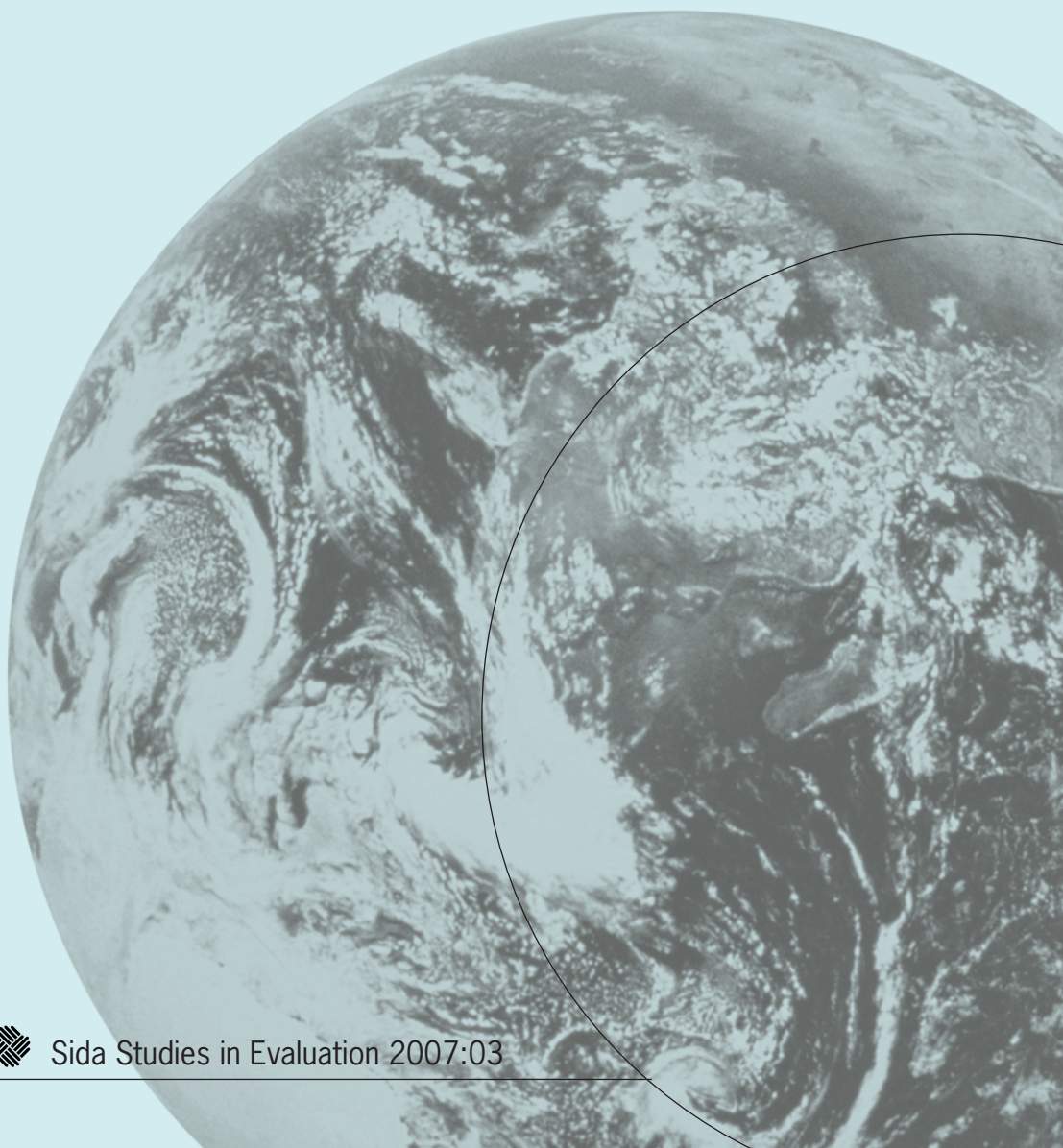# 'We can't all be ducks'

Changing Mind-sets and
Developing Institutions in Lao PDR

Pernilla Sjöquist Rafiqui

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Developing Institutions in Lao PDR

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Foreword

This is the final report of a learning exercise that investigated Sida support for institutional development (ID) in Laos. The learning exercise was jointly initiated by the Swedish Embassy in Laos and Sida's Department for Evaluation and Internal Audit (UTV). It grew out of previous studies and a perceived difficulty to achieve positive results in terms of effective change in the institutional set-up in the Lao one-party state. There was a need to learn more about how to support ID in Laos and to develop Sida's ways of working. The exercise is part of a broader UTV evaluation theme on supporting ID. It hence responds to a generic need to learn more about supporting ID within Sida, in particular from its own experience. The aim is to contribute to learning for Sida staff and its partners in Laos specifically, and for Sida more generally on basis of the Lao experience. It is also to help Sida develop its strategies and methods for supporting ID.

The learning exercise is a rare endeavour – in several respects. 1) It sees institutions as the formal and informal rules for social interaction – a key to sustainable development and poverty reduction. 2) It was jointly owned and managed by UTV and the Embassy. 3) It focused on learning from experiences rather than evaluating outcomes – hence is not a traditional evaluation. 4) It experimented with the methods used: a process-oriented approach was adopted; it was based on a series of workshops held in Laos during 2006 – rather than written analysis and documents; and the exercise was participatory, based on the assumption that learning takes place through interactive reflection, conversation, and exchange of experience.

The present report synthesises the findings of the learning exercise. A major outcome is a series of essential lessons about the nature of ID and about supporting ID. The implications for Sida are also thoroughly discussed in the report – at strategic as well as practical level. A general conclusion is that although not providing simple and ready solutions as to how to achieve access to the political structure in Laos, the learning exercise offers a number of insights about how to best work with the Lao system. Another conclusion is that Sida's theory of change can be adapted to better fit Laos.

Many of the lessons are similar to those identified during the orientation and overview phase of the UTV evaluation theme on ID. This suggests they may be useful for development of Sida's work not only in Laos, but also more generally. Besides, as the lessons are more concrete and specific, the Lao case may serve as an illustrative example and the report as a learning tool. That learning actually has taken place among the participants – Sida staff, Lao

partners and consultants – is indicated by concrete action points committed to. Action has also been taken as a result of the exercise, to ensure continued learning together about supporting ID in Laos.

'We can't all be ducks' is a metaphor used by participants, reflecting ID actually taking place within at least parts of the Lao public administration. The report notes: 'Traditionally, Laotians admire the duck for being able to do everything: swimming, flying, and walking. The ability to "do it all" used to be revered also in the Lao working culture. Now that is changing and there is more stress on specialization and on increasing one's skill in certain areas – in other words, on professional expertise.'

Eva Lithman

Director
Department for Evaluation and Internal Audit

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Abbreviations

CD   Capacity Development

EIA   Environmental Impact Assessment

ID   Institutional Development

GoL   Government of Laos

GoSw   Government of Sweden

LÄR   Division for Learning and Competence Development (at Sida)

MCTPC   Ministry of Communication, Transport, Post, and Construction*

NAFRI   National Agriculture and Forestry Research Institute

NCS   National Statistics Centre

POM   Department for Policy and Methodology (at Sida)

Sida   Swedish International Development Cooperation Agency

STEA   Science Technology and Environment Agency

TADM   Tax Administration

TD   Tax Department

UTV   Department for Evaluation and Internal Audit (at Sida)

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* Unless otherwise indicated, governmental agencies listed are Lao

Summary

This is the final report of a learning exercise that investigated Sida support to institutional development in Lao People's Democratic Republic (PDR). Sida has more than two decades of experience of institutional development (ID) to this partner country. A few previous studies have been made, but detailed knowledge about what has worked and not worked is scant. The learning exercise and this final report fill that gap. It generates better understanding of the process of ID, and suggests how to support it better – in Laos and elsewhere. The first *purpose of the learning exercise* is to *contribute to learning* about strategically informed ways of working with support to ID for Sida and its partners in Laos. The second is to consider what implications there may be for *future methods development* for Sida as a whole. This final report *concludes* that the *learning exercise has contributed towards both these objectives*.

Three questions have guided the exercise throughout:

1   How has Sida support for institutional development influenced the institutional set-up in Laos?

2   What has helped and what has hindered that contribution?

3   What are the implications for how to support institutional development?

The *main purpose of the final report* is to *synthesize responses to these questions from the learning exercise*. It should also ask what participants have actually learnt, and what process has been initiated to make use of that learning. Finally, it should reflect on other important lessons that may have emerged from the process of the learning exercise itself.

Figure 1 Basic illustration of key concepts
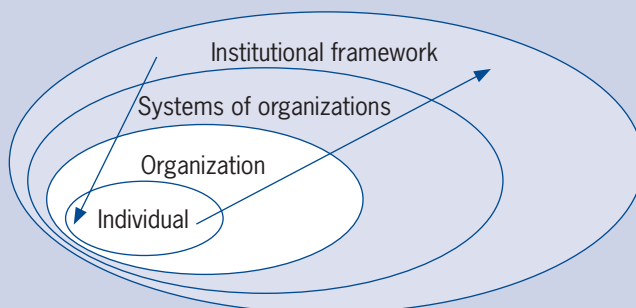
Institutional framework

Systems of organizations

Organization

Individual

Source: Adapted from Sida (2005) *Manual from Capacity Development,* Department of Policy and Methodology, p. 32.

The exercise combines two approaches. The first is an *institutional approach.* Institutions are defined as the *rules of the game* that guide human interaction. Individuals and organizations are *players of the game.* They act and interact in response to these rules, sometimes complying and sometimes seeking to change them.

The definition of *institutional development (ID)* that has guided the learning exercise is: *The development of formal and informal "rules of the game" that guide people's behavior and interaction, both within/between organizations and in the wider society*

Although institutions exist at all levels of society, the learning exercise has particularly *focused on ID beyond individual organizations,* i.e. within systems of organizations or the general institutional set-up (or framework). Earlier studies suggest that ID at these levels is challenging in Laos, and there is a need to learn more.

The exercise is also informed by an *approach to learning* that assumes that adults learn best when they have the opportunity to; *(i)* draw and reflect on their experiences, *(ii)* make meaning of that experience together; and *(iii)* apply these insights into action and changed behavior and practices. The learning exercise stresses sharing of experiences, reflections, and dialogue among its participants.

Participants were: Lao partners and international consultants from five Sida-supported projects*, Lao policy makers, Sida staff from the Swedish Embassy and from Stockholm, and one person from an international NGO in Laos. A series of workshops and conversations took place in Laos during 2006.

This *learning exercise combines features that are rare* in similar work at Sida. Firstly, it is a *joint exercise* between Sida's Department for Evaluation and Internal Audit (UTV) and an Embassy that was initiated, conducted, and owned jointly by the two. Secondly, the exercise focuses on *learning from experiences* rather than evaluating outcomes. Thirdly, it is a participatory exercise based on the assumption that *learning takes place* through interactive reflection, conversations, and exchange of experience. Fourthly, the exercise is centered on – but not limited to – a *series of workshops,* informal but guided. Finally, the *exercise process itself* was considered as valid and important as the outcomes.

This final report *concludes* that *this way of working has served its purposes well.* It has broadened our understanding, established a commitment, and a sense of forward motion. However, it is a *time consuming process that demands engagement and contribution from participants and facilitators alike* in order to work on a deep and sustainable level. How can this approach inform future evaluation in Sida?

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* These were: 1) *Lao-Swedish Road Sector Project* phase 3 at the Ministry of Construction, Transport, Post and Communication; 2) *Lao Swedish Upland agriculture and Forestry Research Programme* phase 3 at the National Agriculture and Forestry Research Institute; 3) *Strengthening Environmental Management* phase 2 at the Science Technology and Environment Agency; 4) Statistics phase 5 at the National Statistics Center; and 5) *Strengthening Fiscal Management in Laos* phase 1 at the Ministry of Finance.

Outcomes: Lessons and Implications for Sida on How to Support ID

First, participants explored significant *changes in the institutional context* that had influenced the projects' work with ID over time. The *conclusions* are:

- *External factors and changes* (both domestic and international) that are *related to the ongoing reform process* in Laos and the *opening up of the country* have greatly affected the projects. Examples include membership in ASEAN and changes in roles and mandates of the host organization as a result of the reforms.

- *Changes in demand from important client groups* or the *establishment of new clients* as a result of the reform process have also served as major impetus for changes that have influenced the projects.

The relational context of the Swedish Embassy was explored. What key actors did it nurture relationships with? Were there important gaps in terms of its work with promoting and supporting ID in Lao? A *main conclusion* is that:

- *The Swedish Embassy in Laos – and in particular its Swedish staff – has weaker relations with Lao counterparts* (individuals as well as organizations) than with those in the international community (donors and international consultants). It has *few direct links to the party,* although international NGOs working in Laos do.

The learning exercise also addressed how participants had sought to *influence ID within the organization,* i.e. rules of the game that are internal to the host organizations of the projects. The *conclusions* include that:

- There are *indications of an ongoing shift in mind-set about what constitutes "good organizations"* in Laos among Lao participants (independent of the learning exercise). This shift is away from what used to be valued under central planning.

- One group of lessons concerns relations to the Lao administration and political hierarchy. *The importance of creating "air cover"* was particularly stressed, i.e.:
  - to ensure support from senior political levels
  - to keep the administration well informed about the doings of the project
  - to see, create, and act on windows of opportunities with Lao policy makers
  - to address different audiences within the Lao administration appropriately

  Participants suggested that one of Sida's most important roles is to create and maintain "air cover" for the projects it supports.

Participants considered how projects have sought to *influence ID outside of their host organizations,* i.e. within society at large, and the implications of that:

Lessons	Implications
The nature of ID and of Sida support to ID in Laos	General implication for Embassy's work with ID
1. Sida's broad approach to ID is "unique" 2. Change of formal rules not enough – implementation is key	1. View *all* Sida supported interventions from an ID perspective
3. Working with ID in a broad sence is to choose a difficult path	Nature of ID that needs to be taken into account
4. Change of mind-sets is central to ID 5. Importance of relating to resistance to change 6. ID takes a long time 7. A long-term perspective reveals actual change	2. Relate to changes in mind-sets and resistance to change 3. Accept and incorporate the long-term nature of ID
How to relate to these challenges and best achieve ID in Laos	How to work better with ID in contemporary Laos
8. Working with ID requires high level support 9. Informal meetings and relationships are key 10. Create and seize windows of opportunity 11. Flexible approach – with a strategy to help to focus and prioritize	4. Form high level support and "air cover" 5. Relate to the importance of the informal 6. Build close but non-intrusive relations with the Lao side 7. Access local knowledge and know-how
New questions for supporting ID	Issues for the (near or distant) future
12. "Chicken or egg sequencing" – promoting ID from within or beyond the organization? 13. How is the ID perspective related to capacity development? 14. Can ID happen without the support of (Western) money?	8. Decide on Sida's role in donor harmonization 9. Relate ID and capacity development to one another 10. Clarify the link between poverty reduction and ID in Laos
Non-supportive factors for supporting ID	
15. Sida is not clear and consistent about its own aims and priorities with supporting ID	

These lessons and their implications are all important outcomes of the learning exercise. They are discussed in detail in terms of influence on *strategy, relationships, ways of working, and competences* in the final report. Some *clarifications of the table* are offered below.

Lao participants pointed to Sida support to ID being *more long-term, more flexible, and to focus more on implementation* than that of other donors in Laos. Moreover, Sida incorporates organizations, and does not stop at training of individuals or direct support to improving the legal structure in Laos; it works

with "the stuff in between" as well. Policy participants pointed to this being an *important but difficult path* as it is more sensitive: it concerns how things are organized in Laos and ultimately the way people think. Change in mind-sets was found to be central to achieving ID, but may lead to *resistance to change*. In Laos, this may stem from the natural fear of change, or be based on a fear and anticipation of being associated with changes that could be perceived as challenging the prevailing system. Western donors, in particular, are suspected of harboring a "hidden agenda" of wanting to challenge the Lao political system and the communist ideology at its core.

The importance of honoring the Lao tradition of *using informal relationships and spaces* to discuss problems and exchange general information was discussed at length. It was stressed that in Laos, informal processes are a *complement* to formal processes, and that both need to be consciously worked with and linked.

Embassy staff pointed out that the lessons showed there was no *one clear strategy* for supporting ID. Whether to work from "the inside" and out, or the other way, depends on the specific situation. Lao Embassy staff questioned whether *ID really has to be supported by large sums of money* or if it is rather a change in ways of thinking. They wondered how to recognize and best support ongoing changes in Laos, particularly those happening without international donor support. An essential *conclusion drawn by the Embassy* was that it should start *to view all its interventions from an institutional perspective,* rather than adding something new to its agenda.

Important conclusions from the final report include:

- There appears to have been a *change in mind-sets within the Embassy about ID* – from a type of support to a way of thinking that should be applied to all its activities.

- The *nature of ID in general and the nature of the specific local context* are both important parts of understanding the process of institutional development. Neither may be overlooked when seeking to promote and support ID.

- Lessons from *supporting ID within organizations* are very *similar* to those from *supporting ID beyond* the level of the organization, in society at large. There might be similar principles of change underlying both processes, and similar approaches towards supporting ID may be called for. Some further implications for Sida are:
  - Lessons from working with ID within organizations can inform strategies and ways of working with support to ID within wider society.
  - ID support targeted at organizations – particularly those with a mandate to uphold the formal institutional set-up – can be used as one of several means to promote ID also at higher levels. If consciously and strategically aimed at.

Responses to Overall Questions

All of the above are responses to the three overall questions. There are some *additional reflections and conclusions* in the final report:

Question 1 – How has Sida support for ID influenced the institutional set-up in Laos?

Although the learning exercise can not quantify what the net contribution is, examples and experiences indicate that Sida support to ID has had some positive influence on the institutional-set up in Laos. In *what ways* has Sida support to ID influenced the institutional set-up in Laos? The *final report concludes that:*

- Sida has sought to influence ID in Laos in two ways:
  - (a) support directed at the institutional framework directly (drafting of laws and decrees), and
  - (b) support to organizations that constitutes "pillars" of the institutional set-up as they have the mandate to implement and/or instigate changes to it (ministries, other governmental bodies).

  This does not appear to have been a conscious approach, but could be made into one. *Sida has a role to play in the interface between the policy-making level and experience based on practice from the ground in projects,* where the latter can inform the former. If Sida has the ability and will, it would be possible to continue to learn from experiences on the ground, and then to turn these into strategically informed ways of working also at the higher policy level.

- The learning exercise suggests that projects placed within organizations can be tools for institutional change. Hence, despite the current emphasis on program support and harmonization *projects should not be dismissed as a way to promote ID.*

Question 2 – What has helped and what has hindered that contribution?

Workshop participants shared cases in which ID has been actually achieved and specified what had help or hindered. Important *helping factors* included: high level political support, relationships with international organizations, skills and technical resources, and an appropriate and acceptable intervention focus. Important *hindering factors* were largely mirror images of these: weak high level political support, weak incentives for cooperation; lack of key competences and financial resources, and an inherently difficult or sensitive focus of the intervention, The final report provides some *more general conclusions:*

- Projects need to be well integrated into their host organizations to succeed in affecting ID. Hence, to reinforce its identity as an independent actor and a potential agent of institutional change, *support the organization as such*.

- Important *driving forces for institutional change in Laos appear to be "top-down" (from the party, government), as well as "bottom up" (from client demand or market changes)*. There are pressures from Lao relations to the outside world, and from within – partial reforms create incentives and pressure for further reforms, In Laos, these *constitute an important impetus for institutional change*.

- Importantly, *successful interventions appear to, at least partly, be the result of the ability to tailor, anchor, and time interventions well in relation to the ongoing general process of change and reform*. In essence, being a ready and active partner in that process. Interventions in which Sida has sought to "impose" or push too quickly for changes that the system is not ready for have had a hard time to influence change.

Question 3 – What are the implications for how to support ID?

The implications are shown in *the table above* In addition, *the report finds* that:

- To apply an institutional perspective to all interventions has far reaching implications for the Embassy. It requires a *good understanding of the institutional perspective and an ability and willingness to let that inform the Embassy's ways of working*, the relations it nurtures, the competences needed, and the strategies it adopts. The *same line of thinking should be applied to the Embassy itself.* This means inquiring into its own internal processes from an institutional perspective.

- Some *fundamental aspects of ID can not be overlooked* when designing ID support interventions. In this learning exercise the need for change in mindset associated with ID and the time it takes to achieve change emerged as central. Probably these are key aspects of support to ID elsewhere too.

- *There is scope for developing strategies and a conscious approach to supporting ID in Laos,* based on lessons from the learning exercise. To find the best way requires *a deep level of knowledge and understanding of the local context*. Close relations and/or spaces where dialogue can take place are ways to access and make sense of such local know-how.

- There is a strong need to investigate how to link the ID approach with Sida's policy for capacity development (CD). The *strategic aspects and questions that are inherent to an ID approach as used in this exercise could serve well to inform Sida's approach and policy on CD*. Messages from the learning exercise include, for example, insuring that CD is done with a proper understanding of the context, building of peer groups through series of workshops rather one-shot events, and explicitly addressing the role of leadership (or the individual) in society at large.

- *Competence development is an important part of succeeding in achieving ID, and to Sida's ability to work strategically with ID* – in Laos as well as elsewhere. ID as a way of thinking demands certain analytical and conceptual skills, and the relational way of working which is central to ID requires competences in dialogue, inquiry, and skilful conversations.

Ways Forward – Action Points

Suggested actions points constitute "recommendations" that can be followed up as in a traditional evaluation, but here they also serve as indicators of learning. Participants formulated action points both separately and in a joint workshop. The latter are actions around which there is a common understanding and agreement between projects and the Swedish Embassy in Laos. These may not look impressive in term of numbers, but they pick up esssential lessons and implications committed to by the parties. These are summarized in the table on the following page, under themes formulated by the participants themselves. The *final report concludes that:*

- The creation of a common space for Sida and projects to meet and continue to learn about ID is encouraging. It may *provide a platform* to address or build on many of the other action points and messages that came out of the exercise. It could also *serve as a long term investment in building relationships with future leaders* and policy makers in Laos

- Sida's view of ID as presented in this workshop is removed long way from its traditional Lao conceptualization: a "good boss" means "good work" which leads to a "good organization". A *process for developing a common Lao/Sida understanding of ID* was suggested based on more detailed lessons from the project to be developed into methods and/or concepts at a joint workshop, and then sanctioned at higher political levels.

- There is *a need for process based criteria and indicators* to evaluate and asses ID interventions better and more fairly. There is also a need for indicators of *intangible results.* The development of such criteria and indicators should take place in relation to Sida centrally.

Participants from Stockholm also had a chance to articulate concrete action points. One is that the link between ID and CP should be picked up by the reference group on capacity development at POM. The interim report with its open ended character can be useful in courses, training, and conceptual work regarding the link between ID and poverty reduction. This theme could also be the topic for the next Swedish Country Strategy to Laos. There are implications for training of Swedish partners, as well as what support is needed for Sida staff in the field. A workshop on the outcomes of the learning exercise within the Laos Country Group at Sida Stockholm was suggested, so that institutional thinking can inform sector department colleagues.

Discussion themes	Suggested concrete actions
Harmonization (GoL and donors):	
• Good time now: interest from above (Paris agenda) and below (projects) • Who will take leadership in Laos? • Tools are needed. Some are available, but not used. • Each donor's individual risk perception and risk management are obstacles to harmonization	• *Address Sida's role in harmonization* around ID and CD as a topic for an Annual Review.
Working together strategically	
• Set aside time and resources for ID • Use informal pre-meeting • Joint-stake holder analyses • Potential for projects to give their experience as input into the Swedish Country Strategy? • Projects need basic info about Sida in Laos (goals, reasons for being here) to see oneself in a bigger picture.	• *Introduce informal pre-meetings* in the regular review process of projects, programs and strategies • Explore potential for *local consultations with Lao project partners* in early stages of the next Swedish Country Strategy process
Creating a common space for ID	
• Continue to meet in informal setting to learn from each other about ID • Meetings twice a year • Sida co-hosting with one project, on a rotation basis. • Use workshop topics as base	• A *working group was appointed* to discuss form and content of the meeting. • *First meeting suggested* to be January 2007, hosted by NAFRI
Common understanding of ID	
• Lao traditional understanding of ID differs from Sida's • Potential to develop a Lao method on support to ID? • Process oriented evaluations are needed • Indicators for following progress of intangible aspects of ID are needed • Reflected in project steering documents	• A *process* for continued work *to create common understanding* around ID, adapted to the Lao context was suggested. • Should be *linked to Sida Stockholm,* (POM and LÄR).

