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Study on Inclusion and Non-discrimination of Ethnic Groups in the SDC Programs in Laos and Vietnam

Assessment of Social Inclusion for The Poverty Reduction Fund Phase 2 (PRF2)

Prepared by



Indochina Research & Consulting

Table of Content

TABLE OF CONTENT	2
ABBREVIATION	3
LIST OF TABLES	4
LIST OF FIGURES.....	4
LIST OF BOXES.....	4
EXECUTIVE SUMMARY	5
1. INTRODUCTION.....	10
2. OVERVIEW	11
2.1. CONTEXT OF SOCIAL INCLUSION IN POVERTY REDUCTION IN LAOS PDR	11
2.2. OVERVIEW OF THE PRF2 PROJECT.....	12
3. SOCIAL INCLUSION FOR ETHNIC GROUPS ON THE SURFACE	14
3.1. ETHNIC GROUPS ON THE TARGET BENEFICIARIES OF THE PRF2	14
3.2. STRATEGIES AND IMPLEMENTATION ARRANGEMENTS TO ENSURE SOCIAL INCLUSION	15
3.2.1 Kum ban Development Planning Process	16
3.2.2 Deepen Community Driven Development (CDD) Approach	17
3.2.3 Other Implementation Arrangements for Social Inclusion of Ethnic Groups	18
4. SOCIAL INCLUSION FOR ETHNIC GROUPS IN PRACTICE.....	20
4.1 AWARENESS OF SOCIAL INCLUSION FOR ETHNIC GROUPS	20
4.1.1 Awareness of Social Inclusion for Ethnic Groups: a Snapshot	20
4.1.2 Awareness of Social Inclusion for Ethnic Groups by the PRF2's GoL Counterparts	21
4.1.3 Awareness of Social Inclusion for Ethnic Groups by the PRF2's Management Team	21
4.2 ASSESSMENTS OF STRATEGIES AND IMPLEMENTATION ARRANGEMENTS FOR SOCIAL INCLUSION OF ETHNIC GROUPS	23
4.2.1 Kum ban Development Planning Process	23
4.2.2 Initial Assessment of Pilot Deepen CDD	25
4.2.3 Other Arrangements of Social Inclusion for Ethnic Groups	26
5. CONCLUSION AND RECOMMENDATIONS.....	30
5.1 OVERALL ASSESSMENT OF SOCIAL INCLUSION FOR ETHNIC GROUPS	30
5.2 TAKING FORWARD SOCIAL INCLUSION FOR ETHNIC GROUPS	32
5.2.1 Lessons learnt	32
5.2.2 Recommendations	33
ACKNOWLEDGEMENT.....	36
REFERENCE	37
ANNEX 1 - DEEPEN CDD AND KDP PROCEDURE.....	38

Abbreviation

AusAID	: Australian Development Aid (now Department for Foreign Affairs and Trade - DFAT)
CDD	: Community Driven Development
GESI-AP	: Gender Equality and Social Inclusion Action Plan
KDP	: Kum ban Development Plan
KF	: Kum ban Facilitator
LECS	: Laos Expenditure and Consumption Survey
MAF	: Ministry of Agriculture and Forestry
MARP	: Market Access for the Rural Poor
M&E	: Monitoring and Evaluation
Neo Lao	: Laos Front for National Construction
NMPRP2	: Northern Mountain Poverty Reduction Project Phase 2
PAD	: Project Appraisal Document
PRF2	: Poverty Reduction Fund Phase 2
POM	: Project Operation Manual
PSARD	: Public Services Provision for Agriculture and Rural Development
SDC	: Swiss Agency for Development and Cooperation
SURAFCO	: Support to the Reform of the Northern Agriculture and Forestry College in Laos
VDF	: Village Development Fund
VHLSS	: Vietnam Household Living Standards Survey
WB	: World Bank

List of Tables

Table 1. Ethnic Groups in the PRF2 Target Provinces	15
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List of Figures

Figure 1. Ethnic Participants in the Village Planning Meetings.....	23
Figure 2. Ethnic Groups in the Total PRF2 Beneficiaries	29

List of Boxes

Box 1. Ethnicity Is Not Welcome at Discussion with the Most of the GoL Interviewees	21
Box 2. Lack of Policy Intention on Ethnicity Translated into Difficulties for Applying Social Inclusion for Ethnic Groups under PRF2	22

Executive Summary

Background

This thematic report serves as a background paper for a study commissioned by Swiss Agency for Development and Cooperation (SDC) on social inclusion of ethnic groups in Vietnam and Laos. While social inclusion is usually understood in references to inclusion for women and/or the poor in the context of Laos PDR, this report only focuses on the issue related to social inclusion for ethnic groups. The report discusses the findings on social inclusion for ethnic groups under the Poverty Reduction Fund Phase 2 (PRF2) Project, which is a major poverty reduction project in Laos PDR, financed by the World Bank, SDC, and Australian Development Aid (AusAID, which is now part of the Department for Foreign Affairs and Trade - DFAT) (through its contribution to a Bank-administered trust fund) for 2012-2016 with the total investment of US\$65.7 millions, of which the Government of Laos (GoL) counterpart funding accounts for nearly 15.2 percent. Acknowledging the success of PRF2 in the first phase and the first half of this second phase, this thematic study only examines aspects of social inclusion, which is a cross-cutting issue of the PRF2 Project. The assessment is based on what appears 'on the surface' (e.g. what could be drawn from the project design documents such as Project Appraisal Document – PAD; Project Operation Manuals - POM) and what happens "in practice" (e.g. findings based on information either collected from beneficiaries and stakeholders during a field visit or reported in the existing reports (such as PRF2 Annual Progress Reports, other independent reports commissioned by PRF2).

Social Inclusion on the Surface

'On the surface', a well-defined strategy for social inclusion for different ethnic groups is not at place in the Project design documents (such as PAD or POM) but there are many mechanisms and implementation arrangements that were made either to target directly ethnic groups or to be potential social inclusion mechanisms for ethnic groups. Most notably, the following arrangements are important social inclusion for ethnic groups factors (either as they are designed to be social inclusion factors or potentially be socially inclusive for ethnic groups).

In terms of planning, there are many arrangements that made to promote social inclusion for ethnic groups, including: (i) The Project's planning process places a strong emphasis on intention to encourage the participation of ethnic groups as active as possible to ensure that the needs of the marginalized ethnic groups are discussed and reflected in the PRF Investment Plans; (ii) Selection of Kum ban Facilitators (KFs), who play a key role in facilitating active participation of ethnic groups in planning and implementation of the Project activities, that are supposed to capture the ethnic composition in the Kum ban under consideration; (iii) Electing the Village Delegates that represent the villagers, including many ethnic villagers, to defend the village's priorities in the Kum ban planning process.

In terms of prioritization and implementation of sub-projects, the Project's PAD reflects an intention to allocate at least 75 percent of sub-projects that benefit directly the poorest villages (where the population consists of mainly marginalized ethnic groups). This target was then revised to 66 percent by the PRF2 POM. In addition, the Community Force Account (CFA) is also encouraged as a key procurement method. It is expected that the application of this CFA will be more cost effective (compared to sub-contractors method – SW) and more importantly promote ownership of villagers, including marginalized ethnic groups, on the CFA-procured sub-projects. There is also a policy to enhance ethnic staffing within the PRF2 management teams at various

level, and M&E arrangements that aims at collecting information on ethnicity on a few performance indicators.

Notably, while the intention to put in place interventions that are socially inclusive for ethnic groups is stressed, it is reasonable to argue that there are no non-negotiable measures toward targeting ethnic groups. Instead, measures toward social inclusion for ethnic groups are usually stated as ‘optional but strongly recommended’ measures. Taking the role of KFs in facilitating village planning meetings as an example. It is stated in the Project POM that KFs should make special efforts to ensure that the traditionally marginalized groups and individuals (such as ethnic minorities, people with disability, representatives of children and older people) attend the meeting. However, POM does not specify what types of efforts and how these efforts should be taken and more importantly whether KFs are obligated to do so. As a result, whether these recommended measures are materialized or not depends on how KFs handle these village planning meetings.

Social Inclusion in Practice

‘In practice’, executing these ‘optional but strongly recommended’ arrangements for social inclusion appears to be difficult. Evidence from direct consultation with stakeholders confirmed the reluctance among the GoL staff when addressing the issue of social inclusion for ethnic groups. The PRF staff is well aware of social inclusion in general (e.g. which are generally defined in the PRF2 design documents as inclusion for women, disability, the poor, and ethnic groups) and social inclusion for ethnic groups in particular. But as the PRF staff is supposed to work closely with the GoL counterparts, the room to exercise strong social inclusion measures for ethnic groups is probably quite limited in this context. Operating in this circumstance, it is encouraging to find that the overall Project’s social inclusion for ethnic groups is assessed as satisfactory with relatively high rate of beneficiaries from ethnic groups (nearly 68 percent over the last three cycle) and high rate of participation in village planning meeting (i.e. 72 percent of the total participants in these meetings). It implies that ethnic groups, accounting for around 70 percent of the total target population, are at least not marginalized in the Project planning and implementation. However, there are many rooms for improvements, including:

- Kum ban Development Plan process is the most important policy instrument of the Project and arguably the most important arrangement to social inclusion for ethnic groups. High rate of participation of ethnic groups in village planning meetings was observed but the quality of participation does not appear to be as high as expected due to language barrier and lack of measures to facilitate active participation of marginalized ethnic groups. Deepen CDD piloted in 2014 is found as a good direction to pursue for promoting social inclusion for ethnic groups.
- KFs and Village Delegates are important persons who influence how ethnic villagers participate in village planning meetings and whether their voices are represented at the KDP Meetings. These KFs and Village Delegates are ‘encouraged’ to be ethnic groups but ethnicity is not required as a must. The effectiveness of these KFs and Village Delegates as social inclusion factors is not confirmed due to lack of data on ethnic composition of KBs and Village Delegates but supporting evidence for this effectiveness is rare and, when available, weak.
- Selection of sub-projects is far less pro-poor as expected. In fact, 76 percent of its sub-projects over the last three cycles were located in the medium poor while only 16 percent were located in the poorest villages. Notably, the poorest households accounted for only 22.6 percent of the total beneficiaries under PRF2. There is a challenge between making wise investment and targeting the poorest and in practice, the principle of wise investment is

found to overweight the principle of targeting the poorest (who are mainly marginalized ethnic groups). In addition, CFA is promoted as a potentially social inclusion mechanism for villagers, including many ethnic groups, to manage the construction of sub-projects by themselves. However, the percentage of sub-projects implemented using CFA remains relatively limited and unfortunately has decreased quite substantially over time.

- M&E system is not well informed in terms of social inclusion for ethnic groups. Information on number of ethnic beneficiaries is available for some indicators but not available for the majority of the performance indicators. Whether information on ethnicity should be collected by some individual ethnic groups with large population or on all ethnic group as a broadly defined category (as it is currently applied) is not decided.

Lessons learnt

Stemming from the analysis in this report, some lessons could be drawn below:

- 1) If social inclusion for ethnic groups is a priority, it should be set explicit. In the PRF2 Project, social inclusion is generally understood as creating inclusive opportunities for all sorts of vulnerable groups, and ethnic minorities are considered as one of these vulnerable groups. However, the fact that ethnic groups are set under the umbrella of all other vulnerable groups implicitly hide the importance and necessity of having designated arrangements for ethnic groups. In the context of Laos PDR, where ethnicity is not usually discussed openly, this approach toward social inclusion could translate into lack of attention to ethnic groups in attempts to ensure social inclusion for the vulnerable. In fact, poverty faced by ethnic minorities is usually more complicated than poverty in general as some factors that are distinctive to ethnic groups (such as traditions, culture norms, language, production practices etc.) also affect poverty. Therefore, addressing poverty for ethnic groups require more than addressing poverty in general.
- 2) When there are different vulnerable groups in one target area of a poverty reduction intervention, it should not be assumed that all beneficiaries would benefit from the intervention. In any development projects, some output could be guaranteed as long as having some inputs spent. However, whether these output could be the substance for having some expected outcomes or impacts depends on whether these outputs are what the beneficiaries needed and more importantly whether the beneficiaries would use that output to reach the expected outcome. Therefore, accepting this assumption in practice might lead to underestimate or lack of attention to having designed measures for ensuring the vulnerable ethnic groups benefit from poverty reduction initiatives.
- 3) To ensure social inclusion for ethnic minorities, ‘optional but strongly recommended’ measures do not usually work well. Creating inclusive opportunities for the vulnerable is a concept that is easily accepted by all. However, having that good intention does not guarantee effective actions to promote the voices of the vulnerable. Social inclusion mechanisms that are taken the forms of “should do” do not usually work if these mechanisms remains optional. These mechanisms do not work neither without concrete and clearly defined actions. For instance, the goodwill of finding methods to promote the voices of the vulnerable and ethnic minority households in village meetings might not be translated into any actions if, for instance, the usage of ethnic languages or small group meetings with ethnic minorities are required. Therefore, the usage of ‘optional but strongly recommended’ measures to promote social inclusion should be avoided. Instead, affirmative actions or non-negotiable measures should be considered.

