are making at the grassroots level. However, the Government is disappointed with some NGOs because of their criticism of its large foreign investment programs. Because it has been embarrassed by these comments, the Government has begun to question the activities of some international NGOs to ensure that they do not become involved in political issues.

A new Presidential Decree No. 71/PM was issued by the Prime Minister's Office on 28 April 1999 governing the administration of NGOs in Lao PDR. The supporting guidelines issued on 8 July 1999 allow international NGOs to be formally recognized as

developmental partners of the Lao PDR government, with the Ministry of Foreign Affairs (Department of International Organizations) acting as the government's institutional focal point.

Among the NGO community, the Asian Development Bank is known as a funding organization that provides loans to governments for macroeconomic development, and that supports development at the micro level, though with somewhat less priority. While the Bank has recently established an extended mission post in Lao PDR, it is not easy for NGOs to cooperate and coordinate with the Bank because the Bank has no resident mission in Lao PDR and because its project missions come only for relatively brief visits. There usually is too little time for the Bank and NGOs to build relationships and understanding of each other's objectives.

Some NGOs have expressed interest in cooperating with the Bank. They are more interested in partnerships with the Bank than working as subcontractors, however, and would expect that the nature of any involvement be such so as to preserve their comparative advantage. To build the relationship between the Bank and the NGOs, the Bank should seriously initiate mechanisms for regular consultations between the Bank and NGOs, as well as a tripartite Government/NGO/Bank dialogue that could effectively resolve many philosophical and practical concerns currently inhibiting collaboration.

NGOs AND LOCAL ORGANIZATIONS

International NGOs

Between 1975 and 1986, the Government allowed only three agencies to remain in the country:

- Mennonite Central Committee (MCC)
- American Friends Services Committee
- Save the Children Fund UK

At first the work of these organizations was a combination of humanitarian assistance activities (postwar reconstruction) and long-term development. Because of security reasons, the Government confined the three NGOs' efforts to mostly lowland and accessible areas and restricted the hiring of Lao project staff. NGOs gradually reestablished themselves after 1982 when the Government, recognizing the need for development aid in remote areas, began to allow a broader scope of aid. The Government continues to welcome international NGOs to provide humanitarian and developmental assistance to the Lao people within the Government's overall policy framework and with its permission.

By 1997, the number of international NGOs working in Lao PDR expanded to more than 60. Some have established representative offices and some have attached themselves to the projects of multilateral and bilateral funding agencies. NGO assistance reaches all provinces of the country, often in the most remote areas. Each organization has its own style and method of operation. Most employ both local and foreign staff. Recently, the Government approved the request of two well-known international NGOs—Community Aid Abroad and Comité International pour le Développement et la Solidarité (CIDSE)—to localize their staff, and for Norwegian Church Aid (NCA) to open a regional representative office.

Assistance from the international NGOs in Lao PDR has increased more than ten times, from \$885,000 in 1985 to more than \$11.6 million in 1995. Most NGOs operate on budgets ranging from \$50,000 to \$1.7 million per annum. At present, the NGO focus has generally been on health, human resource development, relief, and humanitarian aid. Agriculture also was a major focus for a number of years. Since 1993, area development, including community, rural, watershed, and urban development, has been the second biggest recipient sector after health.

Many NGOs possess a capacity and a commitment that allow them to play an important role in community development in partnership with the Government. NGOs are able to work in remote areas, where the Government and large international organizations cannot provide assistance. Through government authorities at different levels, NGO staff, together with their government counterparts, spend considerable time with the villagers, the intended beneficiaries of the projects. NGOs give villagers the opportunity to take the initiative in planning the development activities of their communities—putting the emphasis on involving local people in solving their own problems is essential if projects are to be successful. NGOs are aware that development activities can only be effective and sustainable if the beneficiaries are able to contribute at all stages—from basic needs analysis, through planning and implementation, and finally to evaluation.

Recognizing that local participation and control is important to the success of sustainable development, NGOs emphasize human resource development regardless of gender, ethnicity, or educational level. In the past, it was widely thought that it was the obligation of government and other international organizations to provide developmental assistance in the form of grants.