Indications of Learning

The joint action points suggest that learning has taken place and that a process of continued learning may have been started. In addition, the *final report concludes:*

• The conclusion to *apply an institutional perspective to all its interventions* rather than adding something new to its agenda, suggests a shift in the Embassy's thinking. The fact that previous practices and assumptions have been recognized and questioned is *an indication of learning at a deeper level.*

- The fact that a number of *new questions were raised* that need further investigation and inquiry, are also indications of learning. The action points suggest some of these questions having been picked up in processes. This may contribute to future learning at Sida.

- The *use and awareness of language* in relation to ID and the *recognition of need for competences and skills* are further indicators of learning that relates to improving practices, or performing tasks better.

General Conclusions

The final report ends with further reflections on lesson in relation to the learning process overall, and how it related to findings from previous studies that helped to spark the process. The *final report concludes* that:

- This learning exercise has focused on how Sida supported interventions have, or have not, influenced the institutional context in Laos. It is, however, difficult to answer that without also addressing the question *how the institutional context affects the projects.* An understanding of the context of the projects allows for a better interpretation of lessons, and work as a reference point when investigating change. This is a message for Sida's overall evaluation theme on institutions, and what it will choose to focus on.

- Although not providing simple and ready solutions as to how to achieve access to the political structure in Laos, *the learning exercise offers a number of lessons and implications on how to best work with the Laos system.* In particular, the Embassy should seek to create its own "entry points" into the system, support the Lao emerging leadership in that process, and work strategically with key actors.

- *Sida's theory of change can be adapted to better fit Laos.* Examples that can inform this include: providing "air cover" to individual and organizational "agents of change" backed up by a peer group; make use of informal rules of the game; linking informal and formal meetings in review processes; support and work strategically with central actors and relationships. These can be important steps in methods development for ways of working with ID that are adjusted to the local context of Laos.

- If Sida commits to ID, applying the lessons and implications here, will require that Sida change its own ways of working – perhaps in its own formal and informal rules of the game.

1 Introduction

If you are going to help someone, don't do it unless it dignifies him

<div align="right">Lao Proverb (Dakin 2003: 187)</div>

1.1 Background

Today, there is broad consensus in economic and social research that institutions – and not just resources – are crucial for sustainable economic and social development. The international donor community is increasingly aware of the importance of supporting institutional development as a means of reducing poverty. Swedish government and Sida policies reflect this awareness. For example, Sweden's New Policy for Global Development puts the contribution to increased knowledge and the building of sustainable institutions at the centre of development co-operation, while Sida's Policy for Capacity Development identifies institutions as a key component. In 2004 Sida's Department for Evaluation and Internal Audit (UTV) launched an evaluation theme on supporting institutional development. Ifs foremost purpose is to *'extract knowledge and draw lessons from Sida's experience from supporting institutional development in partner countries'*.[1]

Lao People's Democratic Republic (PDR) is a one-party communist state currently undergoing a substantial reform process to allow for economic market forces, while seeking to keep its political structure intact. The institutional dimension – in terms of changes in formal and informal rules of behavior – is an especially important factor in this development. Moreover, Laos is a partner country where Sida has more than two decades of experience from support to institutional development, and where the Swedish Embassy has shown a particular interest in learning more about the effects of its efforts so far.

Two studies on Sida support to institutional development in Laos have been made. The first investigates such interventions in the roads and forestry sectors,[2] and the second reviews it in Laos and three other Swedish partner countries.[3] Some central points raised are:

- The one-party system in Laos influences all Sida-supported activities in the country, and constitutes a major constraint on support to institutional development.

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[1] Eriksson Skoog (2005*a*), page 8.
[2] Rafiqui (2003).
[3] Eriksson Skoog (2005*b*).

- With no direct access to the ruling party, Sida finds it difficult to influence political decision makers.

- Dialogue is perceived as an important method for supporting institutional development, but Sida lacks both know-how, methods, and recourses.

- Support to institutional development has mostly been in the form of training. The underlying theory of change seems to be that *(a)* individuals, once trained, will apply what they have learned, *(b)* that this will spill over to the rest of the organization, and *(c)* eventually lead to institutional development. In the political context of Laos the reports question whether these assumptions apply.

Hence, Sida's support to institutional development was deemed unsatisfactory; there was a need for developing methods targeted specifically for this purpose. Against this background, UTV and the Swedish Embassy in Vientiane recognized a shared interest in learning more: what has worked well and what has not (and why), and how to better support institutional development in the future, in Laos as well as elsewhere. In 2006, UTV and the Embassy started a learning exercise about Sida's role and support for institutional development in Laos.

1.2 Learning Exercise Fundamentals

Learning exercise fundamentals:

The learning exercise has two main purposes:

1. *To contribute to Sida's learning:* It should help Embassy staff and others to learn about how to support ID and influence the institutional set-up, in Laos and elsewhere. It shall contribute to the mid-term review of the Swedish Country Strategy for Laos in early 2007, as well as the broader UTV evaluation theme on institutional development. It is also intended to help Sida/the Embassy develop its own ways of working with support for ID more long term, both strategically, and methodologically.
   It should also contribute with relevant lessons and methods development for Sida as a whole.

2. *To contribute to learning for Sida partners in Laos:* It should help Laotian counterparts, international consultants, and possibly others to learn about how to work more effectively with support to ID.

The underlying principle is that of a *common learning exercise* in which all participants explore their experience and draw lessons for future work. It is performed as a participatory learning process, based on the assumption that learning largely takes place through interactive reflection, conversations and exchange of experience. It is not a traditional evaluation; Sida headquarters does not evaluate or control the Swedish Embassy and Sida does not evaluate or control its partners in Laos. Rather there is an element of self evaluation as any assessment of achievements is done by those who participate and concerns their own work.

The *focus* of the learning exercise is institutional development (ID) and its *overall aim* is to learn more from Sida's experience of supporting institutional development in Laos, and to draw lessons to inform future strategies and operations.

Given the identified problems and the purposes of the learning exercise, the *overall questions* that have guided all its parts are:

1   How has Sida support for institutional development influenced the institutional set-up in Laos?

2   What has helped and what has hindered that contribution?

3   What are the implications for how to support institutional development?

At first the parties agreed to address 'dialogue' as a specific topic as this was perceived an important means of working with institutional development, but this was later dropped.[4]

In fact, the learning exercise combined features not usually found in similar work at Sida. First, it was jointly owned by the Swedish Embassy in Laos and UTV, with the former having an explicit interest in lessons applicable to its future work in Laos, and the latter in the evaluation elements of the endeavor, as well as in lessons applicable to Sida at large. Second, as stressed in the box, it was a participatory learning exercise and not a traditional evaluation; the focus is on *learning from outcomes* rather than evaluating them. Nevertheless, through its participatory character there are *elements of self-evaluation*, as participants themselves select cases to share based on their judgment of the success or failure of that particular intervention. Third, the exercise is centered on a series of workshops that relies on active participation and conversations in an informal, but guided, setting. Finally, as a learning exercise, the process itself – from the initial conversations to the dissemination of the final report – is as valid and important as the end result, i.e. the outcomes described in this final report.

1.3   Methodological Considerations

To hold all of this together, the exercise is informed by two analytical approaches; one with regards to institutions and one with learning. Both are briefly presented here. Appendices 1 and 2 give further information.

1.3.1   The institutional approach used in the exercise

Within development co-operation, the terms institutions and institutional development are often used, but they are understood and applied in different ways. In this learning exercise, the institutional approach used is the one

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4   Due to time limitations, dialogue as a specific focus in the exercise was dropped. There were no sessions on dialogue but a handful of articles on dialogue and constructive conversations were given as preparation material to the workshops, and the whole exercise was conducted in a dialogic manner. Appendix 3 gives information on the approach to dialogue underpinning the learning exercise, and its connection to ID.

adopted within the UTV evaluation theme on the topic.[5] The following definition has guided the exercise throughout:

Institutional development (ID) refers to:

The development of formal and informal "rules of the game" that guide people's behavior and interaction, both within/between organizations and in the wider society

According to this definition, *institutions* are the *rules of the game* that guide human behavior and interaction by prompting individuals to act in particular ways when doing things together with other people. Institutions are then not organizations; *organizations* and *individuals* are the *players of the game*. They act, react and interact according to these rules – and sometimes seek to change them. Hence, organizations and institutions influence each other, but they are not the same thing.

Importantly, institutional rules permeate all levels of society. They are found within individual organisations, and between organisations within systems of organisations (for example the public sector). They are also found in wider society in the form of national or local formal and informal rules that govern social interaction "society at large" (for example national laws and local codes of conduct). This last category is referred to as the institutional set-up or framework.

A simple illustration of these distinctions and relationships is found in Figure 1. It is based on Sida's existing manual on capacity development which seeks to link such work with a holistic view of the individual as part of larger societal structures. The illustration was a point of reference throughout.

Figure 1 Basic illustration of key concepts
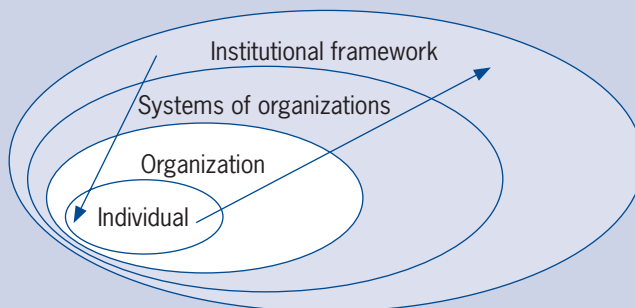
Institutional framework

Systems of organizations

Organization

Individual

Source: Adapted from Sida (2005) *Manual from Capacity Development,* Department of Policy and Methodology, p. 32.

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[5] This approach is loosely based on the New Institutional Economics in that it distinguishes between institutions and organizations, and regards institutions as formal and informal behavioral constraints. It is also influenced by Evolutionary Economics, primarily in recognizing that institutions may emerge spontaneously without conscious design. See Eriksson Skoog (2005a) for further details.

It reflects two particularly important features. Although institutions exist at all the levels indicated in the figure, we are particularly interested in those at the *levels beyond* the organization (the shaded areas) and especially the institutional set-up. Moreover, the central focus is also on how the projects have sought to influence the institutional set-up in Laos (the outward pointing arrow), not the reverse (the inward pointing arrow). For more about the figure as well as the institutional approach in general see Appendix 1.

Since they come up frequently in this report two other conceptual clarifications need to be made. First, the institutional approach applied in this exercise makes a distinction between formal and informal institutions. *Formal rules* are written (or otherwise explicitly expressed) rules such as laws and regulations. *Informal rules* are often implicit, and include working routines, social codes of conduct, customs etc. Informal social rules tend to penetrate the entire society, including organizations. Second, rules that individuals or organizations actually follow in a certain situation are referred to as *rules in use.* These can be both formal and informal. If a rule is not adhered to by most actors, if it is not applied in practice, then it is not a rule in use.

The institutional approach and concepts influenced the learning exercise in multiple ways. The flow, focus, and content of the workshop exercises were, for example, informed by the institutional approach and the illustration above. An institutional view of the role and interaction between Sida supported projects and the institutional context of Laos also helped to decide what overall questions to focus on. However, the institutional approach was never used or intended to set quantitative assessment criteria in relation to those questions.

1.3.2   The learning approach used in the exercise

The purpose of the learning exercise was to contribute to Sida's and its partners' learning about institutional development and its practice, in Laos and more generally. Hence, the approach taken to learning has heavily influenced the exercise in terms of process, content, and outcomes. Figure 2 below shows the adult learning cycle[6] which informed the overall understanding of learning as well as basis for the workshops.

This model works on the assumption that adults learn best when they have the opportunity to draw and reflect on their experiences; make meaning of that experience (by relating it to theories or models and challenging their own underlying assumptions); and apply these insights in action and changed behavior or practices. The cycle is repeated over and over again.

Each stage of the cycle informs the next and learning becomes a continuous and iterative process. In particular, reflection happens at every stage, all the time, and is not seen as taking place in one isolated part of the process. Reflection has, thus, been much emphasized in this exercise. For further de-

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[6]   Based on Kolb (1984).

Figure 2 The adult learning cycle

Experience
(Do)

Reflection
(Look)

Application
(Change)

Challenge assumptions
make meaning
(Think)

Source: Kolb (1984).
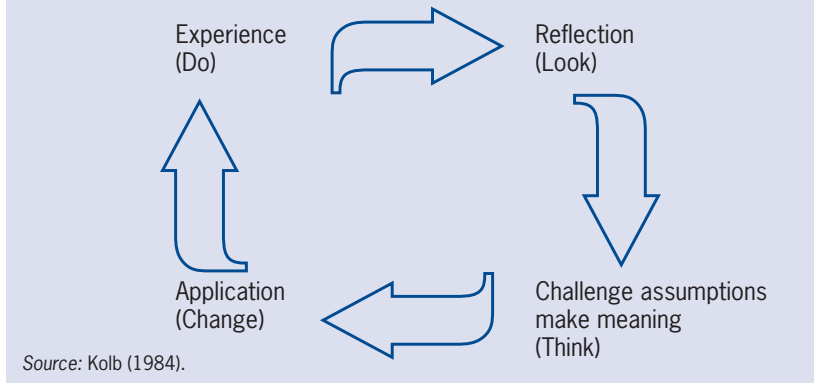
tails about the model and the general approach to learning taken in the exercise, please consult Appendix 2.

This model influenced the overall structure and process of the learning exercise, the central part played by the workshops, and the actual design of these. Hence, the learning exercise seeks to draw on the experiences of all categories of participants and to offer opportunities for reflection and feedback, as well as time to integrate and look to ways forward.

1.3.3 Format of the exercise and selection of participants

The exercise consists of three main parts. The first includes preparatory conversations and interviews with all participants. This includes all Embassy staff, selected staff within the chosen projects, a few Lao policy makers and other local actors, as well as some concerned representatives from the Division for Learning and Competence Development (LÄR) and the Asia Division at Sida Stockholm. The second part was a series of workshops held in June and September 2006, in combination with an interim report which provided input for the latter workshops.[7] The third part consists of the final report, and possibly dissemination and follow-up exercises within Sida. An outline of the entire learning exercise is found in Appendix 4, and of the workshops in Appendix 5.

Policy makers were selected on the basis of their long experience of working with institutional development in Laos, supported either by Sida or others. A handful of Sida's projects that explicitly involved ID elements were selected.[8] Brief descriptions of the projects from an institutional perspective are found in Appendix 7:

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[7] The interim report (Rafiqui 2006) provides more details on outcomes, lessons and implications than does this final report. It also raises more detailed questions around strategy, relationships, ways of working, and competences.

[8] It was decided in consultation with the Embassy to focus on projects rather than programs or sectors, as this is what the Embassy has mainly worked with, still works with, and can draw most experience from.

- *Lao-Swedish Road Sector Project* (LSRSP 3), at Ministry of Construction Transport Post and Communication (MCTPC), 2005–2009.

- *Lao Swedish Upland Agriculture and Forestry Research Programme (LSUAFRP II)* at the National Agriculture and Forestry Research Institute (NAFRI), 2006–2011.

- *Strengthening Environmental Management (SEM II)* at the Science Technology and Environment Agency (STEA), 2005–2010.

- *Statistics V* at the National Statistics Centre under the Committee for Planning and Investment (CPI), 2005–2008.

- *Strengthening Fiscal Management in Laos (SFM)* at the Tax Department, under the Ministry of Finance, 2003–2006.

These projects were selected based on the following criteria: *a)* they all included experience from supporting institutional development beyond the level of the organization; *b)* they varied in important ways (some had longer, others shorter experience, some more positive results, others less); and *c)* they had all shown interest or could be expected to be interested in these issues and in participating.

Participants included managers and other senior Lao staff as well as international consultants working with the projects. Representatives from Sida Stockholm were invited either because of their interested in Laos or in institutional development, learning, and methods development, or for their expected contribution to the exercise and ability to apply the lessons when back in Stockholm. A representative from SNV, a Dutch NGO working with capacity development in Laos, offered an outsider's perspective.

The facilitation team was given the responsibility to design, structure, and carry out the learning exercise in consultation with the Swedish Embassy in Laos. Based in Stockholm, Sweden and Oxford, UK, the facilitation team consists of Gun Eriksson Skoog (team leader; senior evaluation officer at UTV), Liz Goold (facilitator; independent consultant/learning specialist), and Pernilla Sjöquist Rafiqui (documentation and reporting; Ph.D. candidate). The Embassy made all practical arrangements for the exercise in Vientiane.

1.4   Purpose and Structure of the Report

The purpose of this final report is to *synthesize the outcome of the learning exercise*, with regard to *(i)* responses offered to the three overall questions, *(ii)* indications that participants have learnt about ID and that a process to make use of that learning has been initiated, and *(iii)* other lessons of major importance that may have emerged in the process. Terms of reference for the final report are in Appendix 8.

The synthesis is made by the author (Pernilla Sjöquist Rafiqui), but with substantial input and guidance from the other members of the facilitation team. This includes – but is not limited to – the writing some of the appendices. It is an interpretation, open to re-interpretation and discussion, and, so an input in continued learning at Sida and among Sida's partners.

The report is structured as follows. Chapter 2 offers outcomes and lessons from participants when reflecting back on their experiences of supporting institutional development in Laos, guided by the institutional perspective adopted in the learning exercise. Chapter 3 takes up the implications for Sida drawn by participants, as well as by the facilitation team. Efforts are made to interpret these from an institutional perspective. Chapter 4 addresses the overall questions in the light of the outcomes presented in the two earlier chapters. Chapter 5 presents topics that participants have decided to take action on, either within their respective organizations or jointly. Chapter 6 discusses indications of actual learning among participants as well as more general outcomes regarding learning. Concluding reflections from the facilitation team, and any additional important lessons from the learning exercise process itself, are found in Chapter 7. Finally, Chapter 8 contains the reference list and Chapter 9 two handfuls of appendixes that serve to support the main text.

2 Experiences and Lessons from Supporting ID in Laos

This chapter reports lessons on supporting ID drawn by participants in the learning exercise, based on their experience of working with ID in Laos. The lessons are interpreted from an institutional perspective either by the participants themselves, or by the author and facilitation team in the form of comments. The chapter provides the basis for the responses to the first two of the guiding questions (see page 2). These responses are presented here together with a few immediate comments from the facilitation theme. However, the main discussion of the overall questions is deferred to Chapter 4.

2.1 Projects and Sida: their Institutional Context and Relationships

The aim of the learning exercise is to learn more about the effects of Sida's support to ID in Laos. A first step is to get a better understanding of how the selected projects relate to and are affected by the institutional context they seek to influence. This concerns both events and changes in the institutional framework, for example changes in laws and policies, as well relationships to those actors relevant for Sida's activities in Laos. This line of inquiry corresponds to the inward pointing arrow in Figure 1. It is also a first reflection on experiences in the learning cycle in Figure 2.

2.1.1 Influence of institutional context on projects

Project participants identified key positive or negative influences, changes, or factors that had affected their projects in their work with ID. Contextual factors that have constituted major sources of change influencing the projects are presented in summarized form in this box. The points are commented on in the following text:

> **Influential factors and changes at the level of the institutional framework:**
>
> - International factors or changes, together with the opening up of the economy and the country, put the old system under strain.
> - Government policies, laws and regulations that the organisation is to implement.
>
> **Influential factors and changes at the level of the system of organisations:**
>
> - Changes in roles and mandates of the organisation that hosts the project
> - Changes in internal rules of the public administration
> - Changes in demands from "clients" or users of projects' services or products
> - Establishment of important partner organisations within the system of organisations
> - Changes in Sida policies, ways of working and donor harmonisation
> - Weak coordination between sectors, programmes and projects was a hindering factor

International forces of change

The opening of Laos and its membership in ASEAN have exposed Laos more directly to international forces of change.[9] The globalization process, the Rio Conference and the Millennium Development Goals are examples of important international changes in the context that had influenced projects significantly. *Changes in government policies and laws,* such as the Environmental Protection Law and the National Growth and Poverty Eradication Strategy, illustrate changes in formal rules of the game at the national level. The projects are located at governmental organizations with the mandate to implement formal rules and regulations. Changes in those will certainly affect the projects in their work with ID.

Roles and mandates, and rules that are internal to the public administration

Roles and mandates of the host organizations in themselves reflect rules of the game, and changes in these have crucially affected some projects. Particularly three forces that relate to rules that are internal to the public administration were pointed to. The first was changes in *salary and recruitment policies.* The second was the *decentralization reform,* which was considered especially important in influencing change.[10] Although needed to bring in the "grassroots", so

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[9] Laos began its transition from a centrally planned economy in 1986 when the Government adopted the "New Economic Mechanism". It included the abolishment of centrally determined and controlled retail and agricultural prices, restrictions on domestic trade, and eventually, restrictions on foreign trade and investments. The reforms have also allowed for private ownership of agricultural land as well as private firms and enterprises. Lao PDR joined the Association of Southeast Asian Nations (ASEAN) in 1997 and is currently negotiating membership in the World Trade Organization (WTO). Economic reforms have not been accompanied by political reforms, however, which have led to the Lao experience occasionally being referred to as *'perestojka without glasnost'.* See, for example, Stuart-Fox (2005), Bruce St John (2006), or Fane (2006) for further information on the reform process and the political economy of Laos.

[10] Administratively, Laos is divided into national level, provinces, districts, and villages. The system is "unitary" in that responsibilities are copied rather than delegated from the central to lower levels. A decentralization policy was adopted in 2000 according to which provincial governments should be strategic development units, district governments planning and budgetary units, and villages implementing units.

far decentralization has been partial. This means that there are openings for bypassing of the new formal rules by powerful people – for instance provincial governors. One interpretation is that, in practice, informal rules apply – or that old formal rules remain valid. Hence *implementation* was raised as a major and third issue; while there are many changes in formal rules, implementation of them is challenging.

Changes in demand from important client groups, and new partner organizations

Changes in demand from important client groups influenced the projects. Examples include changes in agricultural markets and peasant demand, but also in demand from users of statistics (donors, and increasingly, Laotian government departments), from investors' interests (including foreign) and from local construction consultants. Such changes in demand indicate that new rules of behavior stemming from the economic reform process may be taking root. The establishment of new partner organizations due, for example, to the reform process and or changes in roles and mandates, had constituted an additional source of change for the projects. In effect this means establishing relations with a new actor, which requires time and resources and may lead to new rules of the game having to be formed.

Changes in Sida's policy and ways of working, including donor harmonization.

Finally, *changes in Sida's policy* (e.g. toward increased focus on poverty reduction or rural development), *donor harmonization, and Sida's way of working* also constituted important factors influencing the projects. It was said that the Swedish Country Strategy was unclear and that its multiple goals created confusion. In the eyes of the participants, Sida sometimes disregards the local process and the time needed, and adopts a too technical approach to ID. Also, Sida's monitoring is perceived as weak. Finally, coordination between sectors, programs, and projects was perceived as another factor hindering change.

2.1.2   The relational context of the Swedish Embassy

Through a context-mapping exercise Sida participants sketched out the relational context of the Swedish Embassy in Laos.[11] The relational context refers to the relationships and links with various actors that the Embassy holds, in this case in Laos and with Sida headquarters in Stockholm. The major outcomes are summarized in the box and commented on in the text that follows.

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[11] Further details and illustrations showing how these relational exercises were conducted are found in the interim report (Rafiqui 2006).

- Strong links to Sida Stockholm and other donors in Laos
- Relatively weaker linkages to the Lao side
- Weak links to NGOs and other organizations in Laos

Strong links with Sida Stockholm and other donors in Laos

The Embassy has many strong links with Sida headquarters in Stockholm. The participation of representatives from Stockholm may have exaggerated this pattern somewhat, as they too added their links with the Embassy to the picture. Likewise, the Swedish Embassy has links to most donors active in Laos and close relationships with some of them. One example is the World Bank, where close cooperation has been established in some sectors. In general, there are a lot of activities going on among and between the donors. As put by one participant: 'it is a boiling pot of activities that produced bubbles all the time'.