Taking Social Inclusion Forward

Given that significance of enhancing social inclusion for ethnic groups, the resource and time available in the PRF2 Project cycle, the study teams proposes the following recommendations:

1) There are many 'optional but strongly recommended' arrangements for social inclusion for ethnic groups of the PRF2 Project and a screening will be needed in order to derive in a shortlist of arrangements that should be changed from being 'optional but strongly recommended' into some non-negotiable requirements or affirmative actions. At this stage, the study team consider the following should be made non-negotiable: (i) recruiting KFs from the ethnic groups that are dominant in the areas that these KFs will be responsible for; (ii) representation of ethnic groups in Village Delegates must be as high as their representation in the village population; (iii) having a fixed list of measures that KFs and other relevant stakeholders must take to facilitate active participation of ethnic participants in the village planning meetings; (iv) imposing quotas on participations of ethnic groups in the village planning meetings; (v) imposing quotas on the percentage of sub-projects that benefit the poorest directly and the quota on community force account (CFA); (vi) having a clear list of the performance indicators that requires M&E data on ethnicity (including the information on 'all ethnic groups' and some dominant groups in the target areas such as Mong and Khmu).

2) In terms of planning, the rolling out of Deepen CDD is acknowledged as a good direction to pursue in the remaining lifecycle of the Project. However, this Deepen CDD would work better for social inclusion for ethnic groups if some additional features could be made, including: (i) Restructuring the 3-day village visioning into a two-day or one-and-a-half day event; (ii) Making it non-negotiable that (a) in villages with mixed ethnic groups, having small meetings with the ethnic groups that are not dominant in the village population is a must; (b) for small group meetings, using ethnic language is a must; (c) these small group meetings must be facilitated by KFs who speak the ethnic language; (iii) There is a need to have a list of facilitation measures that KFs and village heads must use when facilitating the Village Visioning Meetings.

3) The intention to give priority to the poorest villages need to be revised and strengthened. The target of allocating at least 66 percent of sub-projects for the poorest villages were found to be difficult. Therefore, it is strongly recommended that the Project should consider the allocation of 40:40:20 or 50:30:20 for the poorest, medium-poor, and the better-off villages. Perhaps, the former should be considered in the 2015-2016 cycle while the latter could be the target for the cycles if PRF2 might be extended with additional financing (which appears to be a likely). In conjunction to this recommendation, it is also suggested that the Project should have a quota for CFA. Given the Project has reached 22 percent of its sub-projects under CFA in the early cycle, perhaps a quota of 25 percent is highly feasible. To facilitate this CFA (as a social inclusion arrangement), the Project should define an investment threshold for sub-projects and some conditions to apply CFA.

4) The Project should consider the Block Grant model and in the current context, it should be called Kumban Development Fund (KDF). For this KDF, it is entirely up to the villagers to decide what sub-projects they want and how they are going to manage these investments. Experience of conducting this block grant model suggest that this could significantly enhance the CDD principle in the sense that community members are motivated to be more pro-active in raising their voices. More importantly, resources under block grant mechanisms are usually used more efficiently compared to other traditional modality of channeling resources to the grassroots level (as it is proven by the experience of the SDC-supported Public Services Provision for Agriculture and Rural Development (PSARD) Project in Vietnam or a World Bank-supported Northern Mountain Poverty Reduction Project Phase II in the six northern provinces of Vietnam). This KDF arrangement will

decentralize the resources to the Kumban level and empower communities to manage these resources according to the plan. Hence, such KDF could be supplementary to the Deepen CDD and thus significantly enhance active participation of different marginalized groups.

5) The M&E system should be made more ethnical social inclusion-informed. To make it happens, the Project needs to have a list of performance indicators where information on ethnicity must be collected. In addition, the level of disaggregation will also need an agreement. Information on some individual ethnic groups with dominant populations (such as Mong and Khmu) also need to be collected for some performance indicators reflected in the Result Framework of the Project. Accordingly, the current Result Framework will need to be revised and MIS data collection arrangements should also be adjusted.

1. Introduction

Over the past two decades, subsistence farmers in the Mekong Region have been increasingly integrated into the market economy. As a result, poverty reduction has been impressive in many of the countries in the region, including Vietnam and Laos PDR. Over the past two decades, Vietnam has managed to reduce its poverty headcount from nearly 58 percent in 1992/93 to around 13 percent in 2012. Using the same poverty line, the poverty incidence in Lao PDR has dropped by an order of around 23 percentage points between 1992/93 and 2012/13.¹ However, such impressive reduction in poverty is slowly leveling off. The ‘remaining’ poverty has become structural and reducing poverty in the future is likely to be more difficult and ‘expensive’ than it was in the past.

In both of the two countries, poverty remains stubbornly high among ethnic minorities.² In 2010, accounting for only 14 percent of the total population, ethnic minorities in Vietnam constitute around a half of the poor population (using the data from VHLSS 2010). In the case of Laos PDR, ethnic minorities account for nearly 32 percent of the total population but contributed to more than nearly 68 percent of the total poor (using the data from the latest LECS). In addition to the gap measured by the differences in the poverty rates, there has been persistent gaps between the majority and ethnic minorities in the two countries in most other non-monetary aspects of living standards such as household assets and landholding, access to infrastructures and basic services, and labour market opportunities. Clearly, ethnic minority groups in these two countries have benefited from the recent economic growth but by a considerably less extent than the majority and hence they have been left further behind. If no breakthrough is secured, poverty will soon become a phenomenon of ethnic minorities in both two countries.

In this context, SDC has defined ethnic inclusion as one of the transversal themes for the entire program in its 2013-2017 Mekong Region Cooperation Strategy. In order to better understand access and opportunity barriers that reduces their access and opportunities, and assess how SDC funded projects have addressed access and opportunity barriers, this study is commissioned by SDC in order to foster the inclusion of ethnic minorities in SDC’s program (as well as of other development partners’ as well as the Governments). In particular, the study aims at the two following objectives:

- To identify and understand the key drivers of access and opportunity barriers encountered by ethnic minorities in the two countries; and
- To know and understand good practices of fostering inclusion and non-discrimination of ethnic groups by development projects in Laos PDR and Vietnam.

As part of this study, the four SDC-supported projects were prior selected including two projects in Laos PDR (i) the Poverty Reduction Fund Phase 2 (PRF2); (ii) the Support the Reform of the Northern Agriculture and Forestry College (SURAFCO); and two other projects in Vietnam, namely (iii) Public Services Provision for Agriculture and Rural Development (PSARD), (iv) Market Access for the Rural Poor (MARP). The objective of selecting these projects is to assess how the social

¹ Figures on Vietnam are based on the Vietnam Living Standards Surveys (VHLSSs) in 1992/93 and 2012; while those on Lao PDR based on the Laos Expenditure and Consumption Surveys (LECS) in 1992/93 and 2012/13.

² Official statistics reports a number of 54 ethnic groups in Vietnam, with the majority (i.e. the Kinh or Viet group) accounting for nearly 86 percent of the total population. In the case of Laos PDR, the category of 49 distinct ethnic groups are usually referred to with the Lao-Tai group accounting for 67 percent of the total population.

inclusion has been reflected in the design and implementation of these projects. It is expected that the findings from these four projects will provide a basis for a synthesis report on assessment of social inclusion for ethnic groups in SDC portfolio in the two countries.

In this setting, this report presents the main findings on social inclusion for ethnic groups under the PRF2 Project. The report is structured as follows. The next section will describe the context of social inclusion in poverty reduction and rural development in Lao PDR, in which PRF2 operate; and a summary of the Project.³ The third section will evaluate how social inclusion is reflected in the surface, meaning that how the Project is designed to capture social inclusion for ethnic groups. How such designed strategies and mechanism work in practice, according to perspectives of different stakeholders, will be discussed in the fourth section. Finally, the fifth section summaries the key findings and produce some recommendations.

Before embarking on further analysis, it is important to note that this report does not aim to evaluate the PRF2 Project (in fact, PRF2 has had a solid impact evaluation framework). Instead, the thematic report, which is not a planned part of the PRF2 impact evaluation framework) mainly focuses on how social inclusion for ethnic groups are reflected (in the PRF2 design documents) and promoted in practice.

2. Overview

2.1. Context of Social Inclusion in Poverty Reduction in Laos PDR

Laos is a ethnically diversified country with 49 different ethnic groups and more than 250 sub-groups. This multi-ethnic society is recognized in the Constitution of Laos PDR. The first sentence in the Preamble of Laos Constitution Revised 2003 manifests that “The multi-ethnic Lao people have existed and developed on this beloved land for thousands of years”. The Article 8, Chapter I of the Constitution states that *“The State pursues the policy of promoting unity and equality among all ethnic groups. All ethnic groups have the right to protect, preserve and promote the fine customs and cultures of their own tribes and of the nation. All acts creating division and discrimination among ethnic groups are prohibited. The State implements every measure to gradually develop and upgrade the socio-economic levels of all ethnic groups”* (Laos PDR, 2003). There are different classifications of ethnic groups in Laos PDR but the most recent and official classification made popular by the Lao Front for National Construction, where the 49 ethnic groups are classified into four broadly defined ethno-linguistic categories, including Lao-Tai, Hmong-Mien, Mon-Khmer and China-Tibet. Of these groups, the Lao-Tai account for 68 percent of the population; the remaining three groups account for around 32 percent.

Following this statement in the Constitution, the Laos People’s Revolutionary Party and GoL do not appear to have designated strategies and policies toward ethnic groups. Instead, all ethnic groups are considered to be Laos citizens, and therefore strategies and policies are generally neutral in targeting ethnic groups. In the areas of poverty reduction, the GoL has had a number of strategies and policies that aim at poverty reduction for rural and poor villagers of all ethnic groups. For instance, the National Socio-Economic Development Plan (NSEDPlan) and the National Rural Development and Poverty Eradication Plan (NRDPEP) in the 2011-2015 period states that all

³ This might be not necessary for those who are familiar with the PRF2 Project. However, as this report is now about to assess the Project in general but to focus on the social inclusion for ethnic groups and the study will then serve as a background paper for the synthesis report. To this end, it is important to make sure that key audience of the study have some basic information on the context in which PRF2 operates and the Project itself (e.g. objectives, target beneficiaries, main activities, and key results to date).

ethnic groups in the country must be included in rural development and poverty eradication efforts and all ethnic groups are treated the same in poverty reduction efforts. The stylized fact in many multi-ethnic societies that ethnic groups are different in their socio-economic characteristics and hence their responses to policy interventions vary from one group to the others does not seem to be formally recognized in Laos PDR. Even the gaps between the majority group (i.e. Lao-Tai group in this case) and other ethnic minority groups are not usually acknowledged official documents of the Party and the GoL. In fact, the terms ‘ethnic groups’ are rarely mentioned. Instead, the terms ‘groups with small population’ or ‘ethno-linguistic groups’ are preferred.

Being a Less Developed Country with a Development Agenda that gives priority and determination to economic growth and poverty reduction, Laos PDR has been supported by a number of development partners in its poverty reduction efforts over the past two decades or so. For most interventions supported by development partners, social inclusion for the marginalized groups is usually considered as a cross-cutting issue. In the context where most of ethnic groups are residing in the rural and remote areas and more than two third of the poor are ethnic minority groups, many poverty reduction interventions could be socially inclusive for ethnic groups by targeting the rural poor in the most remote areas. Therefore, targeting the rural poor is usually considered by almost all GoL agencies and, to some extent, many development partners as a way to reach the vulnerable ethnic groups.

However, as impressive poverty reduction has been achieved over the past two decades in Laos PDR, poverty is now multi-facet and assuming that by targeting the poor, poverty reduction efforts could effectively reach the poor ethnic minority groups is becoming increasingly oversimplified assumption. Development practices generally suggest that poverty reduction interventions that best match the needs of the beneficiaries usually perform best and Laos PDR is not an exception. There is a growing debate on why some ethnic groups ‘perform’ (in terms of poverty reduction) better than the other and how different ethnic groups might benefit differently from the same poverty reduction efforts. In this context, the resistance to discuss and address challenges encountered by ethnic groups appear to be factor that is probably counter-productive to many poverty reduction efforts. However, changes toward a more explicit recognition of disadvantages faced by ethnic groups will take times and how to operationalize social inclusion for ethnic groups in poverty reduction initiatives remains a challenge in this context.