When NGOs undertake community development, however, they first strengthen human resources by building up the village development committee. This involves key resource persons in the village, including women. NGOs will usually also provide training for village volunteers in health, veterinary services, nonformal education, and other appropriate fields. After working with NGOs, taking part in training and study trips in the country and sometimes abroad, villagers' understanding of development concepts is considerably widened. Moreover, they are more committed to contributing to development activities, thus reducing the burden on the Government.

Apart from building the villagers' capacity, NGOs assist the local government staff in working with villagers by giving them an opportunity to improve their competence in their technical specialization, participatory planning, and monitoring and evaluation of various projects. For instance, NGOs initially promoted and encouraged the LWU to be more attentive to development work and gender issues. Compared with other mass organizations of the Lao Government, LWU has more experience and has learned more lessons in the development process and gender issues.

NGOs also encourage their national and international staff to do outreach work in rural areas and work with the villagers and authorities at different levels so they would be able to understand the local situation and engender local participation in finding solutions to the problems. Since international NGOs have their network inside and outside the country, their national staff are given opportunities to develop their capacity and technical specialization. Some NGOs have promoted their competent national staff to take part in the leadership and decision making.

The projects of some NGOs are rather small, with limited external resources, which may have come from bilateral aid sources or from international NGOs. Due to the small size of projects, procedures for approving the budget and activities are less complicated than those of bilateral and multilateral projects. NGOs are able to adjust and reorient their projects and budget to local conditions but need assistance to upgrade their management systems to handle larger bilateral/multilateral projects.

Most NGOs can act as intermediaries to improve the efficiency of the links between various government agencies, between government and villagers, and between government and funding agencies. In the other words, they are good facilitators of communication since NGOs have worked with villagers and know their problems, and can bring them up to government for consideration.

Apart from the strengths mentioned above, NGOs are under the following constraints in working in the Lao PDR.

International NGOs generally are based in countries where the political system, customs, and traditions are different from those of Lao PDR. NGOs who do not employ Lao staff with solid experience in working with the Government will face problems in understanding the context of Lao PDR. It is assumed that before coming to Lao PDR, NGOs must have studied and understood the situation in this country.

One of the cultural peculiarities of Lao PDR is that people do not speak out and ask questions, but instead try to understand problems through discussions with friends and relatives. It is difficult for some expatriate staff of NGOs, who have many achievements and experiences from other places, to understand the culture, tradition, and regime in Lao PDR, often because there are no close local counterparts to explain these issues. Not all NGO experiences and approaches from other contexts can be used in Lao PDR; consequently sometimes NGO good intentions do not help from the point of view of the Lao people.

In the past few years, the demand for experienced local staff has increased due to expanding foreign aid and private investment. Many international organizations and foreign private companies are now willing to employ experienced local people on good salaries. However, because the pool of skilled development workers is limited, and because employment with aid agencies and foreign investors is attractive, many NGOs have difficulty in identifying and retaining local professional staff.

Another problem is that most NGOs base the salary scales of their local staff on those of the Government. Government cash remuneration often is quite low, partly because the Government also offers various other benefits and facilities as part of the compensation package. It is quite logical for a Lao staff member of an NGO to opt for a

government job at the same salary but with incentives, or for a position in a private company that may lack benefits but pays a higher salary. Either way, NGOs have difficulty in retaining national staff.

Apart from losing core staff, some NGOs also have difficulties in working effectively with their government counterparts. The number of projects funded by external aid sources is increasing in the country, providing new opportunities to the limited number of government staff, many of whom face economic problems due to their low salary. Employment in development projects represents alternative opportunities to earn extra income. If NGO staff do not understand this problem and cannot find a way to compensate government counterparts, the NGOs may not receive cooperation from their government counterparts.

Another problem is that many NGOs appoint their expatriate country representative and staff for a set period. New expatriate staff unfamiliar with the country may be reluctant to spend the necessary amount of time to learn the customs, tradition, language and regime of Lao PDR. If an NGO lacks national staff with good experience in working and coordinating with the Government, the effectiveness of an NGO's work can be significantly reduced.

Coordination between NGOs is facilitated through regular informal meetings in Vientiane as well as through sectoral coordination groups on health, irrigation, sustainable agriculture, gender in development, and training network, as described below.