Relatively weaker links with Lao side

It was clear that the Embassy has weaker ties with Lao organizations, both in terms of numbers and depth – at both the policy and project level. And there was no direct link to the party, which is the central decision maker in Laos. There is much more interaction between donors, than "across the line" to the Lao side. The contrast to 'the boiling pot of activity' analogy was obvious and commented on by participants in the workshop; this "simmering pot" did somehow not seem to belong to the same kitchen.

Weak links to NGOs and other organizations in Laos

In general, the Embassy has very few relationships with foreign NGOs present in Laos, and even fewer with the small number of civil society groups that are allowed to exist in Laos. In contrast, the participant from SNV had many links to other NGOs and smaller donors active in the country. In addition, SNV has now established direct links and relationships with the body within the party that oversees personnel issues within the Lao public administration. The program offered concerns capacity development of leadership within the Lao administration from an ID perspective, so this is an important link for SNV to capitalize on. In addition, given the nature of the program, the party may have a natural interest in being informed about the training offered. Some activities may offer an opportunity for establishing direct links to the Party – also for an outsider.

2.1.3   A further note on Embassy and project relationships

The relative weaker links to the Lao side are further stressed from another perspective. The nature of the relationships between the Embassy in Laos and the projects were explored in a spatial exercise, in terms of quality and closeness. The main outcomes were:

> **Embassy and projects relations:**
>
> - Lao project counterparts perceived international consultants to have closer relations to Sida than they – even closer than the consultants themselves thought.
> - Swedish program officers perceived themselves to have closer relations with international consultants than with Lao counterparts.
> - Lao program officers perceived themselves to have closer relations with Lao counterparts than with international consultants.

International consultants closer to Sida than Lao counterparts

It is noteworthy that none of the Lao project counterparts saw themselves as being closer to Sida than- in their eyes – were the international consultant working on their project. This was true even if they had been working longer on the project or held more senior positions. Both consultants and Lao managers recognized that blurred boundaries between Sida and consultants could leave Laotians feeling they served "two masters"; Lao ownership was put at risk. Laotians also saw a cultural familiarity between Sida and the consultants, which meant informal channels were available. They, on the other hand, would have to follow proper protocol. This serves as yet an example of how different sets of behavioural and institutional rules can apply to different groups of individuals within the same organization.

Differences between Swedish and Lao program officers' relation to project partners

With such a small number of participants it would be wrong to draw firm conclusions. However, the different pattern between Swedish and Lao Embassy staff in relation to international consultants are interesting. It would seem that Lao program officers have closer relationships with Lao counterparts than with international consultants, while Swedish officials had closer relationships with international consultants. This was a stark and thought provoking outcome that led to an animated discussion, which suggests an area for further exploration. In particular, it would be worth while for the Embassy staff to explore the impact these relations have on Sida's role in ID in Laos, and if these differences constitute a weakness, or could be used more consciously and strategically.

2.1.4 Concluding reflections

One immediate reason for the exercise in which participants identified the influence of changes in the institutional context on their respective project was for them to present and introduce their project to each other (most project participants had never met before). But there were other results as well. One is the extent to which "external" factors and changes influence the work of the projects – external here referring to both national and international developments. Another is that it proved difficult to start discussing how the projects have influenced the institutional set-up in Laos – the main purpose of the learning exercise – without first spending time on learning just how they are linked to that context. Hence, the distinction and decision on focus made at the onset of the learning exercise proved invalid (see Appendix 1 for a discussion and illustration). This in itself constitutes a lesson for the evaluation theme on support to institutions.

Taken together, it seems clear that the Swedish Embassy in Laos – and in particular its Swedish staff – have weaker relations with Lao counterparts (individuals as well as organizations) than with those in the international community. Embassy participants expressed not only awareness of this but also a desire to change it. As articulated by one participant: 'it is time we step out of Sida and into Laos'. Also reflecting the previous section, Lao participants felt that consultants and domestic counterparts had complementary roles in ID work, but that more weight needed to be given to the local "know-how" they carry.

In institutional terms, local know-how refers to knowledge of formal and informal rules of the game, as well as an ability to see and correctly interpret signals in the local environment. It follows that access to such local know-how is crucial to effective work with ID in Laos and elsewhere. Developing good relationships is a fundamental part of building and deepening the trust needed in order to access and understand this local know-how, and to be in a position to make efficient use of it.

2.2 Affecting Change in the Rules of the Game

This section is a synthesis of lessons drawn by workshop participants and policy makers about affecting internal and external rules of the game, that is, rules of the game within their organizations and as well as beyond them – the outward pointing arrow in Figure 1. It was worked into the structure of the workshops.

The focus of this learning exercise is on ID at levels beyond the organization, but we start by investigating changes in the rules of the game *within* the host organizations of the projects.[12] Why? All projects in this exercise are placed

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[12] Institutional development within the organization refers to changes in formal and/or informal behavior rules, changes in work routines and practices – "how to do things", e.g. how to distribute resources, responsibilities and decision-making powers – that result in changes in behavioral patterns. This in turn requires, and therefore also includes, changes in attitudes, perceptions, and values regarding one's own work and role.

at organizations with a mandate to implement the formal institutional set-up in Laos. In other words, these organizations form important pillars upholding Lao's institutional set-up. From an institutional perspective it is revealing to learn about changes in internal rules of the game of these projects and organizations as they probably are connected to rules in society at large. Addressing changes within the organization also honors one of the basic principles of learning: to start from where the participants are, with their own practices.

2.2.1 Lessons on affecting rules of the game **within** the organization

Project workshop participants were asked to find and explore examples of positive change in internal rules of the game that they had been part of, and that had lead to actual changes in their behavior as well as that of their colleagues. A thematic summary of important factors behind those changes is presented in the box.

General factors supporting change within organizations:

- A good work environment in terms of resources and culture.
- Visionary leadership with a mission and ability to focus the efforts of the staff.
- Mutual respect between managers and staff.
- Incentives that motivate staff by rewarding good work.
- Time to bridge cultural differences between international consultants and Lao staff.

Relations to the Lao administration and political hierarchy:

- Political support from levels higher than that of the project is essential.
- Keep the administration well informed about the doings of the project by spreading targeted information and marketing it.
- See, create, and act on opportunities with Lao policy makers, at the right time.
- Address different audiences within the administration appropriately.
- Adapt project timetable to local administrative time schedules.
- Integrate the project well into its host organization and the Lao administration.

Competence development within the projects:

- Develop basic and specific skills.
- Mind-set and attitudes may need to change.
- Long-term thinking and planning is required.
- Space and support for on-the-job training has to be created to take make full use of international consultants while they are there.

Other supporting factors:

- A general climate in society that is favourable to change and cooperation.
- A Swedish Country Strategy that offers a clear focus for the project, while allowing reasonable flexibility and room to manoeuvre so as to adapt to the local context.

General factors – indicating changes in mind-sets about organizational development?

The first theme is a rather straight forward set of lessons that could be drawn in any project working with the development of purposeful and effective organizations. From a perspective of affecting change beyond the level of the organization, they may be of lesser significance. Yet, given the present transition from a centrally planned to a market based economy they are interesting as indicators of potential ongoing changes in mind-sets in Laos about what constitutes good organizations – and how to achieve them. The role, mandate, and internal structure of organizations active under central planning tend to be very different to those under a market based system. This includes the incentive structure facing managers as well as staff. Traditionally, central planning would rely on a hierarchical line of command and incentives suitable for a "command regime" rather than those indicated in the table above.

Relations to the Lao administration and political hierarchy

The second theme is specific to Laos and reflects some of the particularities of its bureaucratic and political system. The first four points all relate to what became known as "air cover" in the learning exercise, a term coined in the conversations with the policy participants. It refers to the importance of having support for the project and its activities from high levels within the Lao administration. Given that the incentive structure within the Lao public administration favors non-action over wrong action, it is critical to have the interest and support of people in the right places that can sanction the project and give its activities a go ahead. The lesson is not only that such support is essential, but that conscious efforts have to be put into creating and upholding such air cover from Sida and the projects it supports.

Capacity building within the projects

The third theme points to traditional capacity building activities (such as management training, negotiation skills, and conversation skills) that could be seen as competence development, still being important parts of working with ID. Even so, change of mind-sets was stressed by the participants as even more important. Their experience showed that in most cases, change in behavior had required substantial changes in attitudes and ways of thinking among those involved. The lesson was that "old way" capacity building focused more on training of individuals and less on the organization and the broader context, is not enough – for actual change of behavior to occur, mind-sets must change.[13]

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[13] This is not to say that capacity building is "old" or uninteresting, on the contrary. We are here merely referring to traditional ways of doing capacity building in Laos, without judging or discussing further advances in this area of expertise.

From an institutional perspective, this reinforces the close link between formal and informal institutions also within the level of the organization. Formal changes introduced by the project, such as changes in routines or way of doing things, may face challenges. These challenges will be from well ingrained habits and ideas of what is right or appropriate – often linked to the prevailing incentive structure in the organization. One example concerns changes in mind-sets about what constitutes "professionalism" in present day Laos, something highlighted as increasingly important by the Lao project participants:

> *'We can't all be ducks'*
>
> Traditionally, Laotians admire the duck for being able to do everything: swimming, flying, and walking. The ability to "do it all" used to be revered also in the Lao working culture. Now that is changing and there is more stress on specialization and on increasing one's skill in certain areas – in other words, on professional expertise.

Other supportive factors

The general climate more conducive to change under the fourth theme was attributed to the opening up of the country and the economy, and the new needs created. This reflects findings from the previous section. The Swedish Country Strategy (formulated and held by Sida) was also seen as a factor influencing the projects' ID work, and if clearly focused and supported by both the Lao side and Sida, it could be a supportive document.

2.2.2 Experiences from affecting rules of the game **beyond** the organization

The focus of the exercise is learning about supporting ID at the level beyond the organization. In terms of Figure 1, this relates to changes in formal and informal rules of the game within systems of organizations and the institutional framework. Hence, all participants (policy level, project partners, and Sida) were asked about their experience of seeking to affect changes in rules of the game in society at large, beyond the limits of their own organization. Participants in the project workshop gave examples where their respective projects had promoted ID at levels beyond the organization itself, and where a positive effect had been achieved. Hence, they were asked for changes in formal or informal rules of the game that had been adopted as new rules-in-use among actors outside of the organization.

Examples of ID interventions with achieved positive effects

Table 1 summarizes and interprets these examples based on the institutional framework and terminology used in this exercise.

Table 1: Achievements in terms of promoting ID beyond own organization.

Project	Achieved ID	Type of ID	Level in Figure 1	Comments
Statistics V at NSC	Approval of the Statistical Decree	Introduction of a new formal rule	Institutional framework	Enforcement difficult, still a nominal rule?*
Statistics V at NSC	Establishment of NSC's role as a survey organization	Implementation of an existing formal rule concerning its role	Systems of organizations	Transforms a nominal rule into a rule-in-use
Statistics V at NSC	Improvement of NSC's role as producer/provider of national statistics	Implementation of an existing formal rule concerning is role	Systems of organizations	Transforms a nominal rule into a rule-in-use.
SEM at STEA	Drafting of the Environmental Impact Assessment (EIA) Decree	Potential introduction of a new formal rule to clarify STEA's mandate to implement the existing EIA regulation	Institutional framework. A complement to an existing formal rule that aims at specifying rules of the game at the level of systems of organizations	The decree still has to be approved, but is expected to be
SFM at TD	Completion of the Tax Gap Study, an input to the formulation of the Tax Gap Strategy. Both are seen as initial steps to a tax policy or reform.	Potential instigation of change in the formal rules of the game.	Institutional framework.	Achievements so far: the study improves under-standing and is being used within the TD, which facilitates communication about the tax gap.
LSRSP III at MCTPC	Establishment of ownership of Basic Access Roads and their maintenance within rural villages.	Actual change in formal, most probably complemented by changes in informal rules.	Systems of organizations concerning the roads sector, at local levels.	Example of change in rules-in-use; both in-formally and formally.
LSUAFRP II at NAFRI	Development of a culture of research at NAFRI.	Part of ongoing change in informal rules of the game within NAFRI.	Within the organization, but aims at new role within the system of organization and to influence government policy within the overarching institutional framework.	The new research culture expresses itself in the ways staff thinks and takes ownership of activities.

Source: Interpretation and compilation by author and facilitation team.

* A nominal rule is one that exist but is not yet applied – hence, it is not a rule-in-use.

From the table we can see that all but one example concerns change in formal institutions, and that such interventions in most cases target the institutional framework directly. Considerable work is also going into the implementation of formal rules, often in relation to the mandate of the host organization. That mandate tends to involve rules and behavioral practices governing the systems of organizations.

In addition, Table 1 neatly provides an illustration of the various steps and phases that working with ID at the level beyond the organization may involve:

- producing reports that raise awareness and produce knowledge that affect strategies, which in turn may feed in to policy and future rules and regulations

- drafting a decree and successfully receiving approval from the national legislature

- transformation of formal rules into rules-in-use by focusing on implementation

- interaction of formal and informal rules at the local level to create rules of the game that are used and followed, i.e. rules-in-use that aim to influence policy, or the institutional framework. These can start with informal institution building within an organization and among individuals working there, in order to work with strategic issues and affect change even in the formal institutions governing higher levels of aggregation (Figure 1).

Finally, Table 1 also indicates that there may be several steps and stages before a new or changed rule becomes a rule-in-use. In most cases working with *effective ID* appears to be a step-by-step process. One implication of working with ID as a step-by-step process is that *observing the different steps* may be one way of *identifying indicators* to assess if a process of ID is actually on its way. For example, at any one point in time success may be observed in some steps – such as lobbying or pressure for a new law – but in order to achieve a change of rules-in-use more steps might be needed, like drafting, enacting and implementation of the law. Indicators that help to identify just where one is in that process, and what is still lacking, would be most useful.

Helping and hindering factors

Participants were also asked about factors or forces that had helped or hindered their chosen case of achieved ID in Table 1. An interpretation and summary of the outcomes across projects is found in Table 2 below.

From the table we see that helping and hindering factors revolve around similar themes, but that the content of these are largely contrary to one another. For example, high level and political support was often mentioned as a helping factor, as was lack thereof a hindering factor. The level "systems of

organization" (Figure 1) is important overall. From the table we see that demand from other organizations (often within the administration) or ambiguities in roles and relationships with other organizations constitute important helping or hindering factors. It is interesting that the project that expressed most satisfaction in terms of senior level support and understanding of its selected case – STEA and the drafting of the EIA decree – was also the one that claimed that there had been no hindrances to this work.

Table 2: Factors that had helped or hindered the selected case of achieved ID

Helping factors	Hindering factors
Relation to Lao Administration and reform process	Relation to Lao Administration
1. Acknowledged need to implement existing mandate	1. "Red tape" at central and provincial levels of the bureaucracy
2. High level support from appropriate organization within administration	2. Too many demands from different actors (central ministry, district projects)
3. Increased demand of products or services from government and donors	3. Unclear mechanism to link with other organizations with partly overlapping or close roles
4. Ongoing decentralization process	4. Weak administrative support
Relationships with international organizations	Adverse incentive structures
5. Tripartite meeting with sister organizations in Laos, Vietnam and Cambodia	5. Weak incentives to cooperate in host organization (e.g. to spread outcomes, and to address the aim of the intervention in the first place)
6. Sharing experience among Asean countries	6. Weak incentives for villagers to cooperate in local road maintenance due to overloading of roads
7. Transfer of knowledge from twinning partner in Sweden	7. Weak incentives for survey respondents to disclose certain information (e.g. income)
Competences and resources	Competences and resources
8. Existing activities and skills of the organization in line with goal of the specific intervention.	8. Lack of specific skills and competence (e.g. legal issues) for the intervention
9. Good IT infrastructure	9. Shortage of qualified staff in general
10. Internal and external experts	10. Lack of funding
11. Job training	11. Language barrier to access key international knowledge (e.g. research findings)
12. Consulting workshops at different levels	12. Low absorption capacity at host organization
Nature of the intervention	Nature of the intervention
13. Focus was appropriate and accepted (e.g. small tax payers, local socio-economic conditions)	13. Focus is a difficult task (e.g. implementation and enforcement)
14. Approach was appropriate given aim of intervention (e.g. bottom-up approach)	14. Focus is by nature a sensitive issue (e.g. taxes)
	15. Change in mind-sets was demanding (e.g. from implementer to researcher)

Source: Interpretation and compilation by author.

Relationships came out in other ways in Table 2. The statistics project at NSC, for example, pointed to international relationships (in the region and Sweden) that allowed exchange of knowledge and experience to have been particularly helpful. They were alone in mentioning this. Relationships are also linked to adverse or non-supportive incentive structures within host organizations or otherwise that make cooperation more difficult. Although potential lack of cooperation among respondents is a general and an inbuilt difficulty in survey work, the examples in the table are interesting as they point to the incentive structure within which people and organization interact as important in affecting the outcomes of Sida supported activities in Laos. From an institutional perspective, incentives are closely related to rules of the game, and central to the context in which projects are set to work.

That competences and resources heavily influence the projects is clear. Competence building and availability of good technical support were mentioned as helping factors by all projects, and most had some hindering factor relating to this. Lack of skills and funding, for example, constituted real and tangible hindering factors that projects have to address.

A few factors interpreted as concerning the nature of the intervention were also mentioned – some helping, some hindering. First, some participants drew attention to the importance of the focus and approach of the intervention being accepted and appropriate for the task at hand, which points to the importance of project design. On the other hand, a focus that is inherently difficult or sensitive was seen as a hindering factor in itself. One project, NA-FRI, also pointed to the change in mind-sets that accompanied the development of its research culture; this was difficult and time consuming as it involved changes in the staff's self perception and professional identities.

Finally, participants were particular asked what Sida's contribution had been and in which way Sida had helped or hindered the achievements. *Helping factors* were:

1. Sida raised crucial issues (e.g. shortage of staff or funding) at higher levels – the political level and the Ministry.

2. Sida included the regulation/decree in the bilateral agreement – this created critical high level support

3. Sida provided necessary funding.

4. Sida kept a poverty focus and provided technical assistance to formulate necessary and supporting policy

5. Sida allowed for more ownership, which allows for increased accountability, and it provided flexibility, which allows for learning from mistakes.

6. Sida drew attention to the broader institutional perspective, beyond the particular organization and its activities.

One project also mentioned a few *hindering aspects* of Sida's role:

1. Harmonization with other donors, which implies that Sida departs from its own way of working.

2. Sida's technical tools can be too sophisticated at times.

3. Sida tends to take in too many international legal aspects – instead Lao norms should be taken into account

These outcomes point towards Sida's important role – and also ability – to create senior level support for the projects, but also to challenges regarding its participation in donor harmonization. The final point suggests there is a gap between the rules that Sida follows or wants to follow, and those that constitute rules-in-use. To find out exactly what the gap is, and its importance, is fundamental to supporting ID in Laos – or anywhere. This must be an ongoing part of any ID support.

Lessons drawn on how to support ID beyond the level of the organization

What follows is a synthesis of lessons drawn by all participants based on their experiences of promoting institutional development. Policy level participants offer an additional perspective to those involved more directly in the projects. The lessons have been grouped under four headings. As lessons constitute an essential part of the learning exercise they are discussed in more detail in the text that follows.

Lessons on nature of ID and Sida support to ID

1) Sida approach to ID is "unique" in the Lao context
2) Changes of formal rules are not enough – implementation is key
3) Working with ID in a broad sense is choosing a difficult path.
4) Change in mind-sets is central to ID.
5) Importance of relating to resistance to change.
6) ID takes a long time.
7) A long time perspective reveals change.

Lessons on how to relate to these challenges and best achieve ID in Laos

8) Working with ID requires high-level support.
9) The importance of informal meetings and relationships.
10) Create and use windows of opportunity.
11) Flexible approach – with a strategy to help focus and prioritize.

Lessons on non-supporting factors for supporting ID

12) Sida is not clear and consistent about its own aims and priorities for supporting ID.

New questions for supporting ID

13) "Chicken or egg sequencing" – to promote ID from within or beyond the organization?
14) How is the ID perspective related to capacity development?
15) Can ID happen without the support of (external) money?

Under the first heading are lessons drawn on the general nature of ID, as well as specifically for Sida support to ID in Laos. The second constitutes suggestions or guidance on how to best work with and achieve ID in Laos. The third is a lesson regarding what is not helpful when working with ID, and that goes to the core of Sida's strategy – or lack thereof – for providing support for such interventions in Laos. The fourth heading raised further questions regarding support to ID, for Sida in Laos as well as elsewhere.

Lessons on nature of ID and Sida support to ID

1) *Sida approach to ID is "unique" in Lao context.* There was a clear message from both projects and policy makers that Sida's approach to ID is broader than that of other donors in Laos, usually more long-term and flexible. This confirmed the impression held by most Embassy staff. For example, Sida ID interventions often take in organizational and not only technical aspects of the training it supports, and sometimes seeks to transform administrative systems developed within the project into industry standards, or norms. Sida's ID interventions also focus of implementation – which is rare; the combination of a broad approach, long term commitments and focus on implementation was even called "unique" in the Lao context.

2) *Change of formal rules is not enough – implementation is key.* One central and much stressed lesson by policy makers was that changes in formal rules are not sufficient to achieve effective ID (i.e. a change in rules of the game that results in actual changed behavior). Follow-though into practice through supporting implementation and enforcement where needed was also seen as important. This, in turn, may require change in informal rules (e.g. ways of doing things or attitudes). In general Sida was much appreciated for its broad perspective on ID, its long-term commitment, and its focus on implementation. Policy participants expressed that *connecting policy to everyday activities* – to them the essence of ID in a broad perspective – may be difficult, but it is seen as essential. Moreover, Sida's focus on supporting implementation offers a coherent framework at a level above the project (for an entire Ministry for example) that can be used to fend off other donors. As one policy maker put it; 'just writing action plans leaves us with one approach per $ and little steering on how to actually do it'.

3) *Working with institutional development is choosing a difficult path.* In relation to Figure 1, policy participants pointed out that working with capacity development in a traditional and narrow sense (focusing on training of individuals) or with support to formal institutions (drafting of laws and regulations) is relatively easy. It is working with the rest, "the stuff in between" that ID aims at, which is difficult and more sensitive. It is difficult and sensitive because it has to do with the *organization of the Lao system and how people think*. Using a computer analogy, 'working with hardware is easy, working with software is difficult'. It was also pointed out that there

is a division on the Lao side of what type of ID projects and programs they really want; some argue for "form/hardware" (such as physical resources, training) while others want "substance/software" (such as culture, charters, codes of conduct) based on it being needed for long term sustainability.

4) *Change in mind-sets is central to ID.* Project participants offered a related lesson by pointing to a change in mind-sets among *project members* themselves often being a prerequisite to achieve ID beyond the level of the organization. For example, the role and mandate of ministries at local as well as national levels is currently undergoing significant transformation through the decentralization reform. In supporting this change, some Sida interventions introduce real technological and administrative inventions in terms of roles and ways of doing things that affect the project and ministerial staff, as well as the local communities. Activities that were previously the responsibility of local or national ministries may, for example, now either be transferred to these communities or supplied by a third party. As one Lao participant from MCTPC described routine road maintenance in Laos; 'we had to change our perceptions – from doing by ourselves, to letting people do by themselves'. For those involved, this was a major shift in focus and a major lesson learnt. Another is the example from NAFRI mentioned earlier of the difficulty of changing mind-set from implementer to researcher. Both are examples of changes in rules of the game and of "stepping out of the box" of existing mind-sets and assumptions about development (see Appendix 2).

5) *Importance of relating to resistance to change.* Another important outcome was the revelation that there is a genuine suspicion – particularly amongst party officials – that foreigners come with the hidden agenda of wanting to change their political system, and its communist ideology. In general, foreigners ("falang") from the West are seen as trying to change internal rules of the game – and ultimately the way Laotians think. This could create pressure for changes in the political rules of the country. As a result, it is easier for Lao civil servants to have informal relationships with the Chinese or Vietnamese who have similar systems and ideology than with westerners. So in working with ID – which actively does seek to change internal and external rules of the game – it is natural to come across resistance to change. Sida participants identified building trust (meaning that we come to build up not to destroy) as a key factor for success. Given the suspicion of the "falang hidden agenda", it may take a particularly long time to build such trust in Laos. This also raised broader systemic questions about the role of Western aid in general.

6) *Institutional development takes a long time.* This lesson was drawn by all participants in the exercise, policy makers and workshop participants alike. Taken together, ID is perceived as a long-term and step-by-step process in which communication (between Sida and Ministries, between Sida

and projects, between projects and the organization in which they operate, between projects and policy level) is an important part. One reflection was that other donors occasionally have shorter time frames, which may conflict with that of Sida. That ID is long term is due to its complexity, but especially so in Laos given the dynamics described above.