2.2. Overview of the PRF2 Project

The Poverty Reduction Fund Phase 2 (PRF2) Project is formulated in the above context for social inclusion of ethnic groups. PRF2 is supposedly to be one of the key poverty reduction initiative of the Government of Laos PDR (GoL) and its development partners. This second phase, started in the end of 2011 is a continuation of the success brought in by the first phase in the period 2002-2011. This first phase with a total budget of equivalent US\$42 million was financed primarily by the World Bank and then co-financed by SDC and AusAID in the later years to support 2,185 villages in eight out of 17 provinces, covering 30 of the country’s 144 districts, including 23 of the Government’s 47 first priority districts.⁴ A total of 3,179 sub-projects have been completed, including construction of 86 bridges, 65 health dispensaries, 669 water supply points, and 156

⁴According to the classification of the GoL, out of 143 districts of 17 provinces, there are 47 first priority districts, 25 second priority districts, and 71 other (non-priority) districts. According to the latest LECS, poverty rates in these districts are respectively 43 percent, 37 percent, and 20 percent.

irrigation schemes. PRF has also upgraded 3,000 km of 420 rural roads, and constructed or upgraded 616 schools. Independent assessment done at the end of this first phase indicated that these investments have enhanced the access of poor villages to important services particularly in the transport, health, agriculture and education sectors (see, for instance, World Bank 2011).

To take this success forward, the second phase of PRF – which is PRF2 – was agreed between the GoL, and development partners, including the World Bank, SDC, and AusAID (now DFAT) (through its contribution to a Bank-administered trust fund) for 2012-2016 with the total investment of US\$65.7 millions (in which, the GoL counterpart funding accounts for nearly 15.2 percent). This increased funding pool (compared to the first phase) enables PRF II to expand to ten out of 17 provinces of the country. The total coverage under PRD2 will increase by approximately 25 percent, encompassing 274 rural Kum bans – up from 220 Kum bans in PRF1 – across 42 (out of the total 47) of the country's first priority districts. The PRF2's objective in this phase is: *to improve the access to and utilization of basic infrastructure and services for the Project's targeted poor communities in a sustainable manner through inclusive community and local development process*. PRF2 has three components, namely:

- Component I: Community Development Grants – this component consists of 2 activities: (i) planning for community and local development; and (ii) financing community sub-projects.
- Component II: Local and Community Development Capacity Building and Learning – this component supports training and capacity building for villagers and officials at all levels, together with monitoring and evaluation.
- Component III: Project management – this component covers all management, maintenance, administration costs and contingency.

In general, PRF II basically still follows the design of PRF1 with some improvements made after taking into account the lessons learnt from the first phase. Amongst many adjustments in the design between the two phases, social inclusion is considered to be an areas for improvements. As highlighted in the Project Appraisal Document – PAD (World Bank, 2011), one important lesson from the first phase is that “specific measures are needed to ensure effective poverty targeting, especially in multi-ethnic environments” (p.9, PAD). This has been taken into the PRF2 design, accordingly:

- The selection of Kum ban for PRF II support will be based on poverty incidence of the population, presence of other programs, and cost effectiveness.
- 75% of sub-projects will benefit poorest villages directly (this target was then revised to 66% in the Project POM).
- PRF2 will increase use of facilitators from different ethnic groups, and make socialization and communication materials more responsive (to different ethnic groups).

Given these enhancements, social inclusion and gender equality is set as one of the six principles of PRF2, where the target for inclusion includes a wide range of the vulnerable, including single headed households, ethnic groups, households with disabled people, landless households, and adolescents. In a later stage of implementation (around April 2014), the Gender Equality and Social Inclusion Action Plan (GESI) was developed to enhance gender and ethnicity awareness within PRF2 where social inclusion places the focus on women and ethnic groups. The remaining of this thematic report focuses mainly on assessing what strategies and mechanisms to promote social inclusion for ethnic groups that have been used in the Project and how these have performed in practice.

3. Social Inclusion for Ethnic Groups on the Surface

In this section, the issue of social inclusion for ethnic groups will be addressed ‘on the surface’. It means that the design documents, including Programme Document (ProDoc), Project Operation Manuals (POM), and some other relevant documents will be reviewed to find the strategies and arrangements that are designed to address the issue of social inclusion for ethnic groups. How these strategies and arrangements work in practice will be the subject of section 4.

3.1. Ethnic Groups on the Target Beneficiaries of the PRF2

As the focus of PRF is to support poverty reduction mainly through investment in infrastructures (e.g road, bridge) and physical facilities (schools, dispensary, water supply, irrigation), the Project adapts for a geographical-based targeting strategy, which defines the Project target areas of 274 rural kum bans in 42 districts and ten provinces. The PAD does not provide further description on whether PRF2 gives priorities to any particular groups of households or individuals. In fact, as the Project aims to support public goods for the target kum ban, it means that all villagers should benefit from the investment in their villages. However, to make its support inclusive for the vulnerable, it was emphasized at different places in the PAD⁵ that selection of sub-projects for investment needs to best match the needs of disadvantaged groups such as women and ethnic groups. For instance, it is stated that “sub-projects would be selected for financing at the Kum ban level by the PRF Kum ban Committees (consisting of elected villagers including women and ethnic groups). PRF district staff, district local government and sector officials would provide technical validation of proposals. The final decision for sub-project financing would be made in a transparent manner by the PRF Kum ban Committee based on criteria to be specified in the Project Operations Manual (POM)” (p.7, POM). In addition, it is also stated that at least 66 percent of total funding to the Kum ban must be allocated to finance the sub-projects in poorest villages – where the most marginalized ethnic groups mainly reside.

The Project design does not provide further analysis in terms of ethnic composition of the population in the target Kum bans, other Projects documents reviewed inform little on the ethnic groups in the target areas and how these ethnic groups benefited from the Project (e.g. participated in Village Orientation Meeting, Village Vision Meeting etc.). For instance, the Annual Progress 2014 provides some figures on ethnic groups when discussing the progress and achievements in 2013-2014 Cycle but these figures are only available for a limited number of indicators. In fact, the most explicit analysis of ethnicity in that report is related to the number of ethnic participants out of total participants in village planning meetings (table 5 on page 17). The issue of ethnicity is not discussed at any intensive level in the Annual Progress of the previous years. Even if ethnic groups are mentioned, there is only one broadly defined category for all ethnic groups. The Baseline Survey conducted in 2012 does provide an exception where there are four categories used including Lao-Tai, Mong, Khmu, and “others”. However, as this Baseline Survey was conducted in four provinces (including Phongsaly, Oudomxay, Luang Prabang, and Attapeu), findings on ethnic composition reported in the Baseline Report hardly represent for different ethnic groups in the target areas. Nevertheless, figures available from the Baseline Survey (for instance Tables 6, 9, 10) generally indicate disadvantages experienced by Mong, Khmu, and “others” in accessing different types of infrastructures and public services in the PRF2 target Kum bans.

⁵ It is noted that PAD is not bidding but as Financing Agreement reflects the content of PAD, it means that PAD could be considered as a key Project design document.

As detailed information on ethnicity in the target areas is not available from the project design documents, the latest Population Census 2005 is explored in this thematic report to inform a diversity of ethnic groups in the target villages of the PRF2 provinces. It is estimated that different ethnic groups account for at least 70 percent of the target population in the PRF2 districts. Table 1 lists out many ethnic groups residing in the PRF2 target areas.

Table 1. Ethnic Groups in the PRF2 Target Provinces

Provinces	Number of ethnic groups	Names of ethnic groups
Phongsaly	9	Bit, Er pa, Khmu, Akha, Sila (Laoseng), Mong, Oma, Singsily (PhouNoi), Phong Sat
LuangNamtha	5	Khmu, Akhar, Lahu (KouyLuang or Red Mouser), Lamet, Lahu
Oudomxay	4	Hor, Khmu, Mong, Singsily
LuangPrabang	2	Mong, Khmu
Huaphanh	8	Khmu, Mong, Moy, Mroi, Phong, Phong, Pouak, Iewmien (Yao)
Xiangkhoang	3	Khmu, Mong, Phong
Savanakhet	4	Makong (Bru), Pa Ko, Oy, Tri
Sanavane	5	Makong, Katu, Ka Nai, Pa Ko, Oy
Xekong	11	Harak, Chathong, Katu, Kae, Lavy, Yae, Oy, Trew, Triang, Trong, Ngae
Attapeu	14	Lavy, Louyve, Cheng, Triang, Oy, Yae, Harak, Su or Ku, Tangkae, Nhahern (Hern), Oy, Katang, Sadang, Yrou, Khmou

Source: compiled from the Population Census 2005

3.2. Strategies and Implementation Arrangements to Ensure Social Inclusion

By studying the project documents and the related, the issue of social inclusion is emphasized as one of the six principles of PRF2. For instance, the Project POM states that:

No members of the community can be excluded from participation in PRF activities regardless of gender or ethnicity, disability or age. Special efforts will be made to reach out to the most vulnerable groups of the community (including single headed households, ethnic groups, households with disabled people, landless households, and adolescents). Proactive measures, including affirmative action mechanisms, are taken to overcome linguistic obstacles, gender disparities and any other socio-cultural barriers. Ethnic minorities, vulnerable groups, disabled, and women are especially encouraged to join in PRF meetings and activities.

PRF2 POM, p. 14

In that sense, social inclusion under PRF2 is perceived as inclusion for all types of vulnerable beneficiaries such as single headed households, ethnic groups, households with disabled people, landless households, and adolescents. Ethnic minority households are considered as one target group for social inclusion efforts. Given the issue of social inclusion is emphasized, there are a number of implementation arrangements incorporated in the PRF2 design documents to promote the responsiveness of the Project interventions to the needs of vulnerable groups of the community, including ethnic groups amongst others. Below are some key implementation arrangements to promote social inclusion for ethnic groups.

3.2.1 Kum ban Development Planning Process

It was repeated at different places in the PAD and POM that Kum ban Development Plan (KDP) is the key planning instrument of the PRF2 Project. The outcome of this KDP process is to finalize the list of sub-projects for investment in the villages of the target Kum ban and thus social inclusion for ethnic groups is reflected in how the ethnic groups represent in the planning process and whether there are mechanisms to ensure that the sub-projects match their needs as much as possible. As described in POM, before the KDP Meeting could be organized, two planning meetings at the villages are required, including:

Village Orientation Meeting: This meeting is chaired by village head and facilitated by Kum ban Facilitators (KFs) with support from the PRF district team (especially when KFs are new to the post). The expected output of this Meeting is for all villagers to be aware of and understand PRF objectives, principles, rules, and procedures (including rights and responsibilities of communities). PRF2 requires a minimum of 40% of adult men and 40% of adult women (over the age of 14) must attend, or the meeting will be postponed and rescheduled for a later date. It is noted that these quota do not apply for ethnicity. The Project's POM also states that KFs should make a special effort to ensure that the traditionally marginalized groups and individuals (such as ethnic minorities, people with disability, representatives of children and older people) attend the meeting. However, POM does not specify what types of efforts should be made.

Village Vision Meeting: POM outlines the output of this meeting, which includes (i) Community hopes and goals expressed, prioritized and documented for the next five years; (ii) Feedback and Resolution Committee members nominated; and (iii) Village Delegates elected. These Village Delegates will then represent the villages at the KDP Meeting (below). The quotas for participation in the Village Orientation Meeting also apply for these Vision Meetings. POM does not specify very clearly but based on other documents, for instance Annual Progress Reports, one important output of the Village Vision Meeting is to have a list of prioritized sub-projects. For this Meeting, POM requires to some social inclusion mechanisms, including:

- KFs should organize focus group discussions with the traditionally marginalized groups and individuals in smaller groups (before or after the meeting). The KFs would then be responsible for representing marginalized groups' interests in the Village Vision Meeting.
- Secret voting is required for community decision making purposes at the village level. In order to ensure that illiterate people can participate the voting process, the small boxes representing the different choices will be illustrated by pictures, symbols or drawing objects rather than by writing on a piece of voting paper. Different types of seeds (beans, maize etc.) are then distributed to villagers to proceed the voting. Rocks are also used at times instead of using seeds for voting. It is expected that this voting mechanism would help the marginalized groups, including poor ethnic groups defending their voices without being influenced by others (e.g. village head).