CHAMPA

The Community Health Action Modular Participatory Approach (CHAMPA), founded in 1990, was originally designed as a three-year project of CIDSE, supported by a consortium of NGOs, to facilitate a common health strategy for NGOs working in the health sector.

At present CHAMPA is able to offer training needs assessment, training of trainers, and training for village health volunteers in collaboration with government services. The curriculum consists of the following 14 modules, including visual aids and teaching methodology:

- introduction of acute respiratory infection
- effective use of essential drugs
- goiter
- how to identify sick and healthy persons
- primary health care
- immunization
- pre/postnatal care

- communicable diseases
- nutrition
- first aid
- skin diseases (including leprosy)
- water and sanitation
- traditional medicines
- revolving funds

CHAMPA staff is developing a national training strategy for village health volunteers. CHAMPA's supporting consortium is composed of the following 13 NGOs:

- CIDSE
- Concern
- Enfant et Développement
- Enfant d'Ailleurs
- Food for the Hungry (FHI)
- MCC
- NCA
- Oxfam Belgium
- Quaker Service Lao (QSL)
- Save the Children Fund UK
- World Education
- World Concern

The main source of budget is Brot für die Welt, a German NGO. The project is looking for other funding sources so it can develop its program further. Its activities now reach 21 districts of 14 provinces. The CHAMPA staff are all Lao, with one coordinator, one assistant coordinator, two administrative support staff, and six trainers.

Gender Development Group

Initiated in 1991, and previously called the Women in Development Group, the Gender Development Group (GDG) adopted its new name after the Fourth World Conference on Women in Beijing in September 1995. This is an informal consortium of NGOs and international organizations working on gender issues for sharing resources and experiences and for improving and strengthening women's presence in organizations.

GDG has no formal structure, no official representatives, no secretariat, and no membership fees. Responsibilities for hosting and recording minutes of meeting are rotated among the organizations involved. Meetings are monthly, and are mainly

attended by Lao women NGO staff. Sometimes LWU sends a representative. The meeting is conducted in Lao with translation into English as necessary.

HIV/AIDS Working Group

Formed in 1993, the HIV/AIDS Working Group was set with the objective of coordinating, cooperating, and sharing information and experiences on issues related to HIV/AIDS among NGOs, international organizations, and government agencies working in this field. Members include:

- Government agencies
 - National Committee for the Control of AIDS
 - National Research Institute for Education and Sciences
- NGOs
 - Save the Children Fund UK
 - CARE
 - Lao Red Cross
 - Australian Red Cross
 - Norwegian Church Aid
- International organizations
 - Deutsche Gesellschaft für Technische
 - Joint United Nations Programme on HIV/AIDS
 - United Nations Children's Fund (UNICEF)
 - United Nations Development Programme (UNDP)
 - United Nations Population Fund (UNFPA)
 - United Nations Educational, Scientific and Cultural Organization (UNESCO)
 - World Health Organization (WHO)
 - World Bank

The group meets every three months and the Joint United Nations Programme on HIV/AIDs and Norwegian Church Aid are the joint coordinators for the working group.

Lao Training Network

LTN was formed in 1995 and organizes monthly meetings for NGOs and international organizations to share training resources and information and cooperate with one another.

Sustainable Agriculture Forum

SAF is a Canadian University Service Overseas (CUSO) program with a facilitating office staffed by two people. It is aimed at promoting sustainable agriculture, community forestry, and environmentally sound participatory approaches to rural development. Every month, the predominantly Lao staff members of NGOs focused on agriculture conduct a meeting in Lao to share field experiences, coordinate training exercises, and produce mutually beneficial resources. Sometimes Government agricultural officers and representatives of the international development community attend the meetings.

Technical Advisory Group

TAG was developed by the Strengthening and Restructuring Irrigation Program within the Department of Irrigation and is made up of representatives from NGOs and other projects working in the irrigation sector. Through regular workshops, case study preparation, and meetings, TAG is a critical source of lessons for projects working in minor irrigation, especially with regard to community facilitation, water resource management, environmental issues, and technical issues like design and construction standards and technician training.

Mass Organizations

LWU, LYU, the Lao Trade Union, and the Lao Patriotic Front for Reconstruction are recognized by the Constitution, sanctioned by the Party, and partly financed by the Government.