7) *A long term perspective reveals that change is taking place.* Just as ID takes time, using a long-term perspective is beneficial when putting these intervention into perspective. The Lao context has changed considerably during the last ten years, even within its political structure. One example is the growth of the private sector, which is a result of the reform process. Before, everything was state owned but now the private sector is emerging and market mechanisms are much more developed. A second example is the generation shift at the top of the Lao political leadership. Gradually, younger and well educated people influenced by external perspectives are entering the National Assembly, the Government and central organs of the Party. Hence, if one manages to "lift one's eye" from the day to day work every now and then, one can see that much has actually happened and Sida's interventions can be judged more fairly.

Lessons on how to relate to these challenges and best achieve ID in Laos

8) *Working with institutional development requires high level support.* Policy makers argued that as ID gets in to areas that are sensitive, the Lao need to have their say and be in charge. A word of advice for Sida was *'if you want to take the "software" or difficult path you need to know what you are doing (be clear on your goals and consistent in your message) and to know if the planner is with you or not'.* Hence, in their minds, such interventions need support from the highest levels and should preferably be backed up by conversations at the government-to-government level. Moreover, to be successful, projects need to be anchored at the political level, and coordinated between ministries. This confirmed the lesson drawn by project participants under the notion of "air cover".

9) *The importance of informal meetings and relationships, in relation to formal.* One clear message from the Lao participants was that up front and frank dialogues should take place – and in an informal setting. In Laos this is particularly important if sensitive issues or problems are to be discussed. Participants stressed that this is a *complementary and important part of formal processes* (e.g. annual or mid-term reviews) and opportunity for informal discussions needs to be a natural part of these. This is particularly important before a final formal review session. One interpretation was that within the Lao context, it may be beneficial to strive for a process in which as few surprises as possible emerge at formal meetings; important issues should preferably be taken up, negotiated and resolved beforehand so that nobody loses face. This appears to be a very important informal rule of the game in Laos as in many other parts of Asia.

The importance attributed to informal meetings and relationships to share information and discuss problems, was confirmed as a significant lesson by Lao Sida participants. In addition to discussing problems, there was a suggestion that good relations (build on trust; be polite, non-aggressive, and non-confrontational; downplay whom is sitting on the money, and offer any criticism tactfully) combined with informal conversations is a *good way to help to get accurate information, and a sense of what it is possible to do and not possible to do at certain points in time.* Again, informal and formal spaces are linked and it may be situation specific what is the best; sometimes an informal conversation initiated by a program officer is appropriate, sometimes it is a formal conversation led by the head of the Swedish mission.

10) *Create and use windows of opportunity.* A related lesson from Sida participants was to create and use windows of opportunity wisely. One suggestion of how to better understand the process "on the other side" and judge when such windows may appear, was to "seed" ideas or feed topical articles or information into one's network of contacts,. Then, when a solution to a specific problem is needed, more information can be fed in to see what comes back. It was pointed out that to be able to see and grasp windows of opportunity requires a good understanding of the local context. Even so, it was identified as a key to success.

11) *Flexible approach – with a strategy to help focus and prioritize.* The importance of a flexible approach was a recurrent lesson from the projects. There has to be enough flexibility in the project to allow for change to happen, which includes a mind-set of not being afraid of making mistakes. This is a major shift from traditional Lao bureaucracy. A flexible approach is helpful also from an ownership perspective as it gives more room for projects to adapt to local conditions. Another lesson was that within that framework there has to be a clear strategy that helps management to stay focused, and to prioritize.

Lessons on non-supporting factors for supporting ID

12) *Sida is not clear and consistent about its own aims and priorities with supporting ID.* This came through as another lesson from the policy level conversations as well as from the workshops. The message was that there are many and sometimes overlapping policies and new parameters, which forces the Lao side to rethink and rewrite the project proposals many times. This is a time consuming process that causes uncertainty about Sida's aims and priorities; 'we feel as if the finishing line keeps moving' as one conversation partner put it. In addition, different Sida program officers tend to interpret policies and prioritize between parameters differently, which results in inconsistency of the message from Sida to the Lao. In times of high staff turnover at the Embassy, the varying interpretations and inconsistencies can be a substantial problem for Sida's partners.

New questions for supporting ID

13) *"Chicken or egg sequencing" – to promote ID from within or beyond the organization?*
One lesson drawn by Sida participants is that there does not seem to be a
clear case for what is the best practice or way to approach or sequence ID
support. Should it be supported from "the outside and in" and start at
laws and policies, or should it be supported from "the inside and out"
starting at changing internal rules of the game within organizations (Fig-
ure 1)? Should a change in policy be the point of departure, or the point
of arrival? It was suggested that the *solution is situation specific:* for some
interventions it is better to start with "groundwork" within the organiza-
tion which then leads to change beyond it, while for other cases the other
way around could be more effective. Yet in most cases one may have to
work on two fronts simultaneously and be creative about how to link the
two. For example, one may work at the high level by being part of nego-
tiations and drafting of formal rules and regulations, while at the same
time working at the ground or project level to change internal rules and
ways of thinking. Human rights is an example; formal laws and regula-
tions that are entirely new to the Lao context are promoted, while at the
same time, human rights are taken into consideration across all Sida sup-
ported interventions.

14) *How can the ID perspective inform Sida's work with capacity development?* Sida
participants, especially from LÄR, stressed the lesson that there is a link
between the institutional approach used in this exercise and Sida's cur-
rent policy for capacity development (CD). This policy takes a view of the
individual as being part of structures at various levels in society, and seeks
to work with training and CD from a more holistic perspective than tra-
ditionally. Figure 1 draws on Sida's policy to CD, and illustrates the struc-
tures that the individual is seen as being part of. As evident from the il-
lustration, institutions are already a recognized part of Sida's approach
and policy on CD.[14] But the question how they influence and are linked
to the individual and the organizations that they work in, is arguably one
of its least developed parts. How the approach to institutions and ID ap-
plied in this learning exercise can be used to inform Sida's policy on CD
needs to be explored further.

As a reflection, international consultants with experience of working with
CD from other organizations suggested that Sida would benefit from
viewing CD from a *strategic standpoint,* and that the ID perspective would
be useful. Such an approach to CD puts greater emphasis on the *intent*
behind CD interventions, and includes a view of human resources and
relationships as *strategic investments.*

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[14] To simplify the illustration, the layer "unit within organization" has been taken out from Figure 1 when used
here. Also, the shading has been added to underline the distinction between organizations and institutions, as
well as the focus on ID beyond the level of the organization that is central in this learning exercise.

In addition, the participant from SNV shared her experience of setting up a leadership development program based on an ID perspective in Laos. Components of this program illustrate what an ID approach to CD could look like, a few are mentioned here:

- The *content* of the leadership program includes modules on "leading your team", leading your organization" and an explicit module on "leading your society". This includes analyzing context, exploring attitudes and underlying assumptions, as well as identifying role and partnerships. The module has challenged some traditional notions of rules of leadership in Lao society. The program goes beyond most conventional leadership training programs that tend to focus on skills.

- The program is *not a one-off workshop* but carried out over several months with time for practice in between. It focuses on leaders from across sectors and encourages building peer groups, support networks, and relationships. This is by intent and design, as support among participants is seen as important for the future – if and when they will be trying to effect bigger changes in Laos.

- Local training providers were involved in the design and delivery from the beginning so as to *build local capacity* to sustain this kind of work in the future – as well as drawing on the local know-how of these providers.

Building awareness and skills in contextual analysis, relationship building, challenging traditional notions and rules of leadership, encouraging peer support and potential solidarity across sectors, and involving local providers could all be seen as key principles of an institutional approach applied to CD. For additional information on the SNV program, please see Appendix 9.

15) *Can ID happen without the support of (external) money?* In a group conversation in the Sida workshop in September, Lao program officers reflected on the perception that ID tends to be "done" only by donors. Instead it was argued that other actors can also play a role in ID. A particular question raised was how existing institutional changes already happening within the ministries can be supported rather than assuming that change needs to be initiated by donors. They also challenged the idea that ID can only happen with monetary support. They drew the lesson that ID is more about a way of thinking than big investments. SNV could share some experience on this as it primarily works with "aid without money", i.e. interventions without financial support that focuses on other things. There was also an expressed desire to use Sida's broader notion of ID used in this learning exercise to develop a Lao model for ID adjusted to match the local Lao context.

2.2.3   Concluding reflections

We see from the boxes that many of the lessons from affecting change *beyond* the level of the organization are similar to affecting institutional change *within* an organization (Figure 1). Hence, there might be *similar principles of change* at work at both levels, and lessons from affecting change within may be useful for working with ID at the level beyond the organization. Moreover, all the lessons on how best to achieve ID beyond the level of the organization in Laos (no. 8–11) are found also among the lessons drawn earlier with regards to affecting change within organizations. This suggests *a common approach* to dealing with the challenges imposed by the nature of ID, regardless of whether the work aims at rules of the game within or beyond the level of the organization.

All lessons in the lists also indicate ongoing learning regarding supporting ID among the participants of the learning exercise, not least the Lao project participants. In some cases this learning has lead to an explicit exposure of assumptions and values underlying some common actions or mind-sets (Figure 2). The lesson on the suspicion of the "falang hidden agenda", for example, puts on the table something that might be known or suspected by many, and that can now inform how Sida positions its ID work in Laos in terms of strategy, relationships, and language used. The final three lessons also indicate ongoing learning and, potentially, the start of another loop on the learning cycle – if these questions are addressed.

We return to how the lessons presented here relate to the overall questions posed for the learning exercise (see page 2) in Chapter 4.

3 Implications for Sida

All of these lessons of course have *implications for Sida*, which is the third overall question guiding the exercise (see page 2). In this Chapter we report and comment on implications coming out of the learning exercise. Unless stated otherwise, the implications are drawn by the participants themselves. Drawing out implications and relating them to the institutional approach constituted the start of a process of sense making among participants, which is a core phase of the learning cycle underlying the exercise.

3.1 Implications for Sida Grouped around Themes

Implications from all the lessons were explicitly discussed in the learning exercise, in relation to *strategy, relationships, ways of working*, and *competences* needed to support ID. These four topics are related and interlinked as visualized in this illustration:

Figure 3 Relation of implication topics

Strategy

Relationships   Ways of working

Competence

Source: Illustration by Liz Goold
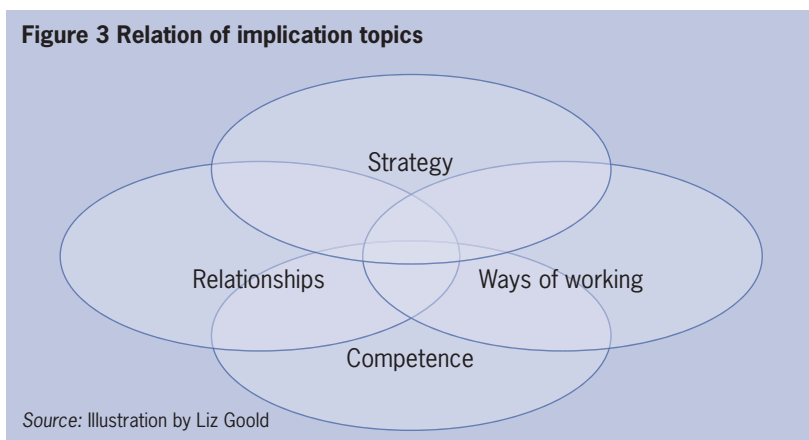
As indicated in Figure 3, these topics overlap. Strategy is underpinned by (and/or has implications for) relationships and ways of working, as well as for competences. Competences, in turn, form the basis for the other three.

The numerous implications that were drawn and discussed during the learning exercise have been grouped according to recurring themes, most of which are linked directly to the lessons in Chapter 2. All themes touch on one or more of the spheres in Figure 3. An overview of the themes is found in the following box:

General implication for the Embassy's work with ID in Laos:
1) View all Sida supported interventions from an ID perspective
Implications of nature of ID that then need to be taken into account:
2) Relate to changes in mind-sets and resistance to change
3) Accept and incorporate the long-term nature of ID
Implications for how to work better with ID in contemporary Laos:
4) Form high-level support and air cover
5) Relate to the importance of the informal in Laos
6) Build close but non-intrusive relations with the Lao
7) Access local knowledge and know-how
Implications for issues for the (near or distant) future:
8) Decide on Sida's role in donor harmonization around ID
9) Relate ID and capacity development to one another
10) Clarify the link between poverty reduction and ID in Laos

The first theme highlights a central conclusion drawn by the Embassy, namely that it should start to view *all* its interventions in Laos from an institutional perspective. This, in turn, is linked the other implications in the box. For example, in order to apply an ID perspective, some basic key characteristics of the nature of ID needs to be taken into account. The second grouping shows two important themes of this kind that were picked up and discussed explicitly by the participants: the importance of changes in mind-sets, and the long term nature of institutional change. Moreover, there were a number of implications based on lessons on how to work more effectively with ID in the specific case of Laos that can be applied to Sida's current activities there. Finally, the Embassy, as well as Sida Stockholm, drew implications based on lessons of what to consider and explore further for future work with ID in Laos and generally. These themes are all discussed in more detail below.

General implication for Embassy's work with ID in Laos

1) *View **all** Sida supported interventions from an ID perspective.* The Embassy saw as one major implication from the learning exercise that it should start to view all its existing interventions from an *institutional perspective,* rather than seeking to add ID to its agenda as something new. This indicates a shift in understanding, as seeing ID not as a specific type of support, but rather as a way of thinking. Viewing all its existing support projects and programs from an institutional perspective has *implications for all spheres in Figure 3*. Here they are discussed starting from strategies, and progressing down to competences.

Strategy and relationships

One implication is that, if such an institutional "lens" is adopted, Sida should take a strategic look at its entire "portfolio" of interventions in Laos from an ID perspective. This was not stated explicitly in the workshop but was touched upon indirectly on a number of occasions. Looking through this institutional "lens" would include asking questions like:

• What actors and sectors in the Lao economy and society constitute forces of institutional change, and should Sida support any of them? And what central actors resist change and how could and should Sida relate to those? Are they inside or outside the current portfolio, and why? For example, the emerging and evolving private sector was identified as one force of change but is not part of Sida's current portfolio; how should Sida relate to it?

• Who are the collaboration partners for each intervention? Are there some not normally worked with who would add contacts or relationships, or a perspective or way of working that could be particularly beneficial to Sida for the issues at hand?

• What role does a particular intervention play in the process of institutional development in Laos? For example, does it seek to influence the institutional context directly or is the focus on implementation and enforcement of existing formal rules of the game? What are the strategic implications; what efforts should be directed at what level, how are long-term ambitions linked to immediate "on the ground" work; what conversations and relationships require formal attendance from the Embassy, and when is the informal route better? How to sequence support?

A further strategic implication that was not raised by the participants in the learning exercise is, nevertheless, drawn here. It is for Sida to take a look at its own role within the set-up of important local actors as well as within the system of donor organizations in Laos in the light of the lessons that have emerged in this learning exercise. That is, to *view itself as an agent of change located within a system of organizations* (of donors and within Lao society at large) that is involved in a process of institutional development,. Hence, any principles of change that emerge in this learning exercise can be applied to Sida, and should inform its choice of strategies and relationships.

A related implication specifically discussed by the Embassy was the importance of mapping out strategic actors and relationships of central importance for ID in Laos. Some project participants also suggested that Sida should consider engaging with local or international NGOs or small donors (within Laos or the region) rather than just working with the big donors and agencies. If followed, what strategies and ways of working could be learnt from their approaches and the relationships they foster in Laos?

Ways of working and (internal) relationships

One further implication that was not explicitly mentioned by the partici-
pants but is added here, relates to the Embassy's every day practices and
internal relations. To start to view all existing interventions from an insti-
tutional perspective has implications also for such things as design of
Terms of Reference for evaluations, project memos, reviews, and think-
ing through the processes before a meeting or an evaluation. It includes
looking at the Embassy's internal relationships. Issues to inquire further
into include: influences that affect relationships between national pro-
gram officers and Swedish program officers at the Embassy, whose voice
is heard or valued the most, and what processes and spaces are needed to
encourage an environment that is supportive and open to learning and
dialogue within the Embassy itself. An institutional perspective will not
give direct implications or solution to questions of this kind. But it will
point to all of them being important issues for building better organiza-
tions, and that they, hence, need to be inquired into.

Competences

Taken together, all of the implications so far further imply that in order
for an ID approach is to be applied to all Sida interventions in Laos in an
effective and purposeful way, a number of competences need to be in
place. One is the *mastering of the ID approach itself* – this is fundamental and
shall not be forgotten. Others are *competences in dialogue and relational ways of
working.* This, in turn, has implications for learning programs: Sida should
then support the need for these skills and competences. For example, the
need for more training and practice of dialogue has implications for
preparation of new staff, on-the-job training, and coaching activities
within Sida. And is it really dialogue or the ability to hold *skillful or genera-
tive conversations* that is being asked for?[15] Likewise, if the relational nature
of ID means that self-awareness and social competence needs more at-
tention – what are the implications for training and hiring of consultants
and Sida staff, and what to do if some partners lack it?

Implications of nature of ID that then need to be taken into account

2) *Relate to changes in mind-sets and resistance to change.* A central lesson of the
exercise was that ID involves changes in mind-set, for example attitudes
towards what is right or wrong, how things should be done, and by whom.
Human beings tend to resist such change, which may be a hindering fac-
tor in ID interventions. This lesson has two general implications: (a) how

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[15] Supporting institutional development is linked to a more dialogic way of working, However, as indicated in
Appendix 3 the term "dialogue" may have become somewhat diluted in its use in Sida (as well as elsewhere).
Based on outcomes of this learning exercise there seems to be scope for supporting competences in *skillful
or generative conversations* at the Swedish Embassy in Laos, and potentially elsewhere in Sida. This includes
inquiry skills and listening skills, an ability to see patterns and make connections, to enable assumptions to
surface, and generate meaning.

to *"attain" change in mind-sets* needed for change to occur; and (b) how to *relate to the fear of change* that may follow. Each is discussed below.

(a) It has to be acknowledged that change in mind-sets may indeed be sensitive (as pointed out by policy participants), whether in Laos or elsewhere. On the other hand, it may just be an exciting new way of looking at things, but this still requires some getting used to. Or it could be a combination of the two. Which of these it is depends on the specific situation. Participants pointed out that change in mind-sets will not happen without an exchange of ideas and experiences between the parties involved in the specific intervention. This requires listening as well as real dialogue, and the building of trust through the establishment of personal *relationships*. Hence, the *competences* that international consultants need to have to *work in this way* and with processes that have change in mind-sets at their core are particularly important. There are also *strategic* implications in terms of, for example, project design and the need to anchor the project at the right level of the public administration to get optimal support or "air cover". There may be a need to inquire whether a particular change in mind-sets is of such a nature that it requires that other sectors or parts of society adopt them before they are feasible within a particular project. This too has clear strategic implications. As indicated, there are implications of this lesson that relate to *all spheres in Figure 3*.

(b) Fear, then, is a natural and human phenomenon (we may all feel fear of change and the unknown). But in the Lao case, resistance to change may also stem from other sources. One discussed earlier is the perception of foreigners coming to offer aid with a hidden agenda – that of changing the political system of Laos and the communist ideology at its core. Another mentioned in the workshops was the fear of being demoted, of loosing career possibilities, or even ones job if going too much against the established party line. This translates into a work culture that favors "non-action" over "wrong-action". Hence, in Laos, fear and resistance to change might be *"personal" in nature* (e.g. fear of new demands or failing in performing new tasks), or it may be of a *"systemic" nature* (e.g. not wanting to be associated with changes that challenge the prevailing system too much).

The two sources of fear may require rather different responses. The first involves more conventional thinking regarding CD and change in general, and will not be discussed further here. The second source of fear requires a better understanding of the specific context, i.e. the systemic forces at play within Lao society, and the role the individual is asked to play in the process of change. Hence, more thinking inspired by ID is called for. This includes an inquiry into the specific institutional set-up, the incentive structure facing actors within that set-up, the different power relations between actors with a stake in the status quo and those with an

interest in change – in short, knowledge of the game that is being played. Again, this *has implications for all spheres in Figure 3*.

For example, how can *relationships* be used to inquire into the sources of resistance to change, and how to address these. This, in turn, has further implications for the *competences and skills* needed to hold that dialogue and make that assessment. Competences in terms of knowledge of the specific reform process and institutional set-up, combined with conceptual analytical tools to increase the understanding of that context, are also needed. Finally, inquiring into the source of fear of change has *strategic* implications regarding how to relate to and deal with groups and actors who resist change – and for choice of cooperation partners among actors in the Lao society.

At last, it should be pointed out that ID interventions may challenge ways of thinking and established roles not only of Lao counterparts, but also of international consultants. There are implications for the training and learning provided by Sida as well as for choice of consultants. Likewise, established ways of thinking among Sida staff may also be challenged, one example being the 'need to think outside the box' that the adoption of an ID perspective may require. One implication is to consider what competences are needed for such thinking, and how these may be nurtured within the Embassy.

3) *Accept and incorporate the long term nature of ID.* A second key lesson was that ID demands a long-term, flexible approach in which time has to be allowed for informal ways of working. Workshop participants and policy participants agreed that working with ID takes time, and that means there must be trade-offs. Perhaps other issues have to be dropped, or reduced in scope or ambition. The Embassy, for example, has to decide what priorities need to be made in terms of resources and time, in term of competence building, the number of staff needed, and the approach used – and this in turn may need support from Sida Stockholm. Moreover, the long term nature of ID has a few general but important implications for Sida that were all mentioned; (a) the difficulty to foresee the process, (b) the resulting difficulty to plan the support, (c) the need for patience to wait for results to materialize, and (d) the need for methods for design and follow-up of an ongoing process of development and change rather than mere end result. To this list could also be added the possibility of the process leading to a different result than originally intended, and how to relate to that. Hence, the lesson on the long term nature of ID and ID interventions has *implications for all spheres in Figure 3*. Some examples are given below.

From a *strategic* point of view, the long term aspect of ID work has implications for how projects are designed, both in terms of ambition level (what can realistically be achieved within the time frame of the project),

the role of the international consultant (if short term), and how the support to various steps of the long term process is to be combined and sequenced. The last is a particularly important point. Moreover, supporting long-term processes implies that Sida needs to understand and be able to follow these processes over time, in order to understand, assess, and adapt to changes taking place. This includes knowing the different actors and forces that are involved, as well as any changes that may occur in these. Hence, strategies need to constantly be worked and reworked, and when working with ID, strategic thinking is in itself a core *competence* and part of an ongoing process. Another important competence of international consultants, Lao counterparts and Sida staff supporting the process is, then, to be able to work with short term tasks without loosing a long-term focus.

The long term nature of ID also has implications for the *relationships* Sida is building and how these are maintained even though staff both at the Embassy and within project may change during the lifetime of an ID intervention. Another important implication in relation to *ways of working* is that the long-term nature of ID work has to be accounted for in Sida's internal planning process and accepted within the organization at large. Given its long-term nature, ID work may be particularly susceptible to mismatches not only with local agendas, but also with that of Sida at large.

Implications for how to work better with ID in contemporary Laos

4) *Form high level support and air cover.* A very clear message of the exercise was the need for high level support in working with ID in Laos. Apart from concerns about roles and mandates – what can really be expected of Sida in terms of providing high level support – a specific issue is the restricted access that Sida (and other donors) have to key decision makers within the Lao bureaucracy.

Strategy

One implication is that Sida has to think creatively about a *strategy* to form such high level support, by making use of other resources and means at its disposal. This exercise suggests that one way may be to start from and work together with the projects. Other issues with strong strategic components were, for example, building networks, supporting future leadership, grounding work in practice, ensuring high level Swedish representatives to support interventions, as well as the attendance of senior ranking Lao representatives.

Ways of working and competences

If direct access to key decision maker is lacking, are there other and perhaps more indirect ways that could be used instead? This implies looking into Sida's current way of working and the competences it holds to see if changes here could provide new avenues or ways to form high level sup-

port. For example, should senior Sida staff attend meetings more, is enough effort put into requiring "back-up" from senior Sida or Swedish government officials? Does Sida provide information to the right access points at present, or are there potential relationships, actors, or forums that are being overlooked?