After all villages within a PRF2 target Kum ban complete the Orientation and Vision Meetings, the KDP Meeting will be organized with participation of Village Delegates, KFs, Kum ban Committee, representative from the district office of National Committee for Rural Development and Poverty Eradication (NCRDPE); PRF district staff (and PRF staff at Central and Provincial level based on availability). This is considered as the most important step of the PRF planning. There are many outputs expected but most notably, the meeting is supposed to finalize (i) a long-range KDP with priorities for all villages in the Kum Ban; (ii) a list of investment priorities for all sources of fundings; and (iii) a clear PRF Investment Plan showing anticipated PRF-supported sub-projects.

To ensure social inclusion, it is required from this Meeting that within the PRF Investment Plan, a minimum of 66% of the prioritized sub-projects and at least 60% of the total available resource must directly benefit the poorest villages. The Project's POM also requires final selection of sub-projects reflects the different priorities of groups within villages and that special care needs to be taken to ensure voice of marginalized groups (e.g. women, ethnic groups) in the planning process. This clearly shows strong determination to ensure social inclusion. However, POM does not provide guidelines on how such 'special care' should be pursued and more importantly, what happens if such care is not taken.

After KDP meetings, the draft KDPs would be sent to the district. The Plans would then be presented to the district authorities, concerned sectors and other rural development partners working in the district by the Kum ban representative and would be finalized at the District Planning and Coordination Meeting. The main purpose of this meeting is to finalize the list of sub-projects to be financed. This outcome of the meeting will then be informed so that the communities are aware of which sub-projects will proceed, the proposed location and the budget for each sub-project (including the expected community contribution). The Project's POM also states that if a majority of villages within a Kum ban fail to ratify the KDP or the PRF Investment Plan, the Kum ban Feedback and Resolution Committee will investigate the reasons for dissatisfaction and non-ratification. In consultation with the PFR2 Management Team at the district level, a decision will then be taken as to whether the KDP Meeting need to be repeated.

3.2.2 Deepen Community Driven Development (CDD) Approach

After the Project has undergone the first half of its lifetime, the Mid Term Review (MTR) Supervision Mission suggested many aspects of social inclusion that could be enhanced, including different measures to improve the implementation of the CDD approach. Taking the recommendations into account, a strengthened CDD (namely Deepen CDD) was piloted in the first quarter of 2014 in 24 Kum ban of the three provinces (Luang Prabang, Oudomxay, and Savanakheth). This Deepen CDD was not updated in the Project POM at the time of this evaluation. According to the most recent Supervision Mission, there are 12 changes to strengthen the application of the CDD principle for efficiency and effectiveness of planning and implementation project interventions. In these changes, what important for social inclusions are:

- To recognize and strengthen village organization and add an additional KF per Kum ban, train and motivate them and raise their daily allowance for work. As KFs are the key for facilitating involvement of ethnic groups, this might potentially a social inclusion factor.
- To increase engagement of women, ethnic groups, youth and other common interest groups at village/hamlet levels in planning, implementation, monitoring and maintenance. This is then translated into change in the planning process so that before the Village Orientation Meeting and Village Vision Meeting, there are small meetings with different marginalized groups so make sure that these marginalized groups are fully informed and understand what would happen in the PRF2 planning process and how to raise their voices in the village planning meetings.
- Quotas on participation of the village planning meetings are revised. Accordingly, it is required under the Deepen CDD that each households should be represented by at least one of its members, preferably women and a minimum 80 percent of the total number of households in the villages must participate in the village planning meetings. This high rate of

80 percent is imposed to ensure that the majority of villagers should attend the village planning meetings.

- To engage communities in household poverty ranking, and use that poverty ranking results in targeting and monitoring benefits. This change is also a potential social inclusion factor as it would inform better inform who is the poor in the target villages, and hence contribute to improve the targeting efficiency for the poor (which are usually non-Lao-Tai households).

This pilot was considered by the Supervision Mission 2014 to be a success (which will be discussed further in Section 2.3) and it is likely that this Deepen CDD approach will be documented and integrated as part of the Project POM in 2015. After that, this Deepen CDD will become an important social inclusion mechanism for the vulnerable groups, including ethnic groups.

3.2.3 Other Implementation Arrangements for Social Inclusion of Ethnic Groups

Reviewing the PAD and POM, there are a number of implementation arrangements that could potentially be social inclusion mechanisms for ethnic groups, including:

Selection of Kum ban Facilitators (KFs): it is noted that KFs have an important role as a key social inclusion actor in the overall project implementation arrangement. For instance, it is the efforts and skills of KFs that affect participation of ethnic groups (and other vulnerable groups) in village planning meetings. In the set of 11 recruitment criteria for KFs, there are three criteria that contribute to enhance the potential of KF as a social inclusion factor, including:

- KF should be honest, trusted and respected by their communities. This is to ensure that KFs could work well with communities, including the most disadvantaged;
- KF should come from the village classified in the category poor or poorest using district authorities' poverty data. This might enhance dedication of KFs to the poor or poorest villages, where the most marginalized ethnic groups usually reside.
- In Kum bans with large ethnic group populations, it is expected that the KF will represent the diversity of the ethnic groups within the Kum ban. It is an important selection criterion to promote social inclusion for ethnic groups. KFs – being parts of some ethnic groups – would then find it easier to communicate with their fellows in their own languages and hence facilitate participation of ethnic groups the planning process.

In addition, there is a mechanism to make sure that communities are satisfactory with their KFs. Accordingly, once recruited, KF candidates would become Acting KFs. The Project POM provides a procedure for Village Delegates to review and confirm whether they are satisfied with performances of Acting KB at the Final Village Accountability Meeting – which takes place at the end of implementation stage of each PRF2 investment cycle. Based on the performances of Acting KFs, Village Delegates and villagers will decide whether they would confirm the Acting KFs or nominate new KFs for the new cycle.

Village Delegates: each village elects a number of delegates who will serve as their representatives in Kum ban meetings, particularly at the KDP Meeting to finalize the list of prioritized sub-project proposals. These Village Delegates are also the representatives for villagers at different stages of the project implementation and monitoring. Therefore, if such Village Delegates could enhance the voices of ethnic groups, then these Delegates could be an important social inclusion arrangement. The Project POM describes that a total of six Village Delegates should be elected in each village, with at least 50% of the Village Delegates must be women. It is said that the gender balance in these Village Delegates is one of the non-negotiable principles.

Regarding representation of ethnic groups, it is guided that in villages with significant presence of different ethnic groups, a corresponding percentage of Village Delegates must be from those ethnic groups.

Social inclusion in staffing: last but not least, there is a policy to promote social inclusion in staffing of PRF2. Accordingly, the Project encourages women and members from ethnic groups in their management teams at various level. The MTR Aide Memoire reported that there was recognition in the PMT that improvement is needed at the mid term to realize its principle of gender equality and social inclusion. To enforce gender equality and social inclusion, a Gender and Social Inclusion Assessment was commissioned in 2013, which identified organizational and programming changes, with some notables including (i) conducting training for facilitation and social inclusion skills for staff; (ii) preferential/affirmative recruitment practices to increase the number of women and non-Lao -Tai members of staff; and (iii) regularly discussing social inclusion issues at PMT meetings at various levels. In addition, the Project has engaged Gender and Social Inclusion Specialists (International and National), appointed a Gender Equality and Social Inclusion (GESI) Officer within the Community Development Division at the central level, conducted a series of gender sensitization training events in 2013, and has also identified three GESI focal points within the engineering, M&E and finance divisions.

Types of sub-projects supported: The PRF2 Project generally uses an 'open menu' approach to sub-project selection, meaning that participating communities are allowed to request any types of social or productive infrastructure that will help reduce poverty by filling critical public service gaps at the Kum ban and village level. This 'open menu' approach gives flexibility for communities to propose sub-projects that best match the needs of the vulnerable groups, including ethnic groups. Having an 'open menu', the Project also defines a Negative List that is not part of that 'menu'. In this Negative List, it is stated that any activities unacceptable to vulnerable ethnic groups in a village of mixed ethnic composition cannot be funded without prior review. In addition, activities that will have significant adverse impacts on vulnerable ethnic groups in villages and in neighboring villages cannot be funded.

Community Force Account: The Project adapts for two main procurement methods for construction of sub-projects including construction by sub-contractors (SW) and community force account (CFA). In fact there is another 'hybrid' method which is the combination of the two (SW+CFA) where a sub-contract implement technically complicated part of the construction and communities manage the remaining part. The Project POM indicates that CFA is encouraged whenever possible. This is to promote participation of villagers in the sub-projects invested in their community. It is expected that this CFA will be an instrument to (i) encourage community ownership of the sub-project; and (ii) create a source of income for villagers; and (iii) promote cost effectiveness of the construction, and effective maintenance and operation (O&M) of the sub-project after the completion. Hence, this CFA could also enhance social inclusion if ethnic villagers are then involved in CFA.

Monitoring and Evaluation (M&E) System: The Project's PAD describes that PRF2 has established an extensive reporting and management information system (MIS). Reports from the field are generated regularly to produce monthly, quarterly, and annual progress reports. The Result Framework, which is a part of the PAD, was ready at the start to guide the design and functioning of the M&E system. However, at the mid term, it was assessed that M&E remains a particular weak point of the Project and hence a number of recommendations were made by the MTR Supervision Mission. One of the direction for improvement is to enhance the aspects on gender and social inclusion (for the vulnerable, including ethnic groups). The most recent mission

at the end of 2014 recognized important improvements in the M&E system toward a more social inclusion informed M&E system. As a result, more information on participation of female and ethnic groups in some key activities of the Project are now available (see more details below).

4. Social Inclusion for Ethnic Groups in Practice

In this section, information collected from different stakeholders and relevant project documents (such as Annual Progress Reports, other thematic reports) will be used to assess how the strategies and implementation arrangements for ethnic groups worked in practice. The assessment is structured according to (i) awareness of social inclusion for ethnic groups; and (ii) assessment of implementation arrangements for social inclusion of ethnic groups.

4.1 Awareness of Social Inclusion for Ethnic Groups

4.1.1 Awareness of Social Inclusion for Ethnic Groups: a Snapshot

The overall impression of the study team on awareness of social inclusion for ethnic groups is that social inclusion is usually considered under the lens of inclusion for the vulnerable groups including single headed households, ethnic groups, households with disabled people, landless households, and adolescents. This is a comprehensive and very 'inclusive' understanding of social inclusion. However, operationalizing this social inclusion concept could be potentially misleading if all the vulnerable groups are treated the same. In fact, different groups could be equally vulnerable but addressing vulnerability of different groups probably requires different sets of efforts that are designated to each of these vulnerable group.

As social inclusion is generally understood as creating inclusive opportunities for all sorts of vulnerable groups, the issue of social inclusion for ethnic groups in the context of Laos PDR is not usually discussed openly. For many interviewees, ethnicity does not appear to be a major issue that needs intervention. Instead, supporting the poor is usually considered as sufficient. In fact, poverty faced by ethnic minorities is usually more complicated than poverty in general as some factors that are distinctive to ethnic groups (such as traditions, culture norms, language, production practices etc.) are also a factor that affect poverty. Therefore, addressing poverty for ethnic groups require more than addressing poverty in general.

It is also noted that it is implicitly assumed that all the poor, regardless the ethnic groups they belong to, should benefit from the PRF2 investments to sub-projects. In fact, whether and how a beneficiary would benefit from poverty a poverty reduction intervention depends on whether such intervention is relevant to her or him and more importantly, whether she or he would change behavior to take advantage from such intervention. By having PRF2 investments in sub-projects, what could be guaranteed is that there would be sub-projects built (e.g. the output could be certainly obtained). But whether these sub-projects could benefit some ethnic households depends on if these sub-projects are what needed by ethnic households and then if these ethnic households would change their behavior (e.g. to use irrigation for crop production of sub-projects are irrigation schemes) cannot be guaranteed. Therefore, it is perhaps too simplified to assume as long as there are sub-projects, ethnic groups – which are usually the more vulnerable groups in the target areas – could benefit.