The mass organizations have transformed to some degree from centrally controlled, public opinion-making mechanisms into institutions promoting economic and social development. They maintain networks from the central to village levels, receive international and government financial support, and can sway policy and actions at all levels.

Lao Women's Union

LWU has its roots in the Lao Patriotic Women Association (LPWA), which was founded in 1954 as a mass political mobilization arm of the Lao People's Revolutionary Party. In 1984, LPWA changed its name to the Lao Women's Union.

LWU increasingly plays a leading role in the planning, managing, coordinating, and implementing of women's and social development programs. Since 1986, it has gradually become involved in grassroots socioeconomic development work, and more recently has taken up gender awareness concerns.

Currently, more than 80 percent of the organization's activities focus on integrated rural development aimed at reducing women's heavy work burden, encouraging family income generation, improving the quality of life of the family and, in recent years, promotion of family planning.

Lao Youth Organization

Following Resolution 5 of the Party to adjust the mandate of the mass organizations to the present conditions, and following the LWU example, LYO has begun expanding its mandate into development for youth. Comprised predominantly of urban and semi-urban youth in the age group 15-30, LYO intends to strengthen its work in vocational training and employment, but at present has limited capacity.

Lao Patriotic Front for Reconstruction

LPFR operates as a coalition of various public sectors: religious, ethnic minority, women, labor, youth, and associations. LPFR emphasizes cohesion and understanding, especially among the ethnic minorities and different religious groups. For the most part, respected male elders selected by local government authorities comprise LPFR at village, district, and provincial levels. However, LPFR has a limited capacity to implement and manage projects.

Lao Trade Union

Lao Trade Union organizations operate both in Government offices and in private factories. Its aim is to protect the rights and interests of their members by disseminating the Labor Law to factory employees.

Local Associations and Foundations

Article 31 of the Constitution permits Lao nationals to establish associations. On 10 February 1993, the Party passed Resolution 5, stating that apart from the existing mass organizations, community-based organizations, associations, and foundations could be established on a voluntary and financially self-supporting basis.

Many community-based organizations and associations have been set up to deal with social welfare concerns or to provide opportunities for people working in a particular sector to meet. These include farmer associations, parent associations, water user groups, women's groups, and the Red Cross. The Maha Sila Foundation, which plans to operate in the area of culture and education development with support from local and international funding agencies, has applied to the Government for approval.

As the majority of the Lao people are Buddhists, the main recipient of local donations is the Buddhism Religious Organization. But so far, this organization has no experience in development activities, and instead of using money for social development such as construction of schools, the majority of the donations have been used for the renovation and construction of pagodas and temples. Only a few pagodas have donated money for the construction of schools. However, the organization has recently expressed interest in assisting development activities. It is a potentially valuable resource for community development, protection of the environment, and human resource development.

Nonprofit Private Businesses

A few private businesses, such as the Participatory Approach Training Center and the Credit Collective, conduct part of their activities on a nonprofit basis. They registered their businesses with the Trade Department and follow the business laws of Lao PDR. The Participatory Approach Center works closely with provincial and district planners and local communities to strengthen the development planning process based on community-identified priorities. The Credit Collective was established to promote agricultural processing and marketing of on-farm products.

GOVERNMENT POLICY TOWARD NGOS

Because no local NGOs operate in Lao PDR, the Government has no legal framework for such organizations. In the past, international NGOs were required to obtain approval from the Ministry of Foreign Affairs or the Department of International Economic Cooperation of the former Committee for Planning and Cooperation to implement their projects. Only a few NGOs registered their representative offices with the Government. The majority had only project offices.

By recognizing the need for regulations to facilitate the activities of the rapidly increasing number of international NGOs, the Ministry of Foreign Affairs has drafted regulations on the management of NGOs working in Lao PDR. The draft regulations and guidelines were approved in early 1999.