Relationships

A further implication is that Sida could think creatively about supporting an emerging leadership in Laos – either within own projects or outside. In short, to create its own future entry points to the system. This requires long-term thinking and viewing relationships as investments in human capital – while taking the specificities of the Lao system into account when it comes to the actual form of such support. An example was given from another donor's long-term leadership and relation building program with civil servants in Malaysia. This pointed to the possibility of "creating your own country club" the members of which would share a common understanding of Sida's approach to ID.

Further interesting ideas along these lines were proposed by project participants, although from a somewhat different angle. They explicitly asked for opportunities for a continued exchange of experiences of working with ID from projects, particularly across sectors. These would allow not only for the creation of new relationships and networking, but also contribute to building a momentum for change by creating a common understanding and thinking among participants, and ultimately develop a more strategic way of working with issues related to ID.

5) *Relate to the importance of the informal in Laos.* The importance of "the informal" in terms of relationships, ways of solving problems, and exchanging information in Laos was perhaps the most recurring theme of all during the learning exercise. There are *implications for all spheres* in Figure 3.

Strategy

Even though not specifically mentioned by the participants as a strategy, it is suggested here that "the informal" is an important strategic dimension not just a lubricant to ensure that projects or programs run smoothly; it is much more than that. For instance, a way to get accurate information about other issues and local time agendas, as well as a sense of what is possible and not possible.

Hence, thinking strategically about the importance of the informal in Laos means getting to know and understanding existing informal rules of the game, not least social or cultural ones, learning to respect them when needed and making use them when that may be helpful. It also implies consciously and strategically planning and using informal meetings, establishing and nourishing informal relationships etc. and to let that inform Sida's ways of working as well as the competences it builds. Here

there is a clear link to dialogue and its strategic use. One message from the policy conversations was that dialogue can be a very valuable tool – if used when the timing is right and in the right way, meaning discussing the 'right issue at the right time, and at the right level'. Thinking about and using Sida's informal relationships in a more strategic fashion might help in to understand when and what level that might be.

Ways of working

Not setting people up to loose face in a formal setting came out as an important lesson in the exercise. Adhering to this informal rule of the game has implications for Sida's way of working. How can Sida ensure that space is offered for informal meetings within its formal processes? How can informal spaces inform creative use of formal spaces as windows of opportunity for mutual understanding and learning, particularly given the seniority of those present in formal meetings?

Relationships and competences

The identification of informal relations as crucial within the Lao context suggests that the ability to form, uphold, and use informal relationships must be first acknowledged and then valued. This has implications for how to create space, flexibility and competence for this, and how to incorporate such skills into annual staff development conversations at the Embassy, for example. Moreover, putting higher value on informal relationships implies considering how to value and use information that has been obtained through informal relationships, and how to appropriately link informal to formal relationships.

6) *Build close but non-intrusive relationships with Lao counterparts.* The lessons from the relational exercises indicate that the Embassy have much stronger and clearer relationships with other donors in Laos (and Sida HQ) than with "the Lao side", foreign NGOs, and the few civil society organizations that exist in Laos. One interpretation is that the Embassy has not thought *strategically* about its *relationships* with other actors, and used these relationships to their full potential. Sida voiced intent to form closer relationships with the Lao project counterparts in the future, and there appeared to be a shared interest between Sida and the projects its supports to reach a higher degree of "closeness". One concern raised by Sida was how to create such closeness without interfering too much in the projects and placing itself between the consultant and the Lao.

To find out, an ID perspective implies inquiring into how to better draw on the experiences that national program officers have of forming close relationships with Lao counterparts. But also, to inquire into what specific constraints or difficulties national program officers face in building closer relationships, given their nationality. Another concern relates to the role of the international consultant – is he or she a gap-filler or a ca-

pacity developer? The first is an implementing role while the other is more of a coaching role. *Demands on competences* and capabilities will be different. A coaching role for capacity development with an ID perspective requires ID based analytical skills, relational skills and an understanding of learning. This has implications for the way Sida chooses its partners (projects, consultants, ministries) and the training/orientation/support offered to them, as well as negotiations over Terms of Reference for consultants and monitoring of performance.

7) *Access local knowledge and know-how.* The lessons revealed that project participants – Lao as well as international – felt that their local expertise and know-how was not given enough weight. A better use of relationships already established may contribute to Sida's contextual knowledge and inform its strategies as well as ways of working.

For example, project participants asked how contextual understanding and local expertise that Lao counterparts and international consultants have, can be reflected in Sida strategy documents on Laos. At present, project participants felt they offered little or no input into that process, although all had great influence on the proposals and contracting documents of their respective projects. The channels available at present, and how suitable they are for such participation could be investigated. There may also be an implication for LÄR: should it be involved in helping to create spaces or processes for participatory strategic thinking that draw from practice that could inform the bigger strategy process at Sida?

Implications for issues for the (near or distant) future

8) *Decide on Sida's role in donor harmonization around ID.* One significant lesson was that Sida's approach to ID is broader than that of other donors, and usually more flexible and long-term. With its emphasis also on implementation it was even called "unique" in the Lao context. This confirmed the impression held by most Embassy staff. In general, Sida received much appreciation for this, and it was argued that Sida should not abandon this approach to ID. At the same time there was a consistent message from projects that more coordination is needed with regards to ID efforts, and that Sida needs to be involved in this work. Sida drew the lesson that working with ID is not something it can do on its own; ID is too complex, and takes much time and resources, and may be an area in which cooperation and collaboration is highly beneficial.

The conclusion would seem to be that Sida should take an active, perhaps even a leading role in the donor harmonization process around CD and ID that is currently taking place in Laos. This process underlines the need for Sida to *(i)* articulate the distinctiveness of its own approach (and its underlying values) to ID and CD, and *(ii)* to relate that to the donor harmonization process. Hence, it has *implications for all spheres in Figure 3.* Initially a set of questions need to be asked, including:

- What constitutes core non-negotiable aspects of Sida's approach to institutional development, and what are the tradeoffs?

- How might Sida use its existing experience and relationships to influence other donors? A combined and more coordinated approach to ID would have more effect on Lao Ministries and the Government.

- And, ultimately, what role does Sida want to play when it comes to donor coordination concerning institutional development in Laos; does it want to follow or seek to influence and lead that process? How might it use principles of ID drawn from here in the way it does that?

9) *Relate ID and capacity development to one another.* As discussed in the previous chapter, one important lesson drawn by Sida participants (and in particular LÄR) was the need to relate the approach to ID used in this learning exercise to Sida's existing policy on capacity development, so that they can inform each other better. SNV provided an example of how to relate the two perspectives and work with them in practice. There was also a message from international consultants that Sida would benefit from viewing CD from a strategic standpoint and that the ID perspective is useful in that.

If adopted, this would have a number of implications for Sida in terms of what is chooses to support and fund. Supporting networking, peer learning, and building of relationships across sectors would become strategic investments in people – human capital or resources. As understanding the local context is vital, perhaps Sida should support local capacity and competence building among local consultants, possibly also that of consultants from the region (e.g. Vietnam or China). Showing this kind of confidence and trust will influence relationships and ways of working; as put by one participant 'how may the Lao be consultants or teachers to Sida?' Finally, strategic CD from an ID perspective has implications for how Sida approaches its own learning. Two potential avenues were highlighted and argued for in the workshops; by example from others and by feedback given from "the ground" in workshops such as this one.

Project participants provided a take on the link between ID and CD from a slightly different perspective. They argued that to implement formal institutional change, there must be implementation guidelines – and to implement guidelines, capacity building is needed. For example, for the decentralization reform to be effective it was suggested that not only execution and implementation need to be decentralized, but so do authority and decision-making, which requires new competences and capacities. It was suggested that that rules of the game need to be established as close as possible to where activities take place, meaning that projects and programs need to be adjusted to their context.

10) *Clarify the link between ID and poverty reduction.* Sida participants noted that the link between the ID concept and poverty alleviation had not been made explicit in the learning exercise. It was thought essential that it should be. 'Institutional change can never be an end in itself – it is only "good" if poverty is reduced' it was argued. This is of course true and in line with the evaluation theme on support to ID.[16].

This raises further questions regarding ways in which the ID concept and institutional theory can influence the way Sida thinks about poverty, and how to reduce it in Laos. For example, what are the ways by which social formal and informal rules of the game influence poverty in Laos? Are there institutional causes of poverty and institutional constraints to poverty reduction at work? What are the underlying processes and mechanisms? Importantly, how can Sida make use of that knowledge in the way it chooses to support projects or programs, or participate in coordinated activities with other donors?

3.2 Concluding Reflections

A *first reflection* concerns Sida's role in the interface between experiences grounded in practice from support to project, and influence at the higher policy level. Importantly, participants put emphasis on the need to be able to work with ID on both high and low levels; both in terms of policy and projects as well as supporting ID at the level of institutional framework and organizations in Figure 1. The message was; *(a)* to work with what you have in terms of projects and relationships, and *(b)* that high level support is needed, for which there might be a role for Sida to play in Laos.

Hence, *the experience Sida has by working with ID in practice through support to Lao projects could be used to give credibility to its efforts to promote ID at the policy level.* The challenge is to draw lessons and learn continuously from these practices. This means that it can be a *strategically informed decision to create time and space for continued learning from the projects to inform Sida's policy work* – as well as the other way around.

Another reflection is that taken together, the lessons and implications presented in Chapters 2 and 3 *point to Sida facing a set if strategic dilemmas,* for example:

1. Supporting projects or sectors?
2. Supporting projects or organizations?
3. Supporting ID within or beyond organizations?
4. Supporting current or future leaders?
5. Seeking or "creating" leaders?
6. Taking a leading role or being a follower in the harmonization process?

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[16] Eriksson Skoog (2005a)

Without being subject to a thorough analysis, outcomes of the learning exercise do anyway seem to suggest to: focus on sectors and organizations; support ID both within and beyond, support both current and future leaders; both seek and "create" new leaders; take a leading role in the harmonization process in terms of ID. That is, to do both/and rather than either/or. In fact, this is in line with the approach to participatory learning and dialogue used in this exercise. It suggests that when faced with a polarity like the ones above there is a natural tendency to be stuck in "either or" thinking. If instead one stays with the dilemma, something new – a third way – can emerge. A way of holding that tension is to look into what the underlying assumptions of the dilemma are, and the Embassy can seek to continue this learning also after the close of this particular learning exercise.

An *additional reflection* is that if combined, the lists of lessons and implications also indicate that the *nature of ID in general and the nature of the specific local context are both important parts of understanding the process of institutional development and change.* Neither can be overlooked when seeking to promote and support ID.

Finally, this section has listed and grouped a number of implications from the lessons learnt on how to support ID in Laos based on their recurrence and their content, or spirit. They all provide responses to the third overall question guiding the learning exercise, which we will discuss in the next chapter. When needed, the implications have been interpreted from an institutional perspective by the author and the facilitation team, but no prioritization has been made among them in terms of relative importance, time tables, or suggested concrete actions. That was instead left to the participants themselves, and we return to outcomes of this part of the learning exercise in Chapter 5.

4 What do we know about Sida support to ID in Laos now?

We can now investigate what responses Chapters 2 and 3 give to the three questions guiding the exercise. These were: *(1)* how has Sida support to institutional development influenced the institutional set-up in Laos? *(2)* what has helped and what has hindered that contribution?, and *(3)* what are the implications for supporting institutional development? Each is discussed here.

4.1 How has Sida support to ID influenced the institutional set-up in Laos?

First we should note that the "how" in this question can be interpreted from a quantitative angle (*how much* has Sida support to ID influenced the institutional set-up in Laos) or a process-related angle (*in what* ways has Sida support to ID influenced the institutional set-up in Laos?). It was never the intention that the learning exercise should assess the effect of Sida's ID interventions in Laos in quantitative terms. Hence, the *how much* question is rephrased and focus is primarily put on in what way.

4.1.1 Has Sida support for ID influenced the institutional set-up in Laos?

One conclusion from the learning exercise it that *yes it may very well have done so – at least to some degree and at least in some cases.* Although the learning exercise is silent on the degree of that influence, there are strong suggestions that there has been some influence. Participants have shared numerous examples of successful ID work that have resulted in new formal institutions as well as changes in mind-sets and ways of working. Only some are reported here. By allowing for reflections from a long term perspective, the learning exercise has helped in making these clearer and easier to detect.

As it was never the intent to evaluate or assess the outcomes of Sida support to ID in Laos in quantitative terms, it is not surprisingly that we do not know if the net effect of Sida support has been positive or not. But we *can say that positive effects have been reported and illustrated by the projects.* One complicating factor is that that we cannot know for sure if these changes would have happened without Sida's contribution; if they would have materialized either

through the contributions of other donors, or as part of the present reform process.

One conclusion we can draw, however, is that *successful interventions appear, at least partly, to be the result of the ability to tailor, anchor, and time interventions well in relation to the general process of change* currently occurring. In essence, this means being an active partner and part of that process. Interventions where Sida has sought to "impose" or push too quickly for changes that the system is not ready for, or does not agree with, have found it difficult to influence change.

4.1.2   In what ways Sida support to ID has influenced the institutional set-up in Laos?

Table 1 in Chapter 2 indicates ways in which Sida has sought to support ID in Laos. There is a range of activities spanning from writing reports to produce knowledge and raise awareness in order to affect policies and create demand for future rules and regulations, to drafting of actual decrees or laws. Transforming formal rules, laws, and regulations into rules-in-use (or rules that are applied or followed in practice) by focusing on implementation has been an important part of successful Sida supported ID interventions found in the table although most are probably not talked about in those terms.

One conclusion based on the outcomes of this learning exercise it is *that Sida has sought to influence institutional development in Laos by either;*

(a) *direct support to the forming of formal institutions* (such as laws and degrees)

(b) *supporting organizations that constitutes "pillars" of the institutional set-up* as they have a role and mandate to implement the existing legal structure. In a few and rare cases the organization has also had the mandate to suggest and instigate changes to that structure (STEA is a case in mind, NAFRI another).

It also appears as if (b), i.e. support to structurally important organizations in Laos, has been the most common way of working for the Swedish Embassy in Laos – at least so far.

Whether this has been a conscious approach and a strategic link between the two ways of working and levels of operation have been made, is not clear – and perhaps even questionable. Points *(a)* and *(b)* above do, however, again indicate Sida's potential role in the interface between policy and practice that was discussed in Chapter 3. The importance of continuous learning from practice combined with strategic thinking around relationships, ways of working, and competences that this role implies ought also to be noted again.

One *related conclusion or suggestion* from the learning exercise is that *points (a) and (b) are or can be linked*. Chapter 2, for examples, concludes that ID and change within the organization is relevant for ID beyond it limits, or within society at

large. The lessons show that if an organization is to promote ID in its context, it may need to change also its internal rules of the game – in terms of own ways of working and interaction with other organizations within the system of organizations that it is part of.

Hence, *a further conclusion* is that *one way of supporting ID is to promote ID work within organizations,* for example by focusing on implementation of formal rules in order to make them actual rules-in-use. Another option is to *support organizations to become agents of change within the wider context in which they operate.* The case of NAFRI suggests that from an institutional perspective it is important to *support the organization as whole rather than only parts of it.* This includes strengthening its identity as an actor that can promote change with some degree of independence, and with ambitions reaching beyond itself to society at large.[17] These conclusions most probably apply to support to ID in general.

A *final conclusion* is that *Sida's present approach – whether conscious or not – to support ID in Lao may well be valid.* However, it is valid only as long as this support takes into account the issue of change of internal rules of the game and how these are linked to rules beyond the organization, and does not stop at knowledge creation. It *becomes a conscious and strategic approach if the link between support at the organizational level and support at higher levels is made explicit,* and allowed to inform the role Sida chooses to take in supporting ID in Laos.

On this note, *an overall message to Sida* from this learning exercise – and perhaps contrary to common belief – is that the lessons presented here suggest that *projects placed within organizations can be tools for institutional change.* At present there appears to be a general assumption within Sida and the aid sector at large, that program support and harmonization will have a greater chance at affecting institutions. This may very well be true. Even so, these workshops do indicate that projects too can promote institutional change.

4.2 What has helped and what has hindered that contribution?

This is the second question guiding the exercise. Responses can be picked from lessons as well as from the designated session in which projects shared their experiences from cases in which ID had been achieved (page 16).

One *conclusion based on the lessons* is that *important driving forces for institutional change in Laos may be "top-down" (coming from the Party or Government) as well as "bottom up" (from client's demands or the market).* Such forces may partly be caused

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[17] Having said this, is should be acknowledged that an organizations is always susceptible to changes in its role and mandate. Within a political system such at that is Laos, the threat of revoked rights of initiating and executing activities in an independent fashion is always present and needs to be taken into account when support strategies are formed. The ongoing decentralization process has been marked by such steps going first forward and then back, which indicates the contested nature of decentralization within a still highly centralized system.

by changes in the international or regional environment, and in Lao's relationship to the outer world. However, they also seem to come from within, not least in the form of partial reforms. The Lao experience indicates that partial institutional change may create incentives and pressure for further reform. Effective implementation of new formal rules may require complementary and additional changes in other rules – as illustrated for instance by the decentralization reform.

Another message from the learning exercise was that to affect ID projects need to be well integrated into their host organizations. Hence, a *second conclusion* is that *support to the organization as such*, in order to reinforce its identity as an independent actor and a potential agent of institutional change is important in Laos.

Specific helping and hindering factors in supporting ID were also given – high level support, relationships, incentives, competences and resources, nature of the intervention. These were all important, and include hindering as well as helping factors. One interpretation was that *the system of organizations level (Figure 1) is important* and can be either helpful (demand for product or services from other organizations within the Lao administration) or hindering (ambiguities in roles and relationships with other organizations). The exercise suggested *the vital role of the prevailing incentive structure* in influencing cooperation from host organizations as well as other key actors, and, hence, also the outcome of the interventions. Another message was that *competences and resources (e.g. skilled staff and technical support, or funding) were important and tangible helping and hindering factors* – even for ID with its many intangible aspects. Likewise is the focus of the intervention itself a helping or hindering factor; some are, for example, inherently difficult or sensitive.

Sida had provided assistance that was deemed helpful, often support to drafting of necessary policies or regulation or bringing up critical issues at higher political or ministry levels. Sida's risk of loosing its own way of working with ID in the donor harmonization process was stated as a hindering aspect of Sida's role, as was the tendency to overlook Lao norms in favor of "too many legal aspects". It was *concluded* that these *outcomes point towards Sida's important role and ability to create high level support for the projects, as well as to challenges regarding its participation in the donor harmonization process.*

4.3 What are the implications for how to support ID?

The implications discussed in Chapter 3 are *all* responses to this, the final of the three overall questions. They will not all be repeated here, but these were the themes under which they were grouped: *(i)* the general implication to start viewing all the Embassy's existing interventions from an institutional perspective rather than adding something new to the list; *(ii)* nature of ID that needs to be taken into account; *(iii)* how to work better with ID in contemporary Laos; and *(iv)* issues for the (near or distant) future. Apart from the conclusion already stated in relation to these, a few additional ones can be made.

One conclusion is that *some fundamental aspects of ID can not be overlooked when designing ID support interventions.* In this learning exercise the need for change in mind-sets and the long time it takes to achieve ID emerged as such central aspects of the nature of ID. Most likely these are key aspects of support to ID elsewhere too. The nature of the local context is equally important, and a *further conclusion* from the exercise is that the overlap between these two is what is important, i.e. *influential support to ID needs to take into account fundament aspects of the nature of ID as well as of the nature of the local context.*

Implications addressing how to work better with ID in contemporary Laos are suggestions, or hints, directly based on the lessons. They indicate that *there is scope for developing strategies and a conscious approach to supporting ID in Laos,* based on the lessons of this learning exercise. Indirectly, they also show *the deep level of knowledge and understanding of the local context that is required to work well with ID.* Moreover, the learning exercise also suggests that close *relationships or spaces where open dialogue can take place* are ways to form such links to local know-how.

As outlined in Chapter 3, to apply an institutional perspective to all its interventions has far reaching implications for the Embassy. It requires *a good understanding of the institutional perspective* and the ability and willingness to let that inform the Embassy's way of working, the relationships it holds, and the strategies it adopts. One conclusion is that if this insight is taken seriously, then the same line of thinking should be applied also to the Embassy itself. This implies *inquiring into its own internal processes and ways of working from an institutional perspective.* And extending the argument further, what are the implications for Sida at large of adopting a view of institutional development as a "way of thinking", which puts particular emphasis on rules-in-use and incentives, and that can and ought to be applied also to its own operations?

5 Ways Forward

In this learning exercise, addressing ways forward or points formulated by participants that they want to act and work on serves two purposes. First, from a self-evaluation perspective they correspond loosely to the *recommendations* in a traditional evaluation, although now formulated by the participants themselves. Hence, they provide information about actions that can be followed-up in the future, if so desired. Second, from a learning perspective, action points formulated by the participants *indicate* areas in which *learning* has taken place and where a new loop in the learning cycle has started.

The outline of Section 5 reflects the overall workshop process (see Appendix 4). First, we discuss action points that were brought up by project and Sida participants separately in workshops and meetings in June and September. Second, we present action points that were agreed on by projects and Sida in the common workshop in September, and that in effect "graduated" into joint action points.

5.1 Separate Action Points for Embassy and Projects

In general these action points tend to be more indicative and less concrete than the joint action points. There were actions points that related *generally to ways of working and relationships:* The need to improve teamwork by building trust and strong relationships between the project and host organization was one such recurring topic. Another, raised by Lao counterparts, was the need to change attitudes, and in particular to spell things out more openly to foreigners in order to learn and increase common understanding. As some Lao participants put it; 'we should not run away from our problems but take responsibility for and address them'. One high ranked Lao participant stated a recognized need to be more involved in preparation and implementation of projects. NAFRI and STEA realized that they had a lot to learn from each other, and reported that 'some good conversations had already started due to this workshop'. The need for good leadership was also brought up and one project stated that it would seek to build up middle level leaders in response to the workshop, while another saw an immediate use of the flower model of facilitation[18] in an upcoming management seminar.

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[18] The workshop facilitator sought to work at three levels; (1) the task/purpose of the workshop, (2) the relationships and process in the room, and, at times, (3) at a deeper level, offering space for deeper mind-sets and assumptions to surface. This approach to facilitation was illustrated by the so-called "flower model of facilitation", which is found and described on some detail in Appendix 3.

Most of the actions points that were not taken forward to the joint workshop concern *how to integrate ID thinking into the own way of working* of projects as well as Sida. A brief overview of these is found in Table 3. There is no prioritization among points in the table, and they are in the participants own words.

Table 3: How to integrate ID perspective into own ways of working

Projects	Sida
Start to sketch out a strategy for ID *(STEA)*	Consider institutional development in memos, projects and reviews. *(Embassy)*
Before we focused only on the 'organizational' and 'systems of organizations' level – we need to add the wider institutional framework & relations to clients/data providers *(NSC)*	Tone down ambition around ID in terms of what can be expected to be achieved within the time available – and be more context specific. *(Asia Division)*
We will use Figure 1 as a way to look at how we include relations with clients and data providers in a strategic and systematic way. *(NSC)*	Raise questions of ID everywhere – and try to create space to enable implementation. *(Embassy)*
Manage and integrate project activities into overall organization/institution activities *(TD)*	Further conversations with POM and LÄR about ID and CD. *(UTV)*
Properly identify and improve an appropriate coordinating mechanism across different organizations (key partners, stakeholders) *(NAFRI)*	Continue thinking and analyzing projects from an ID perspective, including project committee meetings; 'perhaps put up an institutional development reflection point for all our discussions'. *(Embassy)*
Take up our now better understanding of concept of ID into our work *(NAFRI)*	To discuss how UTV and LÄR can work together in the future to enhance learning about ID. *(LÄR)*
To have a more explicit rather than implicit institutional focus on information activities *(MCTPC)*	Consider training (including consultants and Swedish partners) and capacity-building from an institutional angle. *(LÄR)*
	Influence Sida's internal CD programs and approaches – e.g. dialogue and how to link dialogue to institutional thinking. *(LÄR)*
	To consider the consequences of what is already approved in instructions, policies etc concerning ID – in terms of competence and the resources needed for doing this 'in the field where the actual work has to be done'. *(LÄR)*

Source: Summary and compilation by author and facilitation team.