4.1.2 Awareness of Social Inclusion for Ethnic Groups by the PRF2's GoL Counterparts

In the above context, it is not a big surprise as the GoL staff consulted during the field visit were not usually welcome discussion on ethnic groups. For all the interviewees consulted, the stylized fact highlighted above is upheld. Such understanding of social inclusion and relatively low awareness of social inclusion for ethnic groups are perhaps rooted in many reasons. The context of ethnic groups and policy intention toward ethnic groups discussed in sub-section 2.1 is perhaps the most important reason. It was highlighted in that sub-section that the GoL does not consider differences across ethnic groups as an issue to be addressed in poverty reduction – which is assumed to bring benefit for all the poor, including the ethnic poor. The terms of 'ethnic minorities' are even not welcomed in official documents and policy dialogue. At times, discussion about ethnicity is considered as touching a sensitive issue and is easily triggered the seemingly unconscious link to confrontation or to sense of national division. For instance, Box 1 cites some quotations from interviews with the GoL staff.

Box 1. Ethnicity Is Not Welcome at Discussion with the Most of the GoL Interviewees

In Lao PDR, we consider every one is Lao citizen regardless their ethnicity and thus there are no specific policies to support ethnic groups as observed in Vietnam, even for groups with less than 10 thousand in population.

Representative, Neo Lao at the Central level

If there is policy to support only for one ethnic group, it will be perceived as something that could create inequality across ethnic groups so this is not considered. This is something that is avoided in the policy discussion. For supporting ethnic groups, the GoL tend to think more in terms of resettlement of remote villages to lower areas to establish clusters so that it would be more economical to provide infrastructures and public services.

Representative, Neo Lao at the provincial level

The GoL wants to provide infrastructure to remote and rural areas such as road, schools, dispensaries... to encourage efforts for poverty reduction. Then every households in the poor village would benefit from such investment, including women.

Representative, Provincial Level of the National Committee for Rural Development and Poverty Eradication (NCRDPE)

When there are policies to enhance access to healthcare or education services for the poor, these policies are for all and ethnicity is not considered as an issue for prioritization.

Representative, Provincial Department of Health in one province

There are many villages in the Kum ban, some villages having a mix of different ethnic groups. But villages with only one ethnic group or villages with many ethnic groups are not different in terms of targeting. They all need support and we should provide support to all of them, as long as they are poor.

Representative, District line agencies in Chompet district, Luang Prabang

4.1.3 Awareness of Social Inclusion for Ethnic Groups by the PRF2's Management Team

It appears to the study team that the PRF2 staff are well aware of social inclusion and the spirit of social inclusion is usually understood as efforts to make the Project investment more inclusive to the poor, women, and ethnic groups (see Box 2. It is also noted that the disadvantages encountered by ethnic groups are well acknowledged by PRF2 staff and hence the intention of making the PRF2 interventions more inclusive for ethnic minorities is easily accepted. This is perhaps one result of the series of capacity building activities for the PMT members at various level.

However, it is noted that there has been also a shared understanding that by all the poor, regardless the ethnic groups they belong to, should benefit from the PRF2 investments to sub-projects. As discussed earlier, this is a too simplified assumption, different ethnic groups might benefit very differently from one sub-project financed by PRF2, depending on how the sub-project is relevant to their needs. In addition, how to target the poor ethnic groups in practice remains a difficult question. In villages with only one ethnic group, social inclusion would be then focused on women and poorest members of the community. But there is an increasing number of villages with mixed composition of different ethnic groups. This increasing trend is one result of the resettlement policy by the GoL to establish cluster of remote and small villages (as discussed in sub-section 2.1). For this type of village, the 'normal track' of the planning cycle as described in subsection 3.2 does not respond to different characteristics and needs of different ethnic groups. But the Project's POM does not provide concrete measures on how to deal with social inclusion in these villages (except the intention of having responses to different ethnic groups reflected at various places of the POM). This causes difficulties for the PRF2 team in dealing with social inclusion for ethnic groups. In this regard, the recent Deepen CDD pilot is proved to be a good arrangements to enhance inclusiveness for different ethnic groups in the planning process (this will be discussed in details below).

The PRF2 Project works closely with the GoL counterparts at all levels and under such context, ensuring social inclusion for ethnic groups is not easy (see Box 2). The PRF2 has its own POM, which provides the guidelines for implementation and these guidelines are consistent with the donors's regulations (e.g. World Bank policies on indigenous people, social and environmental safeguards) and jointly agreed between the GoL and the development partners involved (i.e. World Bank, SDC, and AusAID). As assessed earlier, there are many implementation arrangements described in the POM that are potentially social inclusion mechanisms for ethnic groups. But most of these arrangements remain suggestive or indicative. For instance, for the Village Orientation Meeting, it is said that there should be effort to ensure that the traditionally marginalized groups and individuals (such as ethnic minorities...) attend the meeting but this is not bidding. Therefore, PRF2 staff, having a high awareness of social inclusion for ethnic groups, could do a little if the local GoL counterparts, in the lack of policy intention to address ethnicity and awareness of social inclusion for ethnic groups, do not put the ethnicity issue into their agenda.

Box 2. Lack of Policy Intention on Ethnicity Translated into Difficulties for Applying Social Inclusion for Ethnic Groups under PRF2

In the PRF2 target areas, there are 49 ethnic groups. But policies on ethnic groups is an issue that is considered sensitive and hence it is not always easy to discuss about this openly. But PRF staff is well aware of social inclusion for ethnic groups.

One staff, PRF2 Central Office

Reflection of social inclusion for ethnic groups became more apparent in the recent M&E reports but there is not a consistent and clear list of what information we need to disaggregate according to ethnicity and there has not been a M&E arrangement to go further than collection information some individual big ethnic groups.

One staff, PRF2 Central Office

Independent reports such as Baseline Survey Report provide some information on different ethnic group (such as Lao-Tai, Mong, Khmu, and other) but for M&E reporting data, we only have the number on total participants from all ethnic groups together and this information is not always available.

One staff, PRF2 Luang Prabang Provincial Office

We understand that there is a need for making the sub-project socially inclusive and thus we encourage

every households to raise their voices during the planning process. The Project has a quota on minimum participation rate by villagers and women but does not apply this quota for participants from ethnic groups. In many villages, there is only one ethnic group. In some other villages, there are different group but we are not instructed to do the planning differently from the village with only one group.

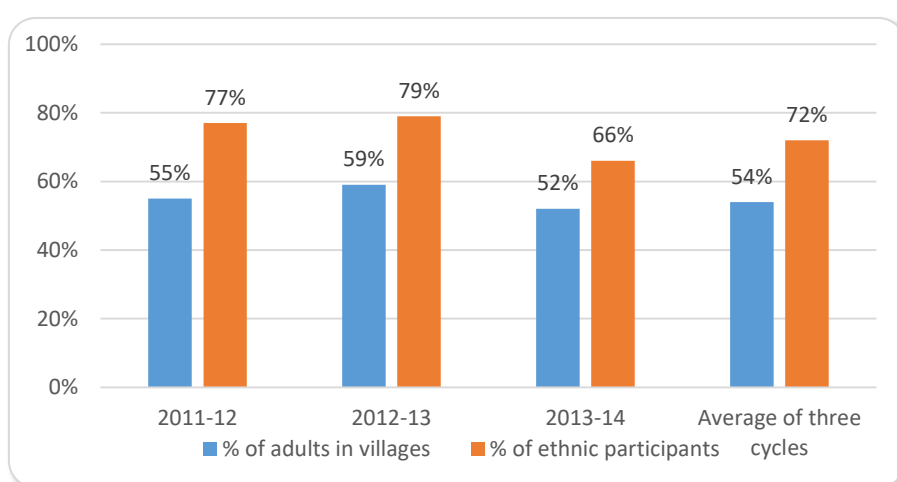
One staff, PRF2 Attapeu Provincial Office

4.2 Assessments of Strategies and Implementation Arrangements for Social Inclusion of Ethnic Groups

4.2.1 Kum ban Development Planning Process

As described in Section 3.2.1, Kum ban Development Planning process is potentially the key social inclusion arrangements for ethnic groups and hence this was one of the focus for consultation with different stakeholders during the field visit. **Error! Reference source not found.** below reports the percentages of adults in villages participated in village planning meetings and the percentage of ethnic participants. It seems that the requirements on ‘quota’ of participants in the village planning meetings are higher than 50 percent in all the three cycles and thus this requirement is satisfactory. The Project does not require a particular ceiling on ethnic participants out of the total participants in the village planning meetings. Figures indicate that on average 72 percent of participants in these meetings are non-Lao-Tai groups, which is about the same as the proportion of ethnic groups in the target districts. However, the rate of ethnic participants has decreased between the last two cycles by 13 percentage points (i.e. from 79 to 66 percent) as well as the total number of adults participating in the village planning meeting (i.e. from 59 to 52 percent). For the Deepen CDD pilot in five target PRF2 districts, the latest Supervision Mission assessed the pilot Deepen CDD and reported that “all ethnic households (100%) including those in hamlets of the villages were represented in the planning process. Their active participation is clearly shown by the pictures and video clips”. It means a significant improvement of participation of ethnic groups in the Deepen CDD piloted districts. This leaves the above decline in the proportion of ethnic participants between cycle X and XI a question.

Figure 1. Ethnic Participants in the Village Planning Meetings



Source: compiled from PRF2 Annual Progress Report 2014

Going beyond the numbers reported in Figure 1, there are some important observations on how this arrangement worked in practice for social inclusion of ethnic groups as below.

It is generally found that the PRF2 teams and the GoL counterparts tend to underestimate the language barrier encountered by ethnic groups at the village planning meetings. In all GoL staff or PRF2 management team interviewees, it was indicated quite strongly that language is not a problem for participation of ethnic groups in village planning meetings or when there is a problem, translation is provided (either by KBs or village head). For instance, many interviewees shared their opinions that are similar to the following. For instance, one PRF2 staff member said *“most of ethnic people understand Laotian language, though writing is a problem. Even when there is a problem in understanding the Lao language, our KFs, village head, or PRF2 district staff could provide translation for the meeting”*. Unfortunately, these assumptions are not always upheld in practice in at least two reasons, including (i) language barrier is really an issue that undermines active participation of ethnic groups in village meeting; and (ii) translation does not solve this language barrier. Regarding the former, focus group discussions with the villagers in four villages visited in Chomphet district in Luang Prabang and Phouvong district in Attapeu indicated that many meeting participants having a difficulty in understanding the Laotian language. And this finding is consistent with other evidence elsewhere in Laos (such as Gebert, 2013). With respect to the latter, translation could help in disseminating the intended information (e.g. PRF2 policies, procedures) but translation is not useful in facilitate discussion at the village meetings, especially in encouraging the participants from small ethnic groups to raise their views.

The aggregate figures reported in **Error! Reference source not found.** indicated that the quotas on adult participants of the village meetings are generally matched on a project-wide level. However, consultation with the villagers and KFs during the field visit suggested that there were times when the rate of participants in the village planning meetings are below the minimum requirements but the meetings were not postponed as stated in the Project POM. Reasons explained include (i) the schedule was informed and other stakeholders (e.g. PRF district team) were ready and thus postponing was not an option; (ii) many adults went to the field and stayed there for weeks and hence it was difficult to ensure the minimum requirements of the participation rate. It was said that having both Village Orientation Meeting and Village Vision Meeting were also found by beneficiary interviewees as too complicated and time-consuming. This might be a contributing factor to the relatively low participation rate (i.e. around 54 percent of adults in villages attended the village planning meetings) and hence these two Meetings should be combined. As POM does not specify quota for the poor and ethnic participants so no statistics are available on these aspects but discussion with the villager suggested that the majority of village planning meetings are from ethnic groups. However, high rate of participation of ethnic groups is not automatically translated into having their voices raised and discussed. In fact, language represents a barrier (as discussed above). KF interviewees further suggested that participants from the poorest households do not usually contribute to the discussion at the village meetings. In addition, there were concerns shared by some villagers that they had proposed a number of sub-projects for some years but none were accepted so further discussion to identify priorities were not an issue for their attention. Moreover, none of the villagers met could recall who (rather than the village head) were Village Delegates that are supposed to be selected from the Village Vision Meeting. As electing Village Delegates is considered to be one key output of the village meetings, this might be taken to suggest that a relatively low quality of participation at these meetings.

The PRF2 POM states at places that KFs and PRF district team should spend efforts to encourage participation of ethnic groups and other marginalized groups in village planning meetings. Therefore, one question asked while interviewing KFs or conducting focus group discussion with villagers during the field visit was what types of efforts and measures were taken by KFs or PRF

team at the village meetings. It shows that taking efforts to inform villagers on the village meetings were widely observed. There were also efforts to encourage active participation of women at the meetings (mainly by having group discussion separately for men and women). Translation of Laotian language into ethnic language was found to be the most common measure taken to facilitate participation of participants from ethnic groups. In fact, this translation should not be considered as a measure to facilitate discussion but a must to make the meetings taking place given the level of Laotian language proficiency of many participants from ethnic groups. This could be taken to suggest that unless there are explicit and clear rules on how to facilitate ethnic groups in the village meeting process, intention for social inclusion – as reflected in the current POM – is not sufficient to ensure that some real measures would be applied in practice.