NGOs now are required to register and provide financial reports to the appropriate government office and a mechanism will be put in place to monitor and evaluate NGO activities. The regulations focus on administrative procedures for NGOs, including:

- provision of information concerning funding
- which government bodies to contact before starting up operations and setting up office (i.e., Ministry of Foreign Affairs, Department of International Organizations)
- the time frame required for getting approval and renewing registration
- the obligations and rights of NGOs

At present, the Government does not consider setting up local NGOs a priority, since mass organizations are in place from central to village level, and these can motivate and encourage the participation of villagers for the development of the country. Meanwhile, international NGOs are welcome to provide relief and development assistance, but are not permitted to undertake commercial activities to earn income for their development activities.

According to the Tax Law promulgated in 1996, the international organizations, including expatriate staff of NGOs, are provided with special privileges such as income tax exemption. NGOs are responsible for ensuring that their local staff follow the laws of the country, including the Tax Law.

GOVERNMENT/NGO Relations

In Lao PDR, NGOs are regarded as foreign private nonprofit organizations that provide developmental or humanitarian assistance without motives contrary to the laws and security of the country. Before implementing any project, NGOs must obtain a permission from the Government. NGOs involved in rural development have to work closely in collaborative programs with local authorities in project design, selection of project sites, and implementation of a project. Every NGO in Lao PDR works in collaboration with the Government. Many NGOs, especially those acting as executive agencies of bilateral/multilateral projects, maintain excellent relations with the Government, especially with the authorities and technical officers at the local level.

Lao PDR has a one-party political system. It is governed by a Central Committee and headed by an Executive Committee. The Party organization extends downwards to the district and village levels, in parallel with the Government's structure. Local government structure extends from provincial levels through district levels to the villages. Each province is administered by an appointed governor with a significantly high rank in the Party.

Some NGOs do not have a deep understanding of the unique cultural and political character of the country, and may overlook the importance of the Party structure. Such NGOs feel that working and coordinating with technical staff and targeting villages will be enough for the success of the project. However, if NGO staff cannot satisfactorily explain the project concept to the decision makers in the political structure, or if intended beneficiaries misinterpret the NGO's objectives and activities, it is likely that the project will not succeed. Good intentions are not enough to be successful.

NGO/FUNDING AGENCY RELATIONS

Many NGOs are involved in multilateral/bilateral aid-funded development projects. Some act as executive agencies and some as both executive agencies and cofinanciers of multilateral/bilateral projects.

- Action International Contre la Faim (AICF), which has wide experience in water and sanitation projects, has implemented projects for UNICEF, UNDP, and the Government of France.
- CARE International participates in the implementation of the Forest Conservation and Management Project of the World Bank by providing community development experts to work in the project areas.
- CONSORTIUM, which combines the expertise and services of three US-based volunteer agencies—World Learning Incorporated (formerly the Experiment in International Living), World Education, and Save the Children—is the lead agency for the program of assistance funded by the United Nations High Commission for Refugees (UNHCR) for the repatriation of former refugees.
- Ecole sans Frontieres is involved in nonformal education, such as development of posters, games, and models of education relevant to ethnic groups. It has implemented projects funded by the European Union, UNDP, UNESCO, and the United Nations for Drug Control Program (UNDCP).
- Norwegian Church Aid (NCA) is the implementing agency for the Reduction of Drug Demand and Supply Project in the northwest of Lao PDR on behalf of UNDCP and the Government. NCA also contributes some of the funding for this project.
- Save the Children Fund Australia (SCFA) implemented the Primary Care Project in Sayaboury Province with funding from the Australian Agency for International Development (AusAID).

- World Education has conducted projects for UNDP and UNICEF, such as Strategies for Promotion of Education for Women and Girls, Enhancing Family Welfare through Focus Group Discussion, and Analysis and Action. It has also assisted the Department and Center for Nonformal Education in their development, testing, and refinement of the Basic Nonformal Education Program and Curriculum in Lao PDR.
- World Vision Lao PDR is implementing the Lao Australia Health and Social Development Project (1997-2002) in partnership with the commercial consulting company, ACIL Australia, with funding from AusAID. World Vision also implements projects funded by the United States Agency for International Development (USAID).

POTENTIAL FOR INCREASED NGO/BANK COOPERATION

Very few NGOs have thus far participated in Bank projects. Those that have mainly have been involved in project preparatory technical assistance. A wide range of NGOs has expressed interest in working with the Bank, but are concerned that its procedures are overly bureaucratic and time-consuming. As well, many NGOs prefer to see themselves as partners rather than contractors to the Bank. These organizations would expect the nature of any cooperative involvement with the Bank to be arranged in such a way as to preserve the comparative advantage of the NGO.