One response to the table is that project points appear to be closer to commitments than Sida points that are more general. Sida had a half day less to spend in the workshop which may lead to their action points being "less mature" than those of the projects. Or it is a reflection of use of language that,

in turn, may be a reflection of different organizational cultures between Sida and the projects they support? The need to link ID to CD is mentioned on a number of occasions by Sida, and – at least based on use of language – both groups appear to have connected with the institutional concept used in the exercise and are seeking ways to incorporate it into strategies operations and relationships.

5.2 Action Points agreed on by Projects and the Embassy

In September the Embassy and the project met in a half day workshop to follow up on the one attended in June. Here, participants stated topics they wanted to have a conversation about with the aim of finding concrete ways of moving forward. Through a self selection process four main themes were filtered out. These are reported in Table 4 on the next page, in combination with examples of lessons and implications that fed into these themes and concrete action points that were suggested. Again, there is no order of preference in the table, and the words used are those of the participants.

The last theme addresses the need for creating a common understanding among Sida staff and its Lao partners of what is meant by ID and how to best work with it in Laos. Here it was explained that the traditional Lao model of ID could be summaries as: good boss → good work → good organization. Hence, organizations will perform better if and when the right boss is assigned to the job. The learning exercise has not shown how to move from this traditional model to a model that fits better with the conceptualization used by Sida – but which at the same time is adapted to the local context so as to render it useful in Laos. One discussion group, consisting only of Lao participants from Sida and the projects, argued that this is needed and suggested the following process to inquire further into this:

1. Find good examples of successful support for ID work to draw more detailed lessons.

2. On the basis of these examples, discuss what ID is at the project level – develop common understanding and common concepts at a joint thematic workshop.

3. A common ID concept can then be forwarded to higher political levels. For any concepts broader that the routine concepts, approval from bosses and higher levels within the administration and political system is needed.

4. Consultants working in the projects need to have a good understanding of ID.

5. Lessons from the Interim Report should be used/discussed and brought forward in developing a common understanding of what ID is and how to support it in Laos.

Table 4: Discussion themes and concrete action points, Embassy and projects

Examples of lessons and implications feeding into theme	Areas for support to ID	Suggested concrete actions
Harmonization (GoL and donors)		
• Coordination around ID with other donors is needed. • Support a collective voice among donors on ID and CD. • Relationships and dialogue are important for working with ID • High level support is needed when working with ID • Use vast experience of ID in Laos to influence policy	• Good time now: interest from above (Paris agenda) and below (project level) • Who will take leadership? • Tools are needed. Some are already available, but not always used. • Each donor's individual risk perception and risk management are hindering factors or obstacles to harmonization;.	• Address Sida's role in harmonization around ID and CD in Laos as a topic for an *Annual Review*.
Working together strategically		
• Importance of working with the informal in relation to the formal • ID is long-term and step-by-step • Sida needs closer Lao-relations • Bring in local know-how	• Set aside time and resources for ID • Use informal pre-meeting • Joint-stake holder analyses • Potential for projects to give their experience as input into the Swedish Country Strategy • Projects would benefit from some basic info about Sida in Laos (goals and reasons for being here) to anchor oneself in the bigger picture – and to give to short term consultants.	• Introduce informal pre-meetings in the *regular review process* of projects, programs and strategies • Explore potential for local consultations with Lao project partners in early stages of the next *Swedish Country Strategy process*
Creating a common space for ID		
• Suggestion from projects to make this work on ID more than a one-shot event. • Create your own "country club" by supporting project participants. • Need long time to build trust to discuss sensitive issues that may influence ID • Learn from shared experiences across projects	• Continue to meet in informal setting to learn from each other about ID • Meetings twice a year • Sida co-hosting with one project, on a rotation basis. • Use workshop topics as base	• A working group was appointed to discuss *form and content of the meeting.* • *First meeting suggested* to be January 2007, hosted by NAFRI
Common understanding of ID		
• Need a common understanding of ID in Laos, among Sida and Lao partners • Scope for more "falang-Lao" learning on ID • How is ID linked to poverty? • How is ID linked to CD in Laos? • Desire for development of a Lao model of ID, based on Sida's broad concept and approach.	• Lao traditional understanding of ID differs from that of Sida • Potential to develop a Lao perspective on ID? • Process oriented evaluations are needed (of projects and Embassy) • Indicators for following progress of intangible aspects of ID are needed • Reflected in project steering documents	• A *process* for continued work to create common understanding around ID, adapted to the Lao context was suggested (see above) • Suggested to *link to Sida HQ* (POM and LÄR).

Source: Compilation and analysis by author and facilitation team.

As discussed in Chapter 2, some outcomes of the exercise were interpreted as indications that changes in what is perceived to be "good leadership" and "good organizations" are currently taking place in Laos. This process of change in Laos can be tapped into.

5.3   Concrete Action Points from Sida Stockholm

Representatives from LÄR and the Asia Division were also given the chance to articulate concrete action points to address after the learning exercise, but in separate conversations in Stockholm in October. Drawing on implications of the long term nature of ID work and the call for a clearer Swedish Country Strategy that is adapted to the Lao local context, the representative from *the Asia Division* suggested that a one day workshop based on the learning exercise be performed within the forum of the Lao Country Group. This would include division heads and program officers from sector departments involved in Laos as well as program officers from the Asia Department. Times, content, form, and invitations will have to be worked out jointly with UTV.

*LÄR, i*n turn, picked up on how to link CD with an institutional perspective. One lesson from the exercise is that there is fruitfulness in combining the two, but still some confusion about how to do it. The reference group for capacity development at POM is the right forum for considering this. The link between ID and poverty reduction also needs to be explored further, and the interim report with its open ended character forms a good starting point for further discussion and could potentially be useful in courses, training, and conceptual work. One further implication is how the outcomes of this learning exercise can influence training of Swedish partners. The exercise may also provide input into the development of Sida's work with dialogue currently being addressed by the Dialogue Working Group. LÄR and UTV also discussed opportunities to pick up lessons learnt form the working process itself for possible future cooperation around learning from evaluations. A final point was to consider implications of job support to Sida staff working with ID in the field, which would be of particular significant if an institutional perspective as a way of thinking were to be adopted within Sida as a whole.

5.4   Concluding Reflections

A first reflection is that a number of lessons and implications from the previous sections in the report were picked up and discussed jointly by the Embassy and the projects. A second is that there was a considerable degree of understanding and willingness to move forward on these points, and much energy was put into finding concrete suggestions that potentially can be measured in both time and space, i.e. are doable and can relate to existing

structures and time tables. Hence Table 3 illustrates attempts to bridge the "closeness gap" identified earlier, both in terms of the discussions that lead to it and the outcomes reported there.

A few outcomes are worth while commenting on specifically. One is the *creation of a space for Sida and projects to meet and continue to learn about ID.* This is a direct response the request or suggestion raised by the project workshop in June, which potentially may provide a platform to address or build on many of the lesson that came out of this exercise. For example, it may support Sida and project learning, foster a common view and understanding as well as serve as a long term investment in relationship building with up and coming Lao policy makers and leaders. The Embassy's embracing of this suggestion has created good-will which it now can choose to build on or not.

It is equally encouraging to see that *one clear lesson of the learning exercise – the importance of the informal (in terms of informal rules, meeting, and relationships) in Laos – has been picked up* and will potentially have an effect on Sida's way of working. The introduction of informal pre-meetings in formal processes (such as reviews) is a first step, but more could probably be done. One suggestion from the facilitation team is to continue to un-pack the meaning of the informal – not least in relation to the formal in Laos – and to investigate other areas where informal ways of working may be beneficial. The now agreed bi-annual ID joint meeting or workshop may be one arena where this could be explored further.

The *process suggested for developing a common understanding of ID* is also very interesting. It embodies an aspiration to filter out a concrete method of how to support ID that is adapted to and useful in the Lao context. In addition, the suggested steps of action exemplify how the process of arriving at such a method in itself needs to be adapted to the Lao context. Another clear and related message from the joint workshop was the perceived need, among primarily international consultants, to *develop evaluation criteria based on process indicators and indicators of intangible results.* This stems from recognition that as relations and informal ways of working are central to supporting ID in Laos, then evaluation criteria and evaluation methods need to give value also to such intangibles. Support from Sida centrally was seen as essential in this, which is a challenge to be picked up for those concerned with methods development within Sida.

Potentially, all of these themes – working together strategically, creating a space for continued learning about ID, and developing a common understanding of what ID is and what support for ID requires in the Lao context – will support Sida in the harmonization process in the field of ID and CD. This is currently ongoing in Laos, and based on the efforts made in this learning exercise to learn from its vast experience in the field, Sida may be in a better position to define its role in that process. The question is of course to what extent Sida is willing to take the lead and promote its approach to ID in these harmonization efforts.

6 What do we know about learning now?

Contributing to learning about ID among Sida staff and its Lao counterparts is a fundamental part of this exercise. What can be said about the amount and quality of the learning that has – or has not – taken place among participant in the exercise? As in the previous chapter, we are more concerned with outcomes rather than assessing or evaluating. We are, hence, looking for *indications that learning has taken place,* or that a learning process has been initiated. The chapter ends with an exploration of one aspect of what it is that has been learnt about ID, namely that it is a way of thinking or "lens" rather than a type of support. This chapter has benefited significantly from comments and inputs from Liz Goold.

6.1 Learning Among Participants about Supporting ID in Laos

Even looking only for indications of learning is not straight forward. What are we really looking at in terms of learning about ID? Are we looking for increase in knowledge and understanding about ID concepts, development of analytical skills, challenging of underlying assumptions, or for changes in practices? It is beyond the scope of this report and the time-scale of the learning exercise to address real changes in practice, i.e. application of action points that would indicate learning. We can, however, draw out some indication of learning from the suggested action points in chapter 5, written participant evaluations of the workshops, and the more general observations reported in this final report.

- The suggested *concrete action points* indicate that leaning has occurred in relation to many of the lessons drawn in the learning exercise. A date has been set for the first meeting to create a common space to continue to learn and develop Sida's approach to ID in Laos. Concrete issues to take forward, such as process for common understanding of ID and the need for process-based result indicators, have been discussed. Groups have been identified within Sida Stockholm to carry the process forward there as well. Even though none guarantee that action will be taken, these are the first and necessary steps and as such, important.

- There is also recognition of need for *competences and skills* on behalf of participants. In particular: analytical skills to better understand the context and concepts, awareness of need for listening and relational skills, as well as analytical skills.

- An increasing *use and awareness of language* that is related to the ID approach, such as "rules of the game" and references to the Figure 1. These indications of increased knowledge about ID and an ability to start to conceptualize in practice.

These points all indicate that *single-loop* learning has taken place, i.e., learning that relates to how things are done (improving practices, or performing tasks better). *Double-loop* learning, on the other hand, involves learning about why things are done the way they are done, and involves inquiring into existing ideas about how to perform these practices, and may involve challenging these underlying assumptions.[19] There are indications of that learning in the exercise as well:

- There appears to be a growing recognition among participants that ID is more a *way of thinking* than a type of support. The Embassy's conclusion that it ought to use the ID perspective as a lens that can be consciously applied to all its interventions is an indication of this shift in mind-set. Awareness that the ID perspective allows for a step back and a look at the broader picture is another indication of stepping out of the box. As stated by one participant: *'before we focused only on the organization and systems of organizations levels – now we need to add the wider institutional framework'*.

- There are a number of indications of an *increased awareness of underlying assumptions* with regards to ID. The suspicion about the "falang hidden agenda" and the wider systemic issues related to ID is one example of underlying attitudes and mindset that emerged. The questions raised around the necessity of donors and external money in promoting ID and the ongoing process of change occurring in Laos is another. The conversations and suggested process for developing a common understanding on ID is yet one more, and important indicator of learning.

- There were also indicators that links were being made into a deeper understanding or awareness of an *underlying theory of change* related to ID: *'in order to understand where we are, we need to look backward and forward, learning from the past, taking into account the dynamic nature of problems and understanding the stand of the main actors'*.

Hence, *one conclusion* is that *there are indications that the learning exercise has led to increased knowledge and understanding about the ID concept, initiated development of analytical skills, and even allowed for underlying assumptions to surface and be challenged.* It is, however, impossible to say anything about the degree or depth of that learning.

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[19] For further details about single and double loop learning, and the approach to learning adopted in the exercise, please see Appendix 2.

6.2 Learning about Applying an Institutional Perspective or Approach

In this learning exercise we made a distinction between *(a)* supporting ID, and *(b)* applying an institutional perspective. The interpretation of the statements of the Embassy is that it is going from an understanding of ID in the form of *(a)* to one in the form of *(b)*. Indications are that the same holds true for other participants as well, although not stated as explicitly. Supporting ID or applying an institutional perspective are, of course, not mutually exclusive – on the contrary. Applying an institutional perspective is complementary to supporting ID, or may even be regarded as a prerequisite. Let us explore the implications applying an institutional perspective somewhat.

At a general level, adopting an institutional approach – or lens – benefits from the ability to take a step back and to ask, *"what game is being played here?"* What are the rules of the game and who are the actors or players? What does the interaction between players look like, given the perceived incentive structure of those rules (e.g. do they cooperate or not)?

A second question is, *"how, when, and by whom can the rules of the game be changed?"* What is the interaction between rules and actors: When are actors changing the game (e.g. a new powerful firm in a market or political power struggle)? What impact do external changes have on the game and the actors (e.g. the 1997 Asian Financial crisis)?

In general *there is a strong link to inquiry within an institutional perspective,* which is an overlap with the approach to learning that is used in this process. As indicated in the previous section, institutional analysis also involves asking questions in a double loop fashion, and to arrive at "better" and more accurate questions that in the process go to the root of the problem.

An institutional perspective or approach also *encourages taking a long-term perspective;* to every now and then lift one's eye from the intricate of the daily activities and look back at what has happened. This in order not only to learn from the past, but also to see what changes have actually occurred – to put the small steps and slow motion of the process of institutional development into perspective. Usually, that is a rather encouraging endeavor. It tends to bring out the depth and magnitude of changes that easily go unnoticed or are too gradual to be seen.

In order to develop an approach to ID, apart from theoretical inputs, this exercise also emphasized the importance of working with and learning from the existing practice of partners and the Embassy itself. It suggested giving value to the ability to build relations and to engage in skilful conversations and dialogue. This in turn, may give Sida more credibility and ability to engage with other strategic actors on these issues, for example other donors or Ministries. Moreover, if Sida wants to take this approach to institutional development further within it own institutional context, then it will need to apply the

thinking, lessons, and principles of ID to itself. There may be 'stuckness' of informal or formal' rules' within Sida that may need to be inquired into and worked with, using these principles if ID is to be embraced more fully.

7 Concluding Reflections and Comments

This has been a participatory learning exercise on Sida support to institutional development in Laos. Its overall aim has been to learn more from the experience of Sida support in the country, and to draw lessons to inform future strategies and work. It was a joint effort between UTV in Stockholm and the Swedish Embassy in Laos, combining elements of self-evaluation and learning from a participatory and dialogic perspective. It was spurred by perceived unsatisfactory results in previous reports on Sida support to ID in Laos, in terms of: *(a)* uncertainty about effects on the institutional set-up of the country, *(b)* a lack of access to the high level policy makers and the ruling Party, and *(c)* the theory of change underlying those interventions. The purpose of the exercise was to contribute to the learning of Sida and its partners in Laos, as well as to Sida more generally. We will conclude by reflecting on what the learning exercise has come up with in response.

7.1 Effects of Sida Supported Interventions on the Institutional Context in Laos

The guiding questions were designed to bring out some clarification on the ways Sida support to ID in Laos has influenced its institutional set-up. The exercise provided a number of lessons and numerous implications for Sida in response to those questions, which are discussed in Chapters 2, 3 and 4. These relate to the way Sida works, the relationships it maintains, the competences it builds, and the strategies it chooses to base its ID support on. The lessons have implications for Sida in Laos and for Sida in Stockholm, and for the relation between the two. The participatory nature of the exercise and the workshop in September has contributed to the possibility of these lessons and implications being translated into practice.

Important conclusions include:

- There appears to have been a *change in mind-sets within the Embassy about ID* – from a type of support to a way of thinking that can and should be applied to all its activities in Laos.

- The *nature of ID in general and the nature of the specific local context* are both important parts of understanding the process of institutional development and change. Neither can be overlooked when seeking to promote and support ID. In this exercise, change in mind-sets and the long-term

nature of ID emerged as elements fundamental to ID. The need for "air cover", or high level political support, and the importance of taking informal relationships, rules of the game, and processes into account, is examples of important aspects of the nature of the Lao context.

- Lessons from *supporting ID within organizations* are very *similar* to those from *supporting ID beyond* the level of the organization, in society at large. There might be similar principles of change underlying both processes, and similar approaches towards supporting ID may be called for.

- *Sida has sought to influence ID in Laos in two ways:*
  (a) support directed at the institutional framework directly (drafting of laws and decrees), and
  (b) support to organizations that constitutes "pillars" of the institutional set-up as they have the role and mandate to implement and/or instigate changes in it (ministries at central or local levels, other governmental bodies).

  This *does not appear to have been a conscious approach* in which the link between the two has been explored to its full potential, but could be made into one. *Sida has a role to play in the interface between the policy-making level and experience based on practice from the ground in projects,* where the latter can inform the former. This role rests on the ability and will to continue to learn from experiences on the ground, and to turn these into strategically informed ways of working also at the higher policy level.

- The learning exercise suggests that projects placed within organizations can be tools for institutional change. Hence, despite the current emphasis on program support and harmonization *projects should not be dismissed as a way to promote ID.*

- Importantly, *successful interventions appear to, at least partly, be the result of the ability to tailor, anchor, and time interventions well in relation to the ongoing general process of change and reform* in Laos. In essence, being an active partner and part of that process. Interventions in which Sida has sought to "impose" or push too quickly for changes that the system is not ready for have had a hard time to influence change.

- To apply an institutional perspective to all interventions has far reaching implications for the Embassy. It requires a *good understanding of the institutional perspective and an ability and willingness to let that inform the Embassy's ways of working,* the relations it maintains, the competences needed, and the strategies it adopts. The *same line of thinking should also be applied to the Embassy* implying inquiring into its own internal processes and ways of working from an institutional perspective.

- *There is scope for developing strategies and a conscious approach to supporting ID in Laos,* based on lessons from the learning exercise. *A deep level of knowledge and understanding of the local context is required* to see what the best way to sup-

port ID is. *Close relations and/or spaces where dialogue can take place* are ways to access and make sense of such local know-how.

- There is a strong need to investigate how to link the ID approach with Sida's policy to capacity development (CD). The *strategic aspects and questions that are inherent to an ID approach as used in this exercise could serve well to inform Sida's approach and policy on CD.* Messages from the learning exercise include, for example, insuring that CD is done with a proper understanding of the context, building of peer groups through series of workshops rather one-shot events, and explicitly addressing the role of leadership (or the individual) in society at large.

- *Competence development is an important part of succeeding in achieving ID, and to Sida's ability to work strategically with ID* – in Laos as well as elsewhere. ID as a way of thinking demands certain analytical and conceptual skills, and the relational way of working which is central to ID requires competences in dialogue, inquiry, and skilful conversations.

7.2 Working with Limited Direct Access to the Lao Political System

Given the identification of the prevailing political system as a major restriction imposed on Sida ID interventions in Laos, it is perhaps surprising that the fundamental role played by the party never surfaced in the learning exercise. As explained by the Embassy, this may be related to this aspect having been thoroughly discussed *before* the exercise. In fact, from their perspective, one of the justifications for the learning exercise was to seek to *move beyond* a focus on the party and the limitations it poses when discussing and working with ID in Laos. Such a dialogue was not held with project participants, and here there may be different explanations for the absence of the party in the dialogue of the project workshop.

Is, for example, the presence of the party perhaps taken for granted to such a degree that the participants hardly thought it worth mentioning? Or is it too much to expect that the role of the party will be discussed already during the workshops and when participants have only just met? A general lesson from organizational development is that it takes time to build a climate of openness, particularly among participants who do not know each other beforehand. This learning exercise should be regarded as first stepping stones in that direction, where a foundation of important relationships has been laid. This may lead to future conversations and better understanding of the mechanism the party is behind institutional change in Laos.

Even though not providing any simple and ready solutions as to how to achieve better access to the political structure in Laos, the learning exercise does give a number of indications of how to work with the system. From the policy level we learnt that there is a group of Lao policy makers that wants

ID interventions to provide "substance or software" rather than "form and hardware". These constitute a pool of potentially likeminded to identify and tap into. Policy participants also suggested that discussions at the right level, between the right people, and at the right time are essential parts of working effectively with ID in Laos. Involvement of senior level Swedish Government officials would be useful. So is marketing of the project within the administration, to provide information to the right channels, and to be patient enough to wait for results while things are being discussed on the Lao side. There are examples available of how to get access to the political structure. SNV provided one. But there are also examples from projects and from Embassy staff who spend considerable time and effort to seek to influence without having direct access.

7.3 Addressing Sida's Underlying Theory of Change

Earlier reports found that when working with ID in Laos, Sida appear to have an underlying theory of change that informed its interventions. This theory rested on the assumptions that *(a)* training to individuals will be applied once obtained, and *(b)* will spill over to the rest of the organization and eventually lead to institutional development. The reports found that this theory had limited applicability in the case of Laos with its particular political context.

The lessons and implications from the learning exercise confirm this. Importantly, they also indicate *ways how this theory might be changed to better fit Laos.* Providing "air cover" to projects as well as organizational and individual "agents of change", making use of existing informal rules of the game, linking informal and formal meetings in review processes, supporting and working strategically with the relations the Embassy holds are examples of this. If generalized further the lessons indicate, for example:

- For change to happen, there needs to be "air cover" and a "safe container" where dialogue can be held

- Change takes place over time – ID perspective takes this into account

- Change is relational in nature

- Important to pay attention to informal as well as formal processes

- Important to inquire into perceived resistance to change – by inquiring into the "stuckness" new insights and energy may be revealed.

- Important to look at the wider system and acknowledge interconnectedness between its parts, and work with the complexities that this implies. Change is not a linear or one-off process.

If picked up, these examples and generalizations can inform methods development concerning ways of working with ID that are adjusted to the specificities of the contextual reality of Laos.

7.4 Learning About Institutional Development

The main purpose of the exercise has been to contribute to learning about supporting ID among Sida and its partners in Laos, as well as to Sida more generally. Hence, it is important to look at just what learning has taken place or been initiated. Two questions have to be tackled: first, how much and what *participants* have learnt about supporting ID, and second what *other or general* learning concerning support to ID that came out of the exercise.

As seen in Chapter 6, we may conclude that the exercise appears to have led to learning among participants, partly at rather deep or fundamental levels. Outcomes point to increased knowledge and understanding of supporting ID; the ID concept, the awareness of needs for analytical and other skills with relation to ID, as well as the challenging of some underlying assumptions. The suggested action points and ways forward are very encouraging, and if acted, may indicate not only learning among the individuals, but also at the organization level. The action points also have a potentially positive impact on the influence of Sida support for ID in Laos, leading to actual change or change in practice.

One of the main conclusions drawn by the Embassy was to start to visual its existing interventions from an institutional perspective rather than adding something new to its agenda. The remainder of this chapter explores implication of a division between *(a)* support to ID and *(b)* to apply an institutional perspective. The ability to take a step back and to look at the interaction between rules of the game and players of the game is addressed, and this is interpreted as a skill which can be developed. An institutional approach takes a long-term perspective, is closely linked to inquiry, and benefits from learning from existing practices.

7.5 Learning About and From the Process Itself

The learning exercise combines a number of features that are not so common, such as joint ownership between UTV and the Swedish Embassy in Laos, and self-evaluation elements. One *lesson with regards to the overall process* is that *there is a built in tension between the focus on evaluation and that of learning, as adopted in this exercise*. Some of this might have been reduced if the process had been designed as a learning exercise (focusing on learning about the institutional approach and concepts) follow by a participatory evaluation exercise (focusing on lessons and outcomes), rather than merging the two. It may have been possible to have gone deeper with an evaluation exercise if there had been a shared understanding of concepts and ideas coming out of reflection

on practice first. As this approach was much appreciated in evaluations provided by the workshop participants, and as there are indications that this way of working is something that Sida will have to consider in the future, these are important lessons to bear in mind.