4.2.2 Initial Assessment of Pilot Deepen CDD

To enhance the quality of CDD approach in general and the quality of participation in the planning process in particular, the Deepen CDD was piloted in 2014. Annex 1 at the end of this thematic report describes how the Kum ban Development Planning Process is under Deepen CDD. According to the latest Supervision Mission, under this Deepen CDD, various measures were taken including participatory poverty assessment at the hamlet level, additional female Kumban facilitators who speak ethnic languages, visual tools such as small posters, small size group meetings, and sensitization of facilitators and engineers to identify solutions tailored to the specific needs of the poorest subgroups of villagers. It was reported that these measures significantly improved the equality of participation of female and ethnic villagers. The Mission highlighted the following main results:

- Participation of women increased from 30 percent to above 50 percent, and all ethnic minority households participated in the poverty assessment and priority setting exercise; more than 80 percent of the households in the village having their representatives attended the meetings;
- Female, young and ethnic villagers more actively participated in group discussions and more openly expressed their views.
- A very diverse range of solutions tailored to the specific needs of the poor were identified.
- Many villagers changed priorities or modified subproject designs/ locations so more, poorer villagers will benefit. In Nong district of Savanakheth province, for instance, 60 percent of villages reportedly changed priorities or modified subprojects designs or locations based on the result of “Deepen CDD”.

Given this, Deepen CDD is considered as a successful pilot to enhance social inclusion for ethnic groups. The study team visited Chompet district – which is one out of five districts where the pilot CDD was experimented. Consultation with different stakeholders and beneficiaries in the district suggests that such improved participation of ethnic villagers under this pilot could be attributed to the following measures:⁶

- Ethnic languages are used to facilitate the discussion at village meetings (in the case of Chompet district, both Mong and Khmu languages are used, depending on the ethnic

⁶At the time of planning for the field trip, the study team was not informed on the pilot of Deepen CDD as this did not appear in any project documents until the most recent Supervision Aide Memoire (which was completed just at the time of the field visit). Therefore, assessments of the Deepen CDD in this thematic report is constrained by limited stakeholders interviewed and sites visited, and hence this assessment should be best considered as explorative.

composition of the villages or hamlets) and this facilitation was pursued by trained KFs who were trained on facilitation skills and social inclusion awareness;

- Stoties, illustrations, and other IEC tools are used to overcome the issue of language barrier and low educational attainment level of the poor villagers;
- There are explicit rules to ensure that (i) all the ethnic groups in the villages are identified and put in the social maps; (ii) having small meetings for hamlets if located 30 minutes of walk or more distance from the main village settlement; (iii) information on poverty ranking of households and villages made available and used as important background for situation analysis, identifying sub-projects; (iv) number of poorest beneficiaries must be specified as one the important criteria to rank proposals of sub-projects for selection;

Given this, as it was rightly suggested in the last Supervision Mission's Aide Memoire, the Deepen CDD is to be rolled out after the successful pilot in 2014. This could provide an effective solution to enhance the quality of participation by ethnic groups in the planning procedure of the Project. Before rolling out this social inclusion mechanism, perhaps the followings should be considered:

- Having three-day visioning meetings per each village makes the village planning process cumbersome in implementation, 'heavy' in terms of workload, and costly for both villagers and the Project. It seems that two-days or even one-and-a-half day procedure could be possible if (i) the day one for orientation and awareness creation could be simplified by KFs working with village heads in order to decide with whom and where small meetings should be organized; (ii) the day two is focused on household poverty ranking, situation analysis, and identify the list of priorities;
- In addition, guidelines on how to deal with the villages with mixed ethnic groups should be enhanced. Particularly, where there are small ethnic groups, small meetings with each of these groups to perform situation analysis, identify priorities, and discuss the strategy to defend their voices (as the focus of the second day in the three-day visioning meetings at the village level) should be considered as a requirement rather than an option.

4.2.3 Other Arrangements of Social Inclusion for Ethnic Groups

As discussed in sub-section 2.2, there are some other arrangements that are potentially social inclusion mechanisms for ethnic groups reflected in the PRF2 POM, including the selection of KFs, selection of sub-projects, electing Village Delegates, ethnic staffing, and M&E arrangements. Information from the field visit provides some evidence on the first three arrangements as below.

Selection of KFs: it is generally agreed that having KFs who speak ethnic languages is an important contributing factor to the active participation of ethnic participants in the village planning process. The Project POM indicates that KFs should be selected by the district PRF team and district authorities to be Acting KFs and then it is Village Delegates to confirm if they are happy with the performance of the Acting KFs before Acting KFs are selected to be KFs. However, it was not observed where there were any confirmations from Village Delegates as required. In fact, the KFs interviewees shared that they did not experience any confirmation from Village Delegates and thus the selection of KFs is a process that is decided by the PRF team at the district level. Some did not even know that they need to get confirmation from Village Delegates after being Acting KFs. Therefore, it is reasonable to argue that if such confirmation mechanism is enforced, KFs would be more accountable to villagers in the villages that they are responsible for and thus the potential of having KFs as a social inclusion enhancing factor would be substantially improved.

In addition, it is required in the POM, in Kum bans with large ethnic group populations, it is expected that the KF will represent the diversity of the ethnic groups within the Kum ban. The MTR Aide Memoire also recommendeds that representation of ethnic groups should be strengthened and if necessary, a quota system (e.g. 80 percent of KFs should be ethnic groups) should be considered. As of Sept 2014, the number of KBs was reported at 624 KFs, of which 39 percent are women (Annual Progress 2014). However, statistics on ethnic KFs does not appear to be available from the existing RF2 reports, including the most recent independent assessment of gender equality and social inclusion (Gebert, 2013). Hence, it remains not clear how the Project has actually moved toward higher the target of having high representation of KFs who come from ethnic groups.

Village Delegates: as described in the Project POM, after the Village Vision Meeting, six Village Delegates are elected by the meeting participants and these Delegates will represent the villagers at the KDP Meeting. Being elected by villagers, it is suggested that Village Delegates should represents ethnic groups in the village and at least 50 percent of the Delegates must be women. At the KDM Meeting, Village Delegates are supposed to represent their villages and defend the villages' list of priorities. However, there is very little information available on these Delegates in the existing PRF reports. For instance, the word "Village Delegates" was mentioned only once in the latest Annual Progress Report 2014 without any detailed figures and analysis. Village Delegates were more 'visible' in Annual Progress Report 2012, where it was reported that there were 7,968 Village Delegates were elected at the end of 2012, of which 45 percent were women and nearly 79 percent were participants from small ethnic groups. Given this piece of information, it would be argued that Village Delegates are in place and the majority of them are reported to be members of small ethnic groups.

However, Gebert (2013) indicated that Village Delegates usually have a limited role in the series of KDP Meetings and their influence on the selection of sub-project is modest. Given this, the actual effectiveness of these Village Delegates on promoting the voices of ethnic groups is probably limited. This study also confirms that finding. In fact, interviews with villagers indicated that many villagers do not even know who are their Village Delegates. Though anecdotal observations lend that impression, there has been very little documentation of Village Delegates available and therefore, whether electing Village Delegates could in fact be a social inclusion contributing factor remains an inconclusive question.

Selection of sub-projects: accounting for around 70 percent of the population in the PRF2 target areas and being dominant in the poorest and medium poor, ethnic groups are no doubt the main beneficiary of PRF2 sub-project management. If social inclusion for ethnic groups are well enforced, it could be reasonable to expect that selection of sub-projects should best reflect the needs of this major group of beneficiary. Indeed, the design of PRF2 indicated that at least 75 percent of the sub-projects must located in the poorest villages (which was then reduced to 66 percent in the POM). However, using the statistics by PRF2 provided in the latest Annual Report 2014, it was reported that the ratio of 16:72:12 was observed for the locations of sub-projects in the poorest villages, poor villages, and moderately poor villages, respectively. Clearly, the actual 16 percent of sub-projects located in the poorest villages is far below the target level of 66 percent. When using statistics available on poverty status of the beneficiaries, it was estimated that the poorest accounted for 22.6 percent of the total beneficiaries in the recent three cycles

from IX to XI. This could be taken to indicate that priority has not been strongly given to the poorest villages and the poorest households, which are usually ethnic groups.⁷

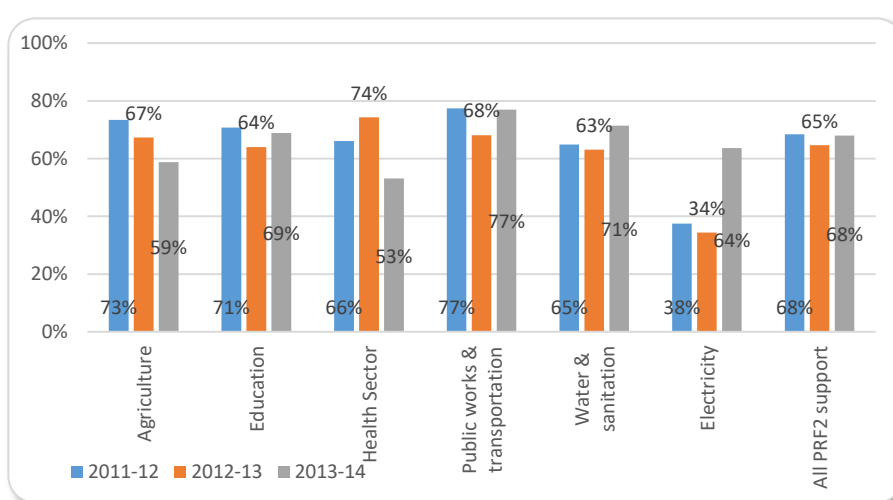
There are different explanations found from direct consultation with different stakeholders and beneficiaries. Most notably, the PRF2 Project adopt two principles in its investment, including (i) giving priorities to the poorest; and (ii) making wise investment. These two principles sound appealing but conflicting in practice. The poorest (mainly ethnic groups) tend to reside in remote or more difficult villages compared with other better off and thus giving priorities to the poorest could be possible only when wise investment is not taken as the main decision making criteria. In facing this near trade-off, it seems that wise investment (i.e. by investing in medium poor villages) is dominant and this was confirmed by many PRF2 staff and the GoL counterparts. As a consequence, the PRF2 Project has not well reached the poorest as its main target group and it raises a question of who (rather than the poorest) has decided on the list of sub-projects. This is a difficult question to address within the current study but an assessment could be made using the following observations.

- In the village visited during the fieldtrip, it seems that the villagers have proposed many sub-projects but there are between six to ten sub-projects were then selected in the villages' priority lists. However, as revealed by villagers, the number of sub-projects funded to date is limited (only one or two sub-projects per village). It means that many of the sub-projects proposed by villagers were not approved when getting to Kum ban or district level. Limited funding was found as the main reason, as reported in PRF district team interviewees. However, given the standard village planning procedure requires separate Orientation Meeting and Vision Meeting (in two different days) before the village priority list was taken to the KDP meeting (the Deepen CDD requires even more complicated procedure to derive to the list of priorities), how to balance between funding available and needs for infrastructure investment should be considered.
- Long-terms District Development Plans, where development priorities of the districts are reflected, appear to the study team as a key document that influence the final list of sub-projects for PRF2 Investment Plan. None of these Plans were seen by the study team during the field visit but discussion with the district authorities and Kum ban staff suggest that these Plans serve as an orientation for finalizing the list of sub-project. Apparently, these District Development Plans were made without participatory process to get input from villagers and the plans are better seen as a top-down list of investments.
- It is noted that the priorities of female and male villages appear to be essentially identical at the village visited, though rankings could be different. As said by one PRF community development officer at the district level, *"as PRF2 provides support in infrastructures, all villagers need road, irrigation, schools etc. regardless whether they are men or women, poor or non poor"*. This is a loosely generalized assumption. One could expect that women usually prefer some typical type of infrastructures or public facilities such as water supply, kindergarten, dispensary. And hence there is a good background to argue that the priorities of infrastructure investment are quite different across the two gender groups. Therefore, the similarity in prioritization of male and female in the villages visited raises a concern on how the voices of women were reflected during the KDP process.