Mass organizations such as LWU and LYO have also expressed their interest in participating in Bank-funded projects, both in project preparatory technical assistance and in loan implementation. These organizations, especially LYO, need considerable support from external funding agencies, including the Bank, in building their capacity to implement developmental projects. The Buddhism Religious Organization can also be approached to assist in the implementation social development projects, but it too needs assistance for capacity building.

NGOs have commitment and approaches that allow them to play an important role in community development in partnership with the Government because of their comparative advantage in working in remote areas.

NGOs have experience in many sectors, four in particular:

Health. *Enfant et Développement*, CIDSE, and SCFUK have contributed to

- safe motherhood;
- control of diarrheal diseases, malaria, and acute respiratory infections; and
- pediatric training programs at the central level.

CHAMPA has provided curriculum support for Village Health Volunteers training. MCC, AICF, QSL, Food for the Hungry, and World Concern have provided assistance in water supply and environmental sanitation. SCFUK has provided technical assistance to strengthen the National Maternal and Child Health Institute as well as several provincial and district hospitals. SCFA has supported Primary Health Care in Sayaboury province. CARE International, Red Cross Australia, SCFUK, and NCA are supporting activities related to prevention of HIV/AIDS.

Small-scale irrigation. Community Aid Abroad, Comité de Cooperation avec le Laos (CCL), FHI, Kasi Project, MCC, NCA, Oxfam Belgium, QSL, and SCFA are assisting in construction of minor community-managed schemes as part of their integrated rural development programs.

Formal and nonformal education. A range of NGOs, such as CCL, Ecole sans Frontieres, NCA, SCFUK, and World Education, are assisting the Ministry of Teacher Training School and vocational training programs, and support teacher training centrally and in the provinces.

Rural credit. An increasing number of NGOs, such as CIDSE, CONSORTIUM, SCFA, QSL, NCA, MCC, and World Vision, are involved in supporting microcredit at the community level through the establishment of revolving funds for village income-generating activities.

There are many NGOs with experience in development activities, but it is not easy for the Bank to work with them. There are more than 60 international NGOs in Lao PDR, and each has its own concepts and guidelines. The Bank has no resident mission and the visits its missions pay to Lao PDR are too short to identify and discuss issues with the appropriate NGOs. Mission staff therefore mainly contact the large NGOs, which generally have their own agenda full.

Project design weaknesses are one of the major causes of poor participation and sustainability. NGOs, with their ability to access the grass roots, wish to be involved at the earliest possible stage of any proposed collaboration. However, because Bank projects are awarded through competitive bidding, NGOs are ruled out from direct involvement because they are not permitted by the Lao Government to undertake any commercial activities in the country. NGOs are regarded as tax-exempt donors by the Lao Government, and the Government considers competitive bidding a commercial activity.

At present, information about the Bank's policies and objectives in Lao PDR is very limited. If the Bank is interested in developing cooperation with NGOs in the country, it should make a greater effort to engage them in dialogue. The Bank should also discuss ways to involve the NGOs in its projects with the Government.

Since NGOs are regarded as donors, their local and expatriate staff cannot undertake any commercial activities in the country. The Bank could encourage NGO involvement in its activities by requiring consulting contractors to include NGO staff in their teams for the tender of technical assistance projects. NGO staff included in this way cannot be based in the country. The Bank could also channel funding for NGOs involved in Bank projects through the foreign head office of the NGOs working in the country.

It is recommended that the Bank provide technical assistance to the Government for developing suitable mechanisms for dialogue, cooperation, and coordination between the Government and NGOs. It should also assist in the establishment of a means for improved exchange of information and experiences and for the joint formulation of guidelines for implementing Bank projects with effective cooperation between the Government and the NGOs.

It is also recommended that the Bank encourage the Lao community and mass organizations, especially those at the local levels, to participate in the design and implementation of Bank projects because these organizations have unique knowledge of the problems and needs at the local level. However, because of their limited experience in development, they need capacity-building assistance from the Bank.