A second lesson is that *just as supporting ID is a long term process that requires resources in terms of time, energy, and commitment, so is working with this kind of learning exercise.* Time has to be set aside from reflection and dialogue, which constitute intangible investments that may pay off well but can be hard to justify when a short-term perspective dominates. Roles and relationships have to be clear, particularly in the case of joint ownership. On the other hand, it is *a very rewarding process* as the scope for learning among participants as well as organizers is huge.

A final lesson relates to the learning approach adopted and the fact that *the time frame of the exercise did not allow for follow-up and assessment of the action points, i.e. to follow the entire loop in the learning model* in Figure 2. Hence, there was no possibility to observe the application of the learning taking place in the process. That would in itself be a strong indicator for learning at the individual level, but could also reveal some of the supporting or hindering factors for applying that learning (which could be the first round of a second learning cycle). Indeed, if learning is to be integrated into practices and procedures within Sida, then the learning and actions from this exercise need to be sustained and built on. As indicated above, there may also be barriers to organizational learning within Sida itself which may need more exploration if this approach is to be taken forward.

If learning based work methods are becoming more important for Sida this lesson has two *implications.* First, *application of lessons is an important part of learning and shou*ld, to the extent possible, be included in the process or learning exercise. At present that may be difficult due to time considerations – or the nature of difficulties of assessing learning described in Chapter 6 – but also as that last phase may fall between mandates of departments at Sida, at least as they are now. Hence, internal rules of the game for Sida, defining who does what and how, may have to be reconsidered.

Second, as learning is an ongoing and iterative process there is an issue of when to draw the line; what do include in a learning exercise and when to stop. This has implication for, for example, assessments as these will be influenced by where those lines are drawn. Here there are links to the nature of ID which is also a process, stretching over long periods of time. Hence, one final implication is that *the development of process based goals, indicators of progress and success and evaluation methods are essential parts of working with the broad approaches to institutional development and learning adopted in this exercise.*

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Appendix 1 – Institutions and ID; What do we mean and how do we use them?

The institutional approach was explained in some detail in background material provided to the participants in preparation for the June workshops. That text is reproduced here. It was authored by Gun Eriksson Skoog.

1.1 Concepts and Primary Focus of the Learning Exercise

Within development co-operation, the terms institutions and institutional development are often used, but are understood and applied in different ways. The meaning applied to the concepts in this learning exercise is defined here.

Institutions

In this learning exercise, we regard *institutions* as formal and informal *rules of the game* that guide people's behaviour and interaction– or just rules for short. Rules of the game tell us how to act when we do things together with other people in certain situations. Institutions in this meaning are distinguished from organisations – *organisations and individuals* can instead be seen as the *players of the game.* They act and interact according to the rules of the game – within the institutional set-up (or context or framework).

The rules of the game can be divided into formal and informal rules. *Formal rules* are often written, or otherwise explicitly expressed, such as laws and regulations. *Informal rules* are often more implicit, but still adhered to, such as working routines, social codes of conduct, customs etc. Informal social rules often penetrate the entire society, including its organisations. The rules that individuals or organisations actually adhere to in a particular situation are the *rules in use* – they can be both formal and informal. If a rule is not adhered to by most actors – such as a law to wear a helmet when riding a bicycle – the law is not applied in practice and, hence, not a rule in use.

Individuals may not only break or ignore the rules, they also shape the rules. All rules are created by individuals and their organisations. Much government policy and reform efforts involve institutional development, and this is also the case in Laos. Hence, many Sida-supported projects involving gov-

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ernment organisations concern institutional development too. Rules within an organisation may be changed to make it perform its functions better, so that it in turn can promote development of the wider institutional set-up in society and help come to grips with poverty. Or the overall rules of the game of society may be developed through change in formal laws at national level and/or their effective implementation – for instance at local village level.

Figure 1 Basic illustration of key concepts
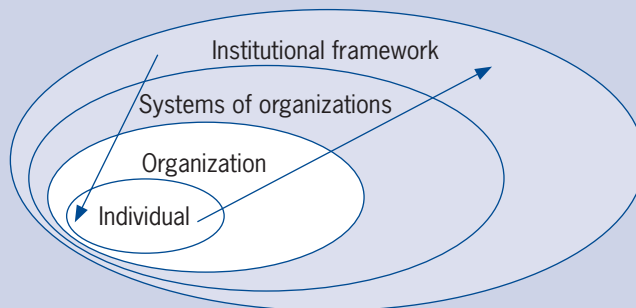
Institutional framework

Systems of organizations

Organization

Individual

Source: Adapted from Sida (2005) *Manual from Capacity Development,* Department of Policy and Methodology, p. 32.

As suggested above and indicated in Figure 1, rules exist at all levels of society: within organisations; between organisations within a system of organisations (as for instance the public sector); and from national to local levels in wider society – we refer to rules at this level as the institutional framework.

Institutional development

In this learning exercise we view *institutional development* as the *development of formal and informal rules of the game* that guide people's behaviour and interaction, both within/between organisations and in the wider society. For Sida, the ultimate purpose of supporting institutional development is to promote poverty reduction, through good governance, sustainable development etc.

Given these concepts – what do we focus on?

At the onset of the learning exercise there was a recognized need to better understand and take into account the Lao institutional framework and the way it influences the projects that Sida supports in Laos (the right downward arrow in Figure 2 below). At the same time, there was also a need to learn more about how development of the institutional set-up takes place, as well as how Sida can improve its way of working – in terms of its strategies, methods, and relationships with partners – so as to support such ID in a successful manner (the left upward arrow in Figure 2).

Figure 2 A circle of influence

The Institutional Framework

The Project
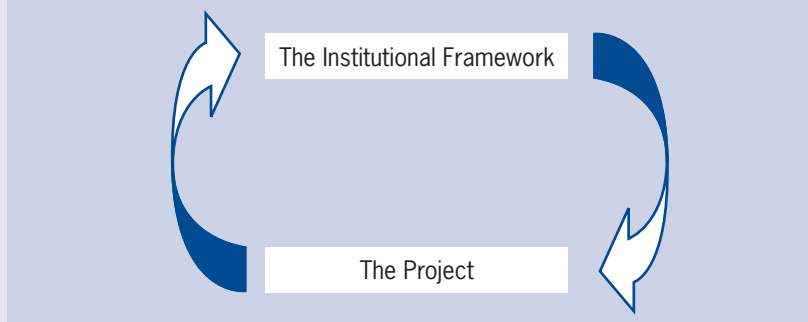
Both arrows in Figure 2 were seen as important, but it was decided by the Embassy and UTV jointly that this *learning exercise should focus on the left upward arrow,* that is, *on how Sida-supported projects and other development efforts have (or have not) contributed to the development of the institutional set-up in Laos, as a mean to promote poverty reduction.*

Hence, we are particularly interested in rules and institutional development at the *level outside or beyond the individual organisation* – including rules and changes within an organisation that have or intend to have an effect on institutional development outside the organisation itself. *Organisations within the public sector* are particularly important, since they are 'carriers' of many of the institutions of society – they are often responsible for both establishing and implementing rules, especially formal ones. Institutional development within public organisations may, thus, be important for institutional development within the public sector or society more widely – and is therefore of special interest to us.

These considerations lay behind the formulation of the overall questions guiding the exercise:

1   How has Sida support for institutional development influenced the institutional set-up in Laos?

2   What has helped and what has hindered that contribution?

3   What are the implications for how to support institutional development?

1.2   Observing Institutional Development
      – What to look for?

The ultimate sign of institutional development – of a new rule actually being in place – is that people apply or adhere to the new rule. This implies that it has become a 'rule in use' and has resulted in changed behaviour among people. Hence, in order to see whether real institutional development has

taken place or not we may look for *changes in behavioural patterns*. Some illustrative examples:

One example of the *development of formal rules within the institutional framework* and with an *impact on wider society* comes from Sweden. Some decades ago, a new law was written that all car users need to wear a safety belt. In the past, few car users wore a safety belt, but after the law was introduced more and more people began to change their behaviour when driving a car or only being a passenger. After some time, most car users were observed to use safely belts – so, it became a rule in use.
To most people it is now routine to put on the belt without even thinking about it.
As a result, deaths and injuries from car accidents have decreased.

Previously, the rule in use was that all university graduates in Laos were automatically employed by the State. Now the State has decided that it will only employ a selection of the graduates, presumably as a means to increase the efficiency of its staff and of public administration organisations in general. To this end, the State has determined selection criteria through which some graduates will be selected for employment, in competition with others. This is an attempt at *changing the formal rules of the game for employment* of university graduates *within the system of public organisations.* If the new formal rules are also applied in practice, this results in actual behavioural change. It would mean that the person responsible for hiring within a state organisation would begin to examine how well the university graduates comply with the selection criteria, by scrutinising and ranking the job applicants. The candidates who best match the criteria will be the ones employed.

If applied successfully, such an institutional change within the State may help public organisations to better fulfil their mandate, for instance to implement social-sector reform programmes that aim at improving health and education services to poor groups in Lao society. University graduates would experience another more direct, but possibly unintended, effect as the rules of the game changes in the labour market. And if competition for public employment becomes a new rule, this will change the incentive structure for students, with the potential effect of them having to study more and to better effect.

However, if the new formal employment rules are not adhered to by employers in public organisations, hiring and employment is decided by some other criteria. Perhaps some continue to behave according to the old rules – and employ all graduates – or according to some other informal rules about whom to offer employment to.

In the past, the formal rule in Laos used to be that construction of a local road was determined at the province level by the Governor. However, an intended institutional change is that this decision-making power shall be decentralised to the local level. The formal rule is now that local community members (through a village road committee) shall be part of deciding where a local road should be constructed. This is indeed a major change in the rules of the game – if these new rules are also applied in practice and become actual rules in use. Such change may take time, and may go step by step.

A first sign that such change may be on its way are that changes in the ways that people communicate can be observed – perhaps suggesting that the rules for communication are changing too. While in the past, people at village level were reluctant to speak in public, observations indicate that they now speak more openly with and in front of each other. Similarly, in the past, ordinary villagers did not address the Governor directly, but now this rule may be changing too, since local people have been reported to communicate more directly – even with the Governor. Hence, *a change in the formal rules for decision making within the system of public organisations* may lead to a *change in the informal rules for communications at local level in the Lao society.* Besides, if decentralised decision making works in practice, this implies a real positive influence of poor people on their own lives, which is an important aspect of poverty reduction.

The last example suggests that although a fully completed institutional development in terms of altered behaviour is not always possible to observe, *other indicators may suggest that such an institutional development is on its way.* Changing behaviour and institutional development often takes time, and there are many steps on the way that may suggest that such a process is taking place – even though we cannot be sure that it will eventually be completed. Possible indicators include:

- Individuals or organisations lobbying for a new or changed law or regulation

- Measures taken to draft or adopting a new law or regulation

- Action taken to implement laws and regulations

- Changes in people's attitudes, norms, values, ideas, perceptions and beliefs

- Changes in culture – within or outside an organisation

Appendix 2 – Learning; What do we mean and how do we use it?

This section outlines the learning approach taken in the workshops – and to an extent, in the overall exercise – and some of the underlying theories and assumptions informing it. It was authored by Liz Goold.

2.1 The Adult Learning Cycle

The learning approach used in the workshops is based on Kolb's adult learning cycle.[20] This model works on the assumption that adults learn best, when they have the opportunity to:

i) draw on their experience,

ii) are able to reflect on it,

iii) deepen understanding and make meaning out of that experience (which may involve relating it to other theories or models, or challenging existing mind-sets and assumptions), out of which new insights and ways of thinking may emerge

iv) apply these in action and changed behavior/practice. And then repeating the cycle again

Figure 1 The adult learning cycle

Experience (Do)

Reflection (Look)

Application (Change)

Challenge assumptions make meaning (Think)
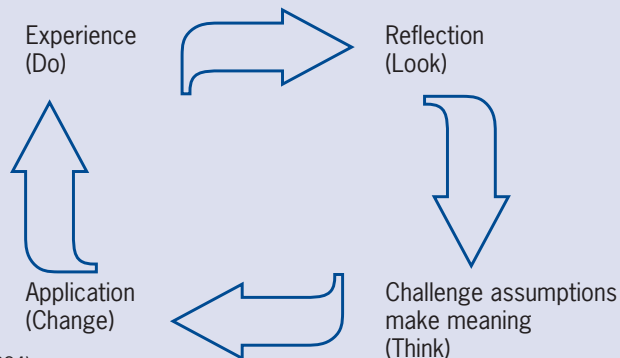
Source: Kolb (1984).

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[20] Kolb, David (1984) *Experimental Learning* (Englewood Cliffs, NJ: Prentice Hall)

Each stage of the learning cycle informs the other – learning is a continuous and iterative process. Reflection is also not just at one stage – it needs to happen at every stage – all the time. This is sometimes called 'reflexivity' – reflection-in-action.

In the workshops, this design sought to model the learning cycle as well as cater for different learning styles, where possible through a mix of activities and processes.

i. *Experience:* We sought to offer opportunities for participants to share and build on their own experience, through the sharing of stories and examples from practice and exploring their organizations' histories and contexts. There were also some experiential exercises, for example, spatial mapping exercises looking at perceptions of relationships between Sida, consultants and Lao counterparts. In the June Sida workshop, the experience from projects and policy level was also fed in.

ii. *Reflection:* Small group work with guiding questions offered opportunities for reflection and deepening.

iii. *Deepening/making meaning:* Some theoretical frameworks were offered to help make sense of experience from an ID perspective- and how this related to experience, although there was insufficient time to deepen or challenge this, including the models themselves.

iv. *Application/change:* There was some space to explore implications of the ID approach based on learnings from experience, what this might mean for changes in practice, for projects and Sida and what action are needed.

The learning cycle was also an influence on the design of the overall learning exercise. For example, seeking to draw on the experience of Embassy staff, project and policy partners, offering opportunities for reflection and feedback in the workshops and then time to integrate and look to ways forward in the final workshops and through the interim report.

2.2 Learning is Relational
– Creating the Right Conditions

The approach to learning used here assumes that learning and change are predominantly *relational rather than individual processes.* This implies that in order to facilitate learning and change, it is important to pay attention to the quality of relationships, conversations and interactions taking place between people – in everyday organizational life, as well as structured spaces. This relational approach also emphases the importance of peer learning. In the workshops, spaces were created both within the workshop and informally outside it over drinks and food to build relationships and encourage quality conversation.

Also, it is important to create the conditions for learning – for example, where people feel they can be open to inquire into their own experience and share insights, thoughts and feelings with others. The workshops sought to pay attention to this, whilst recognizing the limitations of time- and the fact that openness cannot be forced when people have only just met. Relations and trust needs to be built over time – hence the desire for project participants to meet again.

2.3　Single-loop and Double-loop Learning

Learning can be looked at different levels. *Single-loop learning* involves the transfer of knowledge and skills and immediate problem-solving which may lead to improvements to existing practice and procedures. *Double-loop learning* involves inquiring into existing mind-sets and ways of thinking/doing things, which may challenge underlying assumptions and beliefs upon which practice and procedures are based. This is sometimes called 'thinking outside the box'. Both are needed, but from an ID perspective, greater attention may be need to be paid to double-loop learning given the emphasis on exploring underlying mind-sets, 'rules of the game' that may well be informed by the wider institutional set-up.

Double-loop learning can be harder to assess as it often longer term in nature and is more evident through changes in practice over time It can also be threatening to the prevailing status quo, leading to the reinforcement of barriers and defenses against learning at an organizational level. These need to be identified and consciously worked with, if a supportive environment is to be created that allows for this type of learning taking place – at an individual and collective level.[21]

The approach taken in these workshops sought to work at both levels. There was intent to encourage double-loop learning whilst recognizing the restrictions of the time and space available to work in this way meaningfully. The workshops in September offered a useful opportunity to integrate and deepen some of the learnings and questions identified in June, particularly between Sida and its project partners- and this has provided a basis for next steps.

2.4　The Role of the Facilitator

Creating and 'holding' open learning spaces and encouraging deeper inquiry can often be helped by the presence of a facilitator. The approach to learning above informed the role of the facilitator in the workshops. This was illustrated in the workshops using the 'flower' picture (see below), where the facilitator seeks to work at three levels; the task at hand (the 'what'), the process and dynamics of the group (how we are doing it) and also the underlying as-

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[21] For further exploration of these barriers to learning, please see Goold, Liz (2006) *Working with Barriers to Organizational Learning* (www.bond.org.uk/pubs/olbarriers.pdf).

sumptions and mind-sets that might be at play (why we are doing what we are doing) – and helps to surface or pay attention to these, where appropriate/possible.

Again, there are direct links here if wanting to take an ID approach given the importance of exploring relationships, mind-sets and world-views. What implications might this have for using and strengthening existing capacity and external resources in terms of facilitation – local or international – if seeking to work more in this way?

Figure 2 The flower of facilitation

Task – "what"
Content

Process – "how"
Relationships
(conscious and unconscious)

Meta-level – "why"
Assumptions
(implicit and expllicit),
mind-sets, and ways of working)
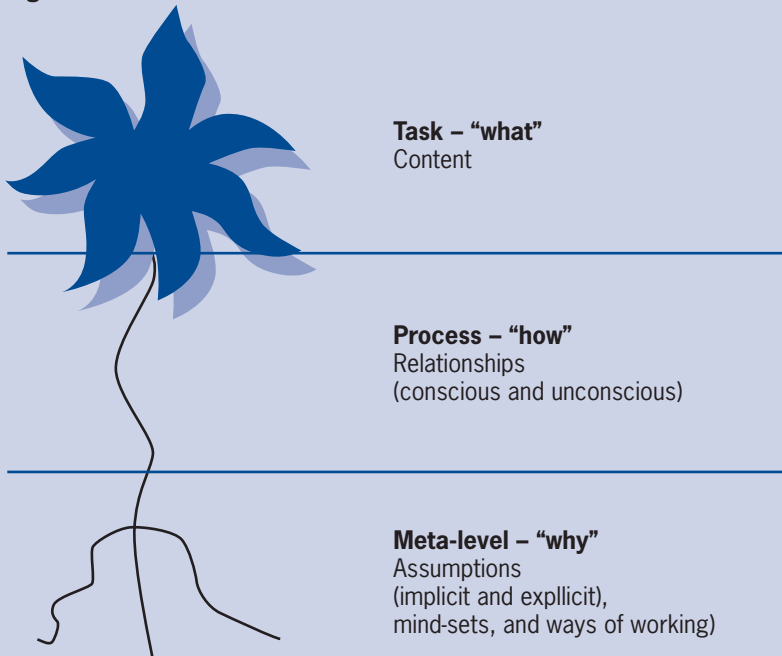
Source: Soth, M. (2006) *The Task of Facilitation* (www.soth.org.uk).

Appendix 3 – Dialogue; What do we mean and how do we use it?

Dialogue had unfortunately to be taken out as a specific topic in the exercise. This does not mean that it was forgotten altogether, however. Some material was provided on various views and uses of dialogue in preparation for the June workshops, and the entire exercise was conducted in a dialogic manner – which was specifically drawn attention to by the facilitator. The approach to dialogue underpinning the exercise as well as its connection to ID is commented on here by Liz Goold (section 3.1) and Gun Eriksson Skoog (section 3.2).

3.1 Approaches to Dialogue and Dialogic Ways of Working

Dialogue as a means or way of supporting institutional development was one topic that the Embassy wanted to explore further in this learning exercise. This request was based on a perceived need not only to improve their competences in conducting dialogue, but also how to better understand it in order to use dialogue more strategically for ID purposes.

As a contribution to this, some background reading was offered prior to the workshop – which gave different approaches and meanings attached to dialogue and competences involved. These included:

- A chapter from the book *Dialogue and the Art of Thinking Together* about the art and practice of generative dialogue[22]

- a short handout on dialogue drawing out the key principles and practices and making a clear distinction between discussion/debate and dialogue

- a recent paper from Sida about understanding of dialogue[23]

- two chapters from an EGDI book on the use of dialogue within development [24]

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[22] Isaacs, William (1999) *Dialogue and the art of thinking together* (London: Doubleday Books)
[23] POM/INFO (2006) *Dialog och strategisk kommunikation i utvecklingssamarbetet* (unpublished Sida paper)
[24] Olsson, Jan and Lennarth Wohlgemuth (2003) *Dialogue in Pursuit of Development,* EGDI Study 2003:2 (Stockholm: EGDI)

The main point of the first two articles was to stress a view of *dialogue* which is about *finding a way of thinking together,* out of which new meaning may emerge. An essential feature is to reveal and suspend assumptions – without trying to defend them. It is not about trying to change anybody's opinion. This is contrasted with *discussion* and *debate,* which *emphasize analysis,* where each puts their point of view, where the prime aim is for one or more ideas to win out against others. The approach to ID within this learning exercise has emphasized the importance of building relationships and creating space for conversation, in order to make sense of the context you are working in. Developing the art and practice of *dialogue or generative conversation* therefore plays a central part in this.

Even though the specific focus on dialogue had to be cut out, a short input on *inquiry skills* (see the ladder of inference illustration below) was presented during the Sida June workshop. It illustrated how easily we "jump to conclusions" that reinforce beliefs, without inquiring first into what we see or experience.

Inquiry skills include the *ability* to suspend assumptions, to inquire and ask the "right" question that opens up rather than closes down conversations, the ability to see and listen deeply for underlying patterns and connections, and so on. If Sida want to take a more dialogic approach to its work, then these types of skill sill need support and development.

There are also clear links to the practices of dialogue and the 'double-loop' learning approach used in this learning exercise. For example, drawing on and valuing the experience of those in the room, inquiring into assumptions, and drawing out new meanings and insights together.

Figure 1 The ladder of inference

I take actions based on my beliefs

I adopt beliefs about the world

I draw conclusions from these assumptions

I make assumptions based on these meanings

I add meanings (cultural, personal) to what I notice

I notice "information" from these sense impressions

I sense/observe/hear through my experience of the world
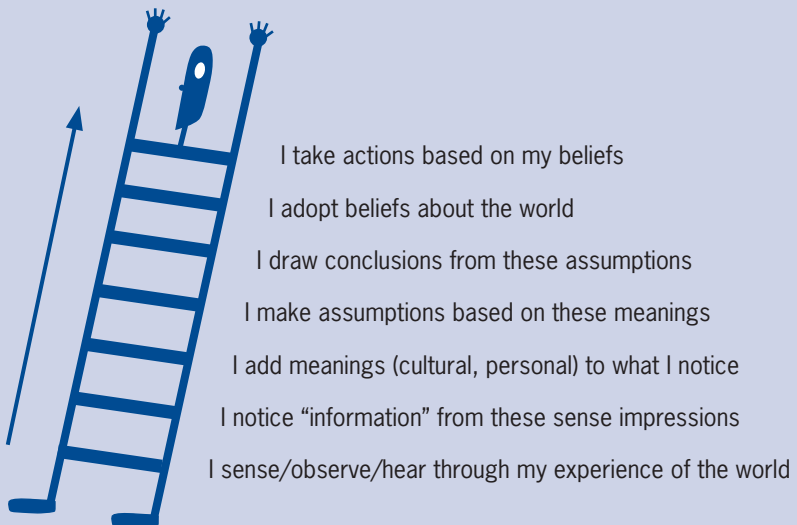
Source: Agyris, Chris (1993) *Overcoming Organisational Defenses* (Englewood Cliffs, NJ: Prentice Hall)

3.2　Some Thoughts on the Relationship Between Dialogue and ID

The base assumption made when planning to include dialogue in this learning exercise was that 'relationships are crucial for supporting institutional development, since it is necessary to understand the situation of the local partner and the institutional context'. By understanding the situation of the local partner you get access to and may trace and understand the institutional context better. However, in order to understand the context and make that understanding meaningful and useful, you must understand how it influences the perceptions, incentives and behaviour of individuals/partners. For this, listening and inquiry is needed and thus a dialogic conversation – not one where Sida tries to impose its own ideas and values.

This *role of dialogue* as a *means to help promote relationships, trust and thereby an understanding of the local context,* is also needed for understanding what and when windows of opportunity emerge. However, neither of these reasons are mentioned in Sida's dialogue report, in spite of the fact that they were highlighted in a recent UTV report on lessons on supporting institutional development.[25]

Another lesson in that report is that relationships and dialogue are important for ID because *ID requires change of behaviour.* Changing behaviour is difficult and requires some change in perceptions, ideas and values – our way of thinking, understanding and valuing the world. These are located at the core of individuals as well as organisations. Hence, 'ID is created from the inside.' Dialogue may be a means for us to connect to the inner core of our partners – just as they may reach our inner core. After all, ID requires change of behaviour and this begins with the individual.