⁷ It was shared by the PRF2 team that even sub-projects in the medium poor or poor villages could benefit villages in the poorest villages. For instance, if a school is upgraded in one medium poor villages, then students from the village nearby could also attend the school. However, it is difficult to estimate the number of indirect beneficiaries and indeed the Project does not maintain such estimates and thus this report formulates its argument using the data available on direct beneficiaries.

- Figure 2Error! Reference source not found. reports the data on how ethnic groups have benefited from the PRF2 sub-project investment at the average and by sector across the latest three cycles IX, X, and XI. On average, between 65 to 68 percent of the total PRF2 beneficiaries were reported to be ethnic groups. This is very close to the estimated level of 70 percent of ethnic groups in the total population of the target districts. It is reasonable to argue that if ethnic groups were considered as the prioritized target groups of the Project, then their representation in the total beneficiaries should be higher than their representation in the total population (i.e. 70 percent). The fact that the representation of ethnic groups in the total PRF2 beneficiaries is slightly lower than their share in the total target population suggest that the PRF2's sub-projects are quite neutral in terms of targeting. Therefore, in terms of targeting ethnic groups, PRF2 could be socially inclusive in absolute terms. But the Project is neutral in terms of social inclusion for ethnic groups while social inclusion is perceived in relative terms.

Figure 2. Ethnic Groups in the Total PRF2 Beneficiaries



Source: compiled from PRF2 Annual Progress Report 2014

Stemming from these observations, it seems that there is a room for PRF2 to improve its targeting to the needs of the poorest, who are usually ethnic groups, in the target areas. In pursuing that, it is important to make sure that the selection of sub-projects should be mainly driven by the voices of the poorest themselves rather than being influenced quite heavily by other stakeholders.

Community Force Account: As mentioned earlier, CFA is promoted as a procurement method under the PRF2 Project as a potential instrument to empower communities. The PRF2 POM does not however set a quota on the usage of this procurement method. In practice, around 22 percent of the total sub-project was constructed under this CFA in the first cycle of the PRF2. However, the percentage of CFA usage has decreased to 11 percent in the third cycle of 2013-14. Interviews with PRF2 engineers at the provincial and district level suggested that such reduction was noted but the main reason was said to be the low quality of the completed sub-projects using CFA. Notably, many interviewees (both with PRF staff and GoL counterparts) suggested that communities were seen as being not capable enough to pursue CFA; some even revealed their belief of the trade-off between CFA and quality of the completed sub-projects.

It is acknowledged that CFA might not be feasible for technically complicated or costly sub-projects. However, experience under one SDC-supported Provision of Public Services for

Agriculture and Rural Development (PSARD) or World Bank-supported Northern Mountain Poverty Reduction Project Phase 2 (NMPPR2) in Vietnam shows that this CFA could result in cost effective and high quality infrastructures if these are of small investment cost and technically simple. In the case of PRF2, the reported low quality of some completed sub-projects built by CFA arrangements could be partly linked to technical requirements that made it difficult for the communities to implement. Therefore, the choice of which sub-projects to apply CFA matters. This could be screened when drawing the investment plans to be invested. It appears to the study team that the lack of trust on capability of community to handle CFA-typed sub-projects is an important factor that render CFA from being an important social inclusion arrangement in practice. Once again, it could be taken to suggest that having 'intention' for social inclusion (as the intension of using CFA) does not work without clear and bidding requirement of applying that intention.

PRF2 Staffing: As of September 2014, PRF II employs 249 staff, of which 14 percent are based in the central level, 32 percent at the provincial level, and 55 percent at the district level. Of this total staffing, female staff accounts for nearly one third, while the representation of staff from ethnic group is limited at less than ten percent (i.e. 24 staff from ethnic groups out of 249 staff). It is acknowledged that the number of staff from ethnic groups has increased from 19 to 24 staff between 2013 and 2014 but this representation of ethnic groups in project role is clearly very limited. According to the latest Annual Progress Report, there are five positions that were not filled and given this limited number of new staffing, chance to have more staff from ethnic groups is constrained.

M&E practices: as highlighted earlier, the Result Framework does not require M&E data collected by ethnicity while there is not a list of clearly defined indicators that need information disaggregated by ethnicity or within the dimension of ethnicity. As a result, as far as M&E data is concerned, social inclusion for ethnic groups is informed by the number of ethnic participants in some activities. Looking at the existing reports of the Project, it could be found that M&E data is usually disaggregated according to gender (for individuals) and poverty status (either of households or villages). But disaggregation of M&E data by ethnicity appears to be rather limited. In addition, there is no particular section or sub-section on the Annual Progress Report that is designated to discuss social inclusion issue. It could be argued that as social inclusion is a cross-cutting issue and thus should be intergrated across the progress reports rather than having seperate section or sub-section. But as a consequence, this make the reports less informed on social inclusion, especially under the lack of report templates (e.g. progress reports appear different from one year to another).

Interviews with M&E staff at various level indicates that there has been an unclear direction and guidance on how M&E system should collect data on ethnicity, especially whether data on some ethnic groups with large popuation in the target areas (such as Mong and Khmu) should be collected seperately. All M&E staff interviewees are highly aware that the PRF2 Project is expected to be socially inclusive for ethnic groups but what type of information that need to be collected to inform this social inclusion is not clearly defined. Unless the PRF2 Project internalizes some data collection arrangements that are well ethnic groups-informed, it will be difficult to claim evidently that the Project has targeted effectively the disadvantaged ethnic groups.

5. Conclusion and Recommendations

5.1 Overall Assessment of Social Inclusion for Ethnic Groups

Social inclusion for ethnic groups (as well as other marginalized groups) has been incorporated in the history of the Project as a cross-cutting issue in the past 13 years or so and this social inclusion has been strengthened over time. Taking stock of social inclusion for ethnic groups, major findings from assessing social inclusion under the PRF2 is summarized below.

‘On the surface’, the issue of social inclusion is one of the six principles of PRF2, which requires that the most vulnerable groups of the community (including single headed households, ethnic groups, households with disabled people, landless households, and adolescents) should be reached. Social inclusion for ethnic groups is thus put under the umbrella of inclusion for all sorts of vulnerable groups. Hence, a well-defined strategy for social inclusion is not at place in the Project design documents (such as PAD or POM). But there are many implementation arrangements that were made either to target directly ethnic groups or to be potential social inclusion mechanisms for ethnic groups. Most notably, the Project’s planning process places a strong emphasis on intention to encourage the participation of ethnic groups in this process as active as possible to ensure that the needs of the marginalized ethnic groups are discussed and reflected in the PRF Investment Plans. However, while the intention to tailor interventions socially inclusive for ethnic groups is stressed, there are no affirmative or non-negotiable measures toward targeting ethnic groups. Instead, measures toward social inclusion for ethnic groups are usually stated as ‘optional but strongly recommended’ measures. Taking the role of KFs in facilitating village planning meetings as an example. It is stated in the Project POM that KFs should make special effort to ensure that the traditionally marginalized groups and individuals (such as ethnic minorities, people with disability, representatives of children and older people) attend the meeting. However, POM does not specify what types of efforts should be taken and more importantly whether KFs are obligated to do so. As a result, this is best considered as ‘optional but strongly recommended’.

‘In practice’, executing these ‘optional but strongly recommended’ arrangements for social inclusion appears to be difficult. Evidence from direct consultation with stakeholders confirmed the reluctance among the GoL staff when addressing the issue of ethnicity. The PRF staff is well aware of social inclusion in general and social inclusion for ethnic groups in particular. But as the PRF staff is supposed to work closely with the GoL counterparts, the room to exercise bold measures for social inclusion for ethnic groups in this context is probably quite limited. Operating in this context, it is encouraging to find that the overall Project’s social inclusion is assessed as satisfactory with relatively high rate of beneficiaries from ethnic groups (nearly 68 percent over the last three cycles) and high rate of participation in village planning meeting (i.e. 72 percent of the total participants in these meetings). It implies that ethnic groups, accounting for around 70 percent of the total target population, are at least not marginalized in the Project planning and implementation. However, there are many rooms for improvements, including:

- Kum ban Development Plan process is the most important policy instrument of the Project and arguably the most important arrangement to social inclusion for ethnic groups. High rate of participation of ethnic groups in village planning meetings was observed but the quality of participation does not appear to be as high as expected due to language barrier and lack of measures to facilitate active participation of marginalized ethnic groups. Deepen CDD piloted in 2014 is found as a good direction to pursue for promoting social inclusion for ethnic groups.

- KFs and Village Delegates are important persons who influence how ethnic villagers participate in village planning meetings and whether their voices are represented at the KDP Meetings. These KFs and Village Delegates are ‘encouraged’ to be ethnic groups but ethnicity is not required as a must. The effectiveness of these KFs and Village Delegates as social inclusion factors is not confirmed due to lack of data on ethnic composition of KBs and Village Delegates but supporting evidence for this effectiveness is rare and, when available, weak.
- Selection of sub-projects is far less pro-poor as expected. The Project is expected to spare at least 75 percent of the sub-projects will benefit directly the poorest villages. In fact, 76 percent of its sub-projects over the last three cycles have benefited those in the medium poor villages. In addition, the poorest accounted for only 22.6 percent of the total beneficiaries since the PRF2 started. There is a conflict between making wise investment and targeting the poorest and in practice, the principle of wise investment is found to overweight the principle of targeting the poorest (who are mainly marginalized ethnic groups). There is evidence of a ‘wish list’ approach in identifying the list of priorities by villagers in planning meetings while what finally approved is usually a part of this long list and appear to be influenced by other stakeholders rather than only villagers themselves.
- CFA is promoted as potentially social inclusion mechanism for villagers, including many ethnic groups, to manage the construction of sub-projects by themselves. Experiences elsewhere suggested that when the construction of sub-projects is technically feasible for villagers, this force account exhibit many advantages, including promoting social inclusion for the marginalized groups. However, the percentage of sub-projects implemented using CFA remains relatively limited and unfortunately has decreased over time.
- M&E system is not well informed in terms of social inclusion for ethnic groups. Information on number of ethnic beneficiaries is available for some indicators but the majority of the performance indicators. Whether information on ethnicity should be collected by some individual ethnic groups with large population or on all ethnic group as a broadly defined category (as it is currently applied) is not decided. A clear direction is needed to make the M&E system more social inclusion for ethnic groups-informed.

5.2 Taking Forward Social Inclusion for Ethnic Groups

5.2.1 Lessons learnt

Stemming from the analysis in this report, some lessons could be drawn below:

1) If social inclusion for ethnic groups is a priority, it should be set explicit. In the PRF2 Project, social inclusion is generally understood as creating inclusive opportunities for all sorts of vulnerable groups, and ethnic minorities are considered as one of these vulnerable groups. However, the fact that ethnic groups are set under the umbrella of all other vulnerable groups implicitly hide the importance and necessity of having designated arrangements for ethnic groups. In the context of Laos PDR, where ethnicity is not usually discussed openly, this approach toward social inclusion could translate into lack of attention to ethnic groups in attempts to ensure social inclusion for the vulnerable. In fact, poverty faced by ethnic minorities is usually more complicated than poverty in general as some factors that are distinctive to ethnic groups (such as traditions, culture norms, language, production practices etc.) are also a factor that affect poverty. Therefore, addressing poverty for ethnic groups require more than addressing poverty in general.

2) When there are different vulnerable groups in one target area of a poverty reduction intervention, it should not be assumed that all beneficiaries would benefit from the intervention. In any development projects, some output could be guaranteed as long as having some inputs spent. However, whether these output could be the substance for having some expected outcomes or impacts depends on whether these outputs are what the beneficiaries needed and more importantly whether the beneficiaries would use that output to reach the expected outcome. In the case of PRF2, by having PRF2 investments in sub-projects, what could be guaranteed is that there would be sub-projects built (e.g. the output could be certainly obtained). But whether these sub-projects could benefit some ethnic households depends on if these sub-projects are what needed by ethnic households and then if these ethnic households would change their behavior (e.g. to use irrigation for crop production of sub-projects are irrigation schemes) cannot be guaranteed. Therefore, accepting this assumption in practice might lead to underestimate or lack of attention to having designed measures for ensuring the vulnerable ethnic groups benefit from poverty reduction initiatives.

3) To ensure social inclusion for ethnic minorities, ‘optional but strongly recommended’ measures do not usually work well. Creating inclusive opportunities for the vulnerable is a concept that is easily accepted by all. However, having that good intention does not guarantee effective actions to promote the voices of the vulnerable. Social inclusion mechanisms that are taken the forms of “should do” do not usually work if these mechanisms remains optional. These mechanisms do not work neither without concrete and clearly defined actions. For instance, the goodwill of finding methods to promote the voices of the vulnerable and ethnic minority households in village meetings might not be translated into any actions if, for instance, the usage of ethnic languages or small group meetings with ethnic minorities are required. Therefore, the usage of ‘optional but strongly recommended’ measures to promote social inclusion should be avoided. Instead, affirmative actions or non-negotiable measures should be considered.

5.2.2 Recommendations

Before drawing some recommendations, it is noted that the PRF2 Project is a major poverty reduction initiative of the GoL and development partners with substantial investment and wide target areas. Hence, if social inclusion for ethnic groups is enhanced within PRF2, its potential impact is promising. In addition, it might also add a momentum for change toward more explicit recognition of social inclusion for ethnic groups in the country. Given that significance of enhancing social inclusion for ethnic groups, the resource and time available in the PRF2 Project cycle, the study teams proposes the following recommendations:

1) There are many ‘optional but strongly recommended’ arrangements for social inclusion for ethnic groups of the PRF2 Project and a screening will be needed in order to derive in a shortlist of arrangements that could be made affirmative and non-negotiable. At this stage, the study team considers the following should be made affirmative: (i) recruiting KFs from the ethnic groups that are dominant in the areas that these KFs will be responsible for; (ii) representation of ethnic groups in Village Delegates must be as high as their representation in the village population; (iii) having a fixed list of measures that KFs and other relevant stakeholders are forced to take to facilitate active participation of ethnic participants in the village planning meetings; (iv) imposing quotas on participations of ethnic groups in the village planning meetings; (v) imposing quotas on the percentage of ethnic groups that benefit directly from sub-projects and the quota on CFA; (vi) having a clear list of the performance indicators that requires M&E data disaggregated by ethnicity (including the information on ‘all ethnic groups’ and some dominant groups in the target

areas such as Mong and Khmu). Some of these non-negotiable rules are also highlighted under other recommendations (see below).

2) In terms of planning, the rolling out of the Deepen CDD is acknowledged as a good direction to pursue in the remaining lifecycle of the Project. However, this Deepen CDD would work better for social inclusion for ethnic groups if some additional features could be made, including:

- Restructuring the 3-day village visioning into a two-day or one-and-a-half day event by: (i) Simplifying orientation and awareness creation by having KFs working with village heads in a few hours to agree on the detailed action plan for the village visioning; (ii) having one day for small groups meetings, where the participants will do household poverty ranking, situation analysis, and identify the list of priorities; and (iii) based on the result, having one half day for the Village Visioning Meeting that aims at identifying the village list of priorities and electing Village Delegates.
- Making it non-negotiable that (i) in villages with mixed ethnic groups, having small meetings with the ethnic groups that are not dominant in the village population is a must; (ii) for small group meetings, using ethnic language is a must; (iii) these small group meetings must be facilitated by KFs who speak the ethnic language;
- There is a need to have a list of measures that KFs and village heads must use when facilitating the Village Visioning Meetings so that representatives from small group meetings, ethnic participants etc. are encouraged to share their views; TOT training for district staff on using these measures is delivered in the first instance and the trained staff will then deliver the training for KFs and village heads.

3) The intention to give priority to the poorest villages need to be revised and strengthened. The target of allocating at least 66 percent of sub-projects for the poorest villages were found to be very ambitious, given it is also important to ensure wise investment. However, having only 16 percent of the sub-projects located in the poorest villages and 22.6 percent of the poorest in the total beneficiaries make the Project considerably less inclusive for the poorest (and hence for the ethnic groups as the poorest are primarily the marginalized ethnic groups). Therefore, it is strongly recommended that the Project should consider the allocation of 40:40:20 or even 50:30:20 for the poorest, medium-poor, and the better-off villages. Perhaps, the former should be considered in the 2015-2016 cycle while the latter could be the target for the next cycles if PRF2 might be extended with additional financing (which appears to be a likely). Once having this ratio decided, this should be made affirmative in the PRF Investment Plans rather than being recommended. In conjunction to this recommendation, it is also suggested that the Project should have a quota for CFA. Given the Project has reached 22 percent of its sub-projects under CFA in one out of the three last cycles, perhaps a quota of 25 percent is highly feasible. To facilitate this CFA (as a social inclusion arrangement), the Project should define an investment threshold for sub-projects and some conditions to apply CFA. In addition, capacity building should be delivered to village heads and some villagers who will pursue key roles in implementing CFA-typed sub-projects.

4) The Project should consider the Block Grant model and in the current context, it should be called Kumban Development Fund (KDF). For this KDF, it is entirely up to the village to decide what sub-projects they want and how they are going to manage these investments (e.g. SW, CFA, or SW plus CFA). Experience of conducting this block grant model suggest that this could significantly enhance the CDD principle in the sense that community members are motivated to be more pro-active in raising their voices. More importantly, resources under block grant

mechanisms are usually used more efficiently compared to other traditional modality of channeling resources to the grassroots level (as it is proven by the experience of the SDC-supported Public Services Provision for Agriculture and Rural Development (PSARD) Project in Vietnam or a World Bank-supported Northern Mountain Poverty Reduction Project Phase II in the six northern provinces of Vietnam. In another Thematic Report on PSARD Project as part of this study, the lessons from executing this block grant model is highlighted and could be shared with PRF2 in piloting the KDF model. Given the Deepen CDD as above, this KDF arrangement will decentralize the resources to village level and empower communities to manage these resources according to the plan, which is the result of the Deepen CDD. Hence, such KDF could be supplementary to the Deepen CDD and thus significantly enhance active participation of different marginalized groups.

5) It is acknowledged that there have been recently important improvements in the M&E system of the Project but the system should be made more ethnical social inclusion-informed. To make it happens, the Project needs to have a list of performance indicators where information on ethnicity must be collected. In addition, the level of disaggregation will also need an agreement. Information on some individual ethnic groups with dominant populations (such as Mong and Khmu) also need to be collected for some performance indicators reflected in the result frameworks of the Project. Accordingly, the current Result Framework will need to be revised and MIS data collection arrangements should also be adjusted.

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Annex 1 - Deepen CDD and KDP Procedure

Overall procedure

The KDP Procedure under Deepen CDD takes place in three different stages, including:

- State 1: Sensitization, awareness creation and orientation
- State 2: Three day “village visioning meetings” which consist of
 - First day: a village wide meeting, held at the main village settlement with the participation of representatives from hamlets, where participants reconfirm their commitment to overall PRF objectives and “non negotiable principles”, received explanations on the “situation analysis” and developed criteria for household wealth ranking to be carried out on the second day at the hamlet level;
 - Second day: the situation analysis including social mapping, participatory identification of the poor through household wealth ranking, collection of information to prepare village profiling. The situation analysis conducted in the second day was conducted not only in main village settlements but also in hamlets if located 30 minutes of walk or more distance from the main village settlement.
 - Third day: the village-wide meeting to consolidate the results of the situation analysis and list priority needs, problems, perceived solutions and priorities of the village.
- State 3: Formulation of KDP with ranking priorities for investment in sub projects and livelihoods

Stage 1 - Sensitization, awareness creation and orientation

This stage consists of the following steps:

- Prepare a basic data and a sketch map of the Kum ban showing the location of villages and hamlets and the distance to each village/hamlet to the centre village to avoid exclusion of any disadvantaged group to comply with the inclusion principle.
- Prepare a plan for sensitization, awareness creation and orientation meetings in each village following the role that if any hamlet is located over half an hour walking distance from the main village then a separate meeting should take place in such hamlets.
- Inform in advance the Kum ban and village authorities to list all village, helmets, ethnic groups and any other social groups and mobilize maximum participation in the planning maintaining minimum 50% participation of women and 80% representation of the households. Encourage village sub-unit level representation for better representation and communication.
- Use IEC tools with pictures stories and illustrations to convey key messages and receive feedback in orientation.
- Provide required information on the planning process having the ten steps of social mobilisation and seven steps of poverty alleviation as basis. Provide non-negotiable principles and rules of ethics, procedures and conditions including the forming of the social audit committee with the FRM and the PRF provision and role of the communities and the need for expression of willingness to follow rules. Social audit committee members cannot hold any position of any other committee.
- Arrange for obtaining formal expression of willingness to follow rules for agreement of engagement.
- Hire a young graduate who speak the local ethnic language to assist in discussions, data collection, transferring maps drawn on the ground to large paper sheets and recording events.

Stage 2 – Three-Day Village Visioning Meetings

- **First day** is for the representatives of the village sub-units and hamlets (authorities and elders who are knowledgeable about the villages/ hamlets) to understand the procedures to be used for the situation

analysis, village level social mapping and participatory identification of the poor through household poverty ranking, and to build criteria for household wealth ranking. This step included the following activities:

- The reasons and benefits of household wealth ranking was described to the participants
- Participants listed observable features of each of the four income classes, namely, (i) the poorest of the poor (ii) the poor (iii) the middle income and (iv) the Non poor (rich), and come to an agreement on the common criteria to be used under HH wealth ranking.
- **The second day** is for household wealth ranking, social mapping, identification of needs, problems and priorities in each village/hamlet. The following activities will be carried out:
 - Criteria agreed upon in the previous day were described to all present
 - The four classes namely (i) poorest of the poor or “need help first”, (ii) the poor, (iii) the middle income group and (iv) the non-poor (or better off) were described and agreed upon by participants.
 - Each household was assessed and classified into the four classes based on the discussion of participants, under the facilitation of KFs using local languages, and with the participation of district officials.
 - Any grievance emerged were responded and if needed examined by a team of knowledgeable informants accepted by the community.
 - Consensus was arrived at on the ranking
 - Participants drew social maps of the village/hamlet with the boundary, roads, river/stream and major land use types including crop lands, forest etc and marked all households on the map. A piece of paper carrying the name of the chief of each household was used to mark the location of each household.
 - Participants verified that all households have been marked.
 - Public facilities such as school, dispensary, water points were marked.
 - The map drawn on the ground was drawn on large sheets of paper for display and use.
 - Participants carried out situation analysis and assessed the conditions affecting village/hamlet community life. The two questions, “what make us happy in our village and “what make us unhappy in our village” were posed as entry to the SWOT analysis.
 - Community needs, problems, perceived solutions and priorities were listed in separate groups for women and men first and subsequently consolidated to reflect village priorities by consensus or by vote.
- **Third day** was for the entire village including hamlets to consolidate priorities identified during the second day and prepare the Village Development Plan (VDP) that constitutes the village priorities ranked and listed with the village social map and the list of elected village representatives for subsequent stages of the process. The following activities were completed during the third day ;
 - Village and hamlets were ranked using the six poverty criteria namely the availability of: (i) rice self-sufficiency; (ii) primary school; (iii) health care (dispensary); (iv) water ; (v) All weather road access: and (vi) electricity.
 - A consolidated list of priority solutions for the whole village including hamlets was prepared using four criteria namely; (i) number of beneficiaries; (ii) Poorest beneficiaries; (iii) Cost of investment and (iv) capacity of community to implement were used, scores were given and ranked the priorities. Priorities of poorer hamlets/villagers were given priority.

- A village vision of a prosperous community with targets using 19 indicators was prepared indicating the current status and the status the community wishes to see in 2017. The 19 indicators include household poverty status under for classes, access to basic health in mother and child care, water and sanitation, livelihoods and welfare
- The village social map and priority list were displayed
- Village representatives (three women and three men) were elected to defend the village priorities at subsequent planning stages

Stage 3 – Kum ban Development Plan

This stage is to produce the Kum ban development plan with priorities for investment on sub-projects using the following procedures:

- Hold a meeting with the village representatives to consolidate all village level priorities in a Kum ban priority list.
- Rank villages on poverty criteria and consider equity principal and siding with the poorest rule in allocating resources for sub projects choosing from the priorities.
- Consider the first three priorities of each village for sub-project selection in the first round if the number of priorities are high.
- Prepare estimated cost of construction using available unit costs for each priority proposal and apportion available funds to the priority sub projects considering cost saving by undertaking construction by the communities, by increased community contribution or using other sources of funding.
- Confirm consensus on the final selection and elect community representatives (two women and two men per Kum ban) as Kum ban delegates to attend the district confirmation meeting.
- Prepare four year plan for the Kum ban with priorities for which funds are not yet available but with potential to attract resources from other sources and for implementation. Examples are continued activities for forming self-help groups, promotion of savings, post project oversight committees such as parent teachers associations, water users associations etc. to continue producing social capital reflecting community capacity development.
- Present Kum ban priorities and a social/resource map to the district confirmation meeting for final selection of sub projects and communicate feedback to all villages/hamlets in the Kum ban of the results of the confirmation meeting for follow-up