In sum, from the point of view of working with support to institutional development, dialogue may be important for: 1) understanding the institutional context, 2) perceiving windows of opportunity, and 3) promoting institutional development.

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[25] Bergström, Lage (2005) *Development of Institutions is Created from the Inside: Lessons Learned from Consultants' Experiences of Supporting Formal and Informal Rules,* Sida Studies in Evaluation 05/04 (Stockholm: Sida).

Appendix 4 – Outline of the Overall Process of the Learning Exercise

2006 Feb.- April	**Preparation** • Identification of project partners and possible participants for June workshop I • Identification of conversation partners at policy level with some link to sectors/projects chosen • Inquiry into ongoing activities/initiatives at Embassy in Laos • Identification of possible participation from Sida Stockholm for June workshop II

April — **Summary report with background material**

May	Individual and group conversations with selected Lao Project partners and conslutants to prepare the ground	Reflection with Embassy on process/inquiry to date – mini-input/use of dialogue	Preparing the ground with Stockholm participants	Individual conversations at policy level; • Ministries • NGOs • (Other donors)

June	**Workshop I:** *Lao project partners and consultants.* Lessons, implications. Outcomes feeding into workshop II	**Workshop II:** *Embassy, Sida Stockholm and NGO.* Reports from workshop I and policy level. Lessons and implications.

Aug. — **Interim Report**

Sept.	**Workshop VI:** *Embassy and Lao project partners and consultants.* Working out joint action points and ways forward.	**Workshop III:** *Embassy* Continued sense making, working out action points

Dec. **Final Report**

	Follow-up and feed-back to those involved: • In Laos: policy level, projects, Embassy • In Stockholm: UTV Evaluation team, LÄR, Asia Division • Mid-term review of Swedish Country Strategy
2007	

Appendix 5
– Outline of Workshops

Outline of Projects Workshop: 8–9 June, 2006

Purpose of the workshop:

1   To offer an opportunity for you to explore together your own experience and insights about promoting institutional development and Sida's role and support in this.

2   To draw out lessons from this exploration for both your own future work and to help guide Sida's strategy and practice in supporting development within this area.

Day I: Thursday, June 8, 8.30–17.00

Session I	Introductions, Setting the scene, Agreeing the process for these 2 days
	Who are we as a group? Introducing our projects/organizations – mapping the context and relationships we work with
Session II	Sharing our individual stories of positive institutional development – within our organization – What has worked? Where have things got stuck? What does this tell us?
12.00–13.00 LUNCH	
Session III	Sharing our stories of institutional development beyond our organizations – What has worked? Where have things got stuck? What does this tell us?
Session IV	Helping and hindering factors and Sida's role
17.00–18.30 Drinks, snacks and informal sharing	

Day II: Friday, June 9, 8.30–17.00

Session I	Drawing out common principles/key lessons from experience sharing
Session II	Exploring roles and relationships in promoting institutional development – between Lao counterparts and Swedish consultants and Sida, and other key stakeholders
12.00–13.00 LUNCH	

Session III	What are the implications for ways of working – for Sida, for Ministries, for each other? What needs to stop/start/continue
Session IV	What message/actions/insights do we want to take back with us?
	What message do we want to share with Sida – and those at policy level?
	Next steps

Outline of Sida Workshop: 12–13 June, 2006

Purpose of the workshop:

To contribute to Sida's own learning about how it can support institutional development and influence the institutional set-up better – in Laos and more generally – and to start considering the implications for its future work.

Objectives:

To create an opportunity to:

- Reflect on the experience from project and policy levels about supporting institutional development within the Lao context

- Explore your own experiences of supporting institutional development in Laos/beyond, both in terms of individual experiences and common (dialogue) structure or process

- Begin to consider different approaches to 'dialogue' plus how this related to your experience and practice

- Draw conclusions from the collected experiences/lessons that can inform and develop Sida's strategies and methods for supporting institutional development in Laos/more generally

- Start identifying the implications for Sida's practice, relationships and internal ways of working – both within Laos and the wider organization.

Day I: Monday, June 12, 12.00–18.30

12.00–13.00	LUNCH
Session I	Getting started
	Setting the context- mapping significant actors and relationships
Session II	Feedback of and reflection on main learnings/reflections from project level workshop
17.00–18.30	Dinner

Day II: Tuesday, June 13, 8.30–17.00

Session I	Sida/Embassy staff's experience of effecting change in the 'rules of the game' – drawing out key lessons and principles
Session II	Feedback and reflection on feedback at policy/Ministry level
12.00–13.00	LUNCH
Session III	Exploring roles and relationships between partners, consultants and Embassy *(exploration of dialogue was not possible due to time restrictions)*
Session IV	Implications on Sida's role and practice – reflection on key messages coming from project level workshop and Sida's own
18.30–	Reception at residence of AnnLis

This workshop was followed by a mini-workshop/meeting next day in order to pull together the key implications and to identify possible ways forward. It was also agreed to have follow-up workshops in September. These would be *(i)* for the Embassy, and *(ii)* for the project partners and the Embassy together to consolidate the learning from this exercise – and to look at how this might be taken further into practice.

Outlines of September Workshops

Half day workshop with Swedish Embassy

Nearly all staff took part plus the participant from SNV. Participant had been given the interim report to read beforehand. They had also been asked in advance to think about the following questions:

- What strikes you the most about the Interim Report?

- What challenges you and/or what puzzles you?

- What do you think we need to develop and work on further?

Monday September 11, 12.00–17.00

12.00–13.00	LUNCH
Session I	Brief overview of Interim Report and clarifications. Group discussions on the questions give out beforehand.
Session II	Feedback in plenary on key points from group discussions. Discussion on points that stood out for groups. Issues/messages/actions that were important for the joint workshop the following day.

Later, the feedback was clustered by the facilitation team under key themes as a basis for the joint workshop next day

Half day joint workshop with Swedish Embassy and projects

All staff from the Embassy and most that project participants from the June workshops met the following day in a half day joint workshop to seek to turn the lessons into concrete action to take forward – and build relationships for continued future learning about and improvement of how Sida can support ID in Laos.

Tuesday, September12, 12.00–19.00

12.00–13.00	LUNCH
Session I	Scene setting. Introduction and expectations, reconnecting with previous workshop.
Session II	Reflection and feedback on questions. Sida and projects separated. For Sida there was further reflection and deepening of the themes that merged from the previous day. Projects had a change to respond and reflect on the questions given beforehand. Feedback in plenary.
Session III	Prioritization of themes. A self selection process resulted in participants being divided into four thematic groups (shown in Table 3). Group discussions with task of identifying concrete areas to take forward.
Session IV	Ways forward and actions. Feedback from each group in plenary. Agreement asked from the whole group for those activities that needed joint involvement. Final reflections from the group.
18.00–	Drinks

Appendix 6 – Lists of Participants from Policy Conversations and Workshops

Participants from Projects

No	Name	Position	Organization
	Ministry of Agriculture and Forestry		
1	Dr. Bounthong Bouahom	Director General	National Agriculture and Forestry Research Institute (NAFRI)
2	Mr. Sisongkham Mahathirath	Program Coordinator	Lao-Swedish Upland Agriculture and Forestry Research Programme
3	Mr. Houmchitsavat Sodarat	Director	Northern Agriculture and Forestry Research Centre (NAFReC)
4	Mr. Phouthone Sophalithath	Head of Capacity Building Component	LSUAFRP
5	Mr. Carl G. Mossberg	Team Leader	LSUAFRP
6	Mr. Michael Victor	Acting Team Leader and Information Services Adviser	LSUAFRP
	Ministry of Communication, Transport, Posts and Construction (MCTPC)		
7	Mr. Phan Phouthavong	Deputy Director	Roads Department
8	Mr. Souvanny Ratanavong	Deputy Director General	Personnel Department
9	Mr. Sengdarith Kattignasack	Director	Local Roads Division
10	Mr. Thongdeun Khammany	Deputy Director of Disbursement Division	Roads Department
11	Mr. Daochinda Siharath	Deputy Director PMD	Division of Roads
12	Mr. Dick Jonsson	Team Leader	Lao-Swedish Road Sector Project III, Maintenance Component
13	Mr. Belal Hussain	Team Leader, Rural Accessibility Advisor	Lao-Swedish Road Sector Project III, Basic Access Component

Prime Minister's Office, Science, Technology and Environment Agency (STEA)

11	Dr. Viengsavanh Douangsavanh	Acting Director General	Department of Environment, NPD of Strengthening Environmental Management (SEM) Project
12	Mr. Somlith Phannavong	Deputy Director	Environment Policy Division, Department of Environment, Administrative Project Manager SEM
13	Mr. Ketkeo Salichanh	Deputy Director	Division of Environment Promotion, Department of Environment, Technical Manager SEM
14	Mr. Peter G. Jensen	Team Leader	SEM Project
15	Mr. Roderik Chisholm	Institutional and Management Adviser	SEM Project
16	Mr. Keophouthone Inthivong	Local Institutional Management Adviser	SEM Project
	Committee for Planning and Investment, National Statistics Centre (NSC)		
17	Mr. Hans Pettersson	Team Leader	NSC
18	Mrs. Phetsamone Sone	Director of National Accounts Division	NSC
19	Mr. Bounmy Vilaychit	Deputy Director of Survey Division	NSC
	Ministry of Finance, Tax Department		
20	Mrs. Manivone Insixiengmay	Deputy Director	Tax Department
21	Mr. Saythong Ouiphilavong	Chief of International Taxation Affairs	Tax Department
22	Mr. Henrik Konkel	International Advisor	Tax Department

Participants from Swedish Embassy in Laos and Sida Stockholm

No	Name	Position	Organization
	From Sida Stockholm		
1	Mr. Stellan Arvidsson	Learning Specialist	Division for Learning and Competence Development, Department for Human Resources and Organizational Development, Sida
2	Mr. Jörgen Schönning	Head of Division for Asia	Department for Asia, Sida

3	Mr. Peter Swartling	Head of Division for Learning and Competence Development	Department for Human Resources and Organizational Development, Sida
	From Embassy of Sweden, Vientiane		
4	Ms. AnnLis Åberg	Chargé d'Affaires a.i.,	Sida
5	Mr. Jörgen Persson	Counselor	Sida
6	Ms. Anne Kullman	First Secretary/ Program Officer	Sida
7	Ms. Lisbet Bostrand	First Secretary/ Program Officer	Sida
8	Mr. Daovong Vongsay	National Program Officer	Sida
9	Mr. Sombath Southivong	National Program Officer	Sida
10	Ms. Dalavieng Thiladej	Assistant PO	Sida
11	Ms. Somphith Inthalangsy	Executive Secretary	Sida

Policy Level Participants

No	Name	Position	Organization
1*	H.E. Mr. Sommad Pholsena	Vice Minster	Ministry of Communication Transport, Post and Construction (MCTPC)
2*	H.E. Mr. Somdy Douangdy	Vice Minister	Ministry of Finance
3*	Dr. Phouang Parisack Pravongviengkham,	Permanent Secretary	Ministry of Agriculture and Forestry (MAF)
4*	Mr. Bounthavy Sisouphanthong	Permanent Secretary	Committee for Planning and Investment (CPI)
5*	Mr. Noulinh Sinbandith	Vice President	Science Technology and Environment Agency (STEA)

Participants from Other Organizations

No	Name	Position	Organization
1	Ms. Karin Schulz	Senior Advisor Capacity Development	SNV Netherlands – Laos
2*	Mr. Singthavone Dalavong	Director	Civil Service Management Division, Public Administration and Civil Service Authority (PACSA)
3*	Ms. Fiona Farrell	Human Resource Specialist	UNDP "Support to Governance and Public Administration Reform" (GPAR) project at PACSA
4*	Mr. Brian Holford	Resident Process Advisor	UNDP "Support to Governance and Public Administration Reform" (GPAR) project at PACSA
5**	Mr. Cayetano Casado	Portfolio Management Cluster	The World Bank

* Interviewed, did not participate in the workshops.
** Participated as observer in the September joint workshop.

Facilitation Team

No	Name	Position	Organization
1	Dr. Gun Eriksson Skoog	Senior Evaluation Officer	Department for Evaluation and Internal Audit, Sida
2	Ms. Liz Goold	Facilitator/learning specialist	Independent Consultant, Oxford
3	Ms. Pernilla Sjöquist Rafiqui	Ph.D. Candidate in Economic Geography	Stockholm School of Economics

Appendix 7 – Descriptions of Projects Included in the Exercise

What follows is a brief description of all the projects that were involved in the learning exercise. They are interpreted from an institutional perspective (based on Figure 1) with a particular focus on outlining the attempts at affecting ID that the projects have been part of. The description and interpretations have been made by Pernilla S. Rafiqui on the basis of project documents, Sida memos, and project proposals.

Lao-Swedish Road Sector Project, LSRSP 3, at MCTPC (2005–2009)

Sida has been active in the Lao roads sector since the mid 1970s. It was one of the first donors in the sector, has been one of its largest funding agencies, although its relative share has been reduced over time. The nature of support has changed from a focus on construction to maintenance and so-called institution building with the aim of increasing effectiveness and efficiency in the management of the Lao road network. A second change of focus is from central to peripheral levels both in terms of the roads themselves, and with regards to the administration; Sida has provided assistance in the ongoing decentralisation process within the structure of the governing ministry, the Ministry of Communication, Transport, Post and Construction (MCTPC).

The current programme, LSRSP 3, has four components: (i) capacity building and road maintenance, which includes interventions that are integrated into the World Bank supported Road Maintenance Project 2; (ii) capacity building at the Environmental and Social Division at the Department of Roads; (iii) Basic Access Component, including provision of access road and capacity building of district and lower level bureaucracy; and (iv) traffic safety. Capacity building is a recurrent theme of all programme components. Total Sida programme contribution is SEK 140 million.

As defined by the programme, capacity development refers to on-the-job training and formal training of individuals. Institutional development, on the other hand, refers to reforms and the development of policies, guidelines, systems and procedures within local levels of the roads administration. The LSRSP 3 is intended to support the 'institutionalisation of reforms' affecting

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the road sector in Laos and to build so-called institutional capacity that facilitates performance compliance with these reforms, i.e. to build organisational capacity so that reforms can be implemented and monitored. This includes the introduction of a result based management approach, which includes indicators to measure the progress of capacity development at the level of the individual as well as at the level of the organisation.

Hence, institutional development within the LSRSP is a reflection of changes in focus of support on Sida's part, as well as the reform process in Laos, with a change in mandate of the Ministry of Communication, Transport, Post and Construction (MCTPC) with which Sida historically has close ties. Sida has supported institutional development in the form of *formal rules and regulations* by supporting the *drafting of the roads law, and various policy documents* when asked to do so by the MCTPC. These are interventions directly aimed at changing the *formal institutional framework* in Laos.

The main bulk of the support, has, however, been in the form of capacity development that has focused on the levels of *individuals, organisation and the system of organisations.* Training has been provided in order to increase the skills resource base of the MCTPC at central and local levels, and routines and procedures within the roads administration have been established in order to make first its central and then its local levels perform their duties better, that is, to match their mandate. Many of the efforts have in this way been targeted at the *implementation of changes in the overall institutional framework.*

Most of the components concern the introduction of innovations into the roads system in Laos, which usually involves both *changes in formal rules and a whole set of potential changes in informal institutions, or rules of the game,* in Laos. Sida was for a long time alone among the donors in pushing for the establishment of a regulatory and organisational system for maintenance of roads, for example; the work has included both the introduction of a Road Maintenance Fund and the engagement of local villages. Within the basic access component, Sida has supported the development of a rural transport infrastructure policy and participatory local road management, which aims at and could potentially have a great influence on *changes in local village level rules of the game.* Traffic safety also, aims at and involves *new rules and ways of thinking about traffic,* and – potentially – changes in actual behaviour of road users to reduce traffic accidents in Laos.

Lao Swedish Upland Agriculture and Forestry Research Programme, LSUAFRP II, at NAFRI (2006–2011)

Sida has supported the natural resources sector in Laos since the 1970s. The support has changed from timber and wood production orientation to a sustaining use of natural resources in a broad sense at both central and local

levels, and, more recently, to upland development and natural resource research for poverty alleviation. Such research activities were initiated during the LSFP – Phase IV, at the Department of Forestry under Ministry of Agriculture and Forestry (MAF). Since 2002 research support has been moved to the National Agriculture and Research Institute (NAFRI) under the programme label – the Lao Swedish Upland Agriculture and Forestry Research Programme (LSUAFRP) – Phase I. This programme focuses on a number of districts in the northern upland region where all inhabitants qualify as poor. Total Sida contribution for the current phase is SEK 85 million. It is the largest donor programme at NAFRI.

NAFRI has a mandate to build a national system for natural resource research relevant for poverty reduction in Laos, which includes development of new species, technologies, and methods, as well as the application of these to the rural context of Laos. Strengthening the capacity of NAFRI to fulfil its mandate is one objective of the LSUAFRP II. The programme has four components: (i) research, (ii) capacity building, (iii) information services, and (iv) programme management.

Capacity development is central and has been broadened to include not only issues at the level of the individual (training), but also at the level of the organisation (organisational structure and decision making routines) and system of organisations (coherence and coordination of NAFRI centres). From an institutional perspective, many of these activities concern organisational development while some target *internal rules or institutions* that are central to NAFRI as an organisation, such as decision making routines, which is recognised by the programme as institutional development. Based on the documentation at hand it is, however, difficult to asses whether or not these are intended to have an effect outside of NAFRI and influence *overall institutional development*.

Many of the research activities do, on the other hand, directly or indirectly aim at changes in both *formal and informal rules in the institutional framework* with the potential of significantly influencing actual behaviour among rural farmers and thus wider society. The approach is based on participation and the farming systems research concept (FSR) in which farmers are viewed as part of social and economic systems that overlap and influence power structures, division of labour, innovation within the system, and ability to adopt new farming technologies. Research has focused not only on understanding the farming system and the relation between its different elements, but also on identifying opportunities or problems within the system. Hence, the LSUAFRP is in affect looking at both *formal and informal behaviour rules at the local level* which influence how agriculture and forestry is conducted and performed in the uplands.

There is also an awareness of the need to address changes in these rules as a result of the introduction of innovations into the system, such as new farm-

ing techniques or new crop varieties. One example is the effect on the division of labour between women and men in rural households by changes in the farming focus or procedures, another is the development of methodologies for agro-ecological zoning as a land use planning tool for district level officials. Such zoning rules constitute formal institutions with the potential to significantly change the rules of the game for upland farmers. Hence, the program sometimes *targets directly the institutional framework (formal or informal) at the village or district level,* or is at least working in close relation to them.

Finally, the LSUAFRP II seeks to link its participatory approach (bottom-up) to the Government of Lao (GoL)'s policy focus (top-down) of food security and agro-commodities viable in commercial markets. This can be interpreted as aiming to link *changes in the formal institutional context at the national level into changes in informal institutions at the local level,* both within the sphere of institutional framework.

Strengthening Environmental Management, SEM II, at STEA (2005–2010)

Due to its physical and political isolation and low population density, the environment in Laos has been sheltered from many of the forces that contribute to environmental deterioration in neighbouring countries. Existing environmental concerns stem from unsustainable use of natural resources (shifting cultivation, commercial and illegal logging), industrial development (dams, mine and road construction) and urbanisation, migration and tourism (solid waste disposal, wastewater treatment in urban areas). The legal and regulatory framework for environmental protection has improved considerably in Laos, but implementation and enforcement are not as strong. Hence, although *there are formal institutions* in place, *institutional development* within environmental protection in Laos is *still nominal* and has not become effective in the sense of yielding real change in behaviour among actors.

The Science, Technology and Environment Agency (STEA) is a sub-ministry under the Prime Minister's Office and a central actor when it comes to implementation of existing formal rules, as defined in both the Environment Protection Law (EPL) of 1999 and a Prime Minister's decree from the same year. The first phase of the Strengthening Environment Management (SEM) project started in 2001, and implementing partner is the Department of Environment at STEA. Total Sida contribution in the current phase is SEK 62 million, of which 29% goes into capacity development (training, workshops and conferences).

The goal of the project is to support STEA to execute its full mandate, which is the coordination of environmental policy issues across ministries and with donors, as well as being the licensing, monitoring, regulatory and advisory body when it comes to Environmental Management, Environmental Moni-

toring, and Impact Assessment work. One of STEA's main responsibilities is to drive the development and implementation of law, policy, and strategies for environmental protection in Laos, and to regulate activities that may have a potential impact on the environment.

The Sida support has two focal areas: (i) *policy work* at the national and provincial levels (revision of existing national laws and regulations, formulation of new standards), and (ii) *implementation and enforcement* at national, provincial and district levels (implementation of environmental impact assessments, education and awareness raising activities).

The major part of the SEM programme is referred to as capacity development. This is divided into two groups: (a) human resource activities at the individual level (including on-the-job training, courses, seminars, MSc education), and (b) so-called institutional strengthening at the organisational level (general management, financial management). Hence, in terms of the most immediate aim, capacity development interventions target the level of the individual organisation and the system of organisations.

However, given the central role of STEA in the Lao environmental protection system, *changes in institutions that are internal* to STEA are here interpreted as intending – and having the potential to – to reach even further. Moreover, its mandate includes the *promotion of changes in the overall institutional framework* as well as the *implementation* of these. To support STEA in fulfilling its full mandate means that the SEM programme in effect aims at yielding substantial changes in actual behaviour among individuals, firms and other organisations. In other words, it *aims directly at real*, as opposed to nominal, *institutional development within the environmental protection sector* in Laos.

Statistics V, at NSC (2005–2008)

The statistical system of Laos was initially built to serve its central planning system. This system is still largely in place, although the economic reform processes and the country's membership in various international forums has changed the purpose and what is required of its official statistics. This has caused a *pressure for changes in the institutional framework governing statistics* in Laos, and the legal framework has been updated and upgraded even though no statistics law is signed as yet.

The National Statistics Centre (NSC), at the Committee for Planning and Investment (CPI), is the main body producing statistics to complement the traditional reporting system. It has three main areas of responsibility: (i) production and presentation of socio economic statistics in important policy areas; (ii) coordination of official statistics; and (iii) education of statistical staff (the education system does not offer any training in statistical methods). The Government of Laos has specifically assigned NSC the task to monitor the development of poverty in Laos, and to monitor the implementation of the National Growth and Poverty Eradication Strategy (NGPES).

Sida support to NSC is based on a twinning cooperation with Statistics Sweden (Statistiska Centralbyrån, SCB) that started in 1992. At that time NSC was an insignificant body within the national statistics system, and making it a central hub within this system is and was a central goal of the programme. In other words, the *programme has strived for a change at the level of system of organisations* within Lao society. The documentation claims that NSC is today recognised as the main supplier of statistical information in Laos and, hence, that this goal is at least partly achieved. To become that, NSC has had to focus on producing economic and social statistics of international standards that install trust in its capabilities and methods used. Today, international organisations demand their products, as do, to a small but increasing degree, also Lao users (governmental bodies, National Assembly, academia and the business community). If so, this would *indicate a real change in the national statistical system*, rather than nominal. The current phase is the final consolidation phase, total contribution is SEK 25.4 million.

The support is labelled institutional capacity development. This includes the legal framework, organisation and staffing. SCB has provided resources in terms of technical assistance in a multiple of fields: methodological work, training of staff, management capacity building, financial support for establishing necessary technical infrastructure in IT-systems and equipment, and survey undertakings. Much of these activities aim at development of internal administrative routines and up-keeping of administrative resources; that is, at *internal institutions that state how to behave in certain situations.*

A long term objective is the development of a *statistical law* that would ensure that the statistical system would work better and enable NSC to take full responsibility for it. External assessments conclude that NSC would need a more autonomous role in order enforce the regulatory framework. The project document instead concludes that at the time NSC is doing better by being part of CPI which is a strong and important organisation within the Lao public administration, and that organisational independence would not safeguard the independence and impartially of the statistics that NSC produces. Other measures are needed for this, such as ethical codes, commitment from staff and management, openness regarding methods and sources, sharing of source data with outsiders. Moreover, it is argued that these issues should be addressed in coming updates of the legal framework rather than the organisational structure as such.

Hence, even though the actual support interventions have been at the level of the organisation, the programme was both sparked by *changes in the institutional framework (reform and policy changes)* and aimed directly at *changes of the rules of the game at the level of system of organisations.* This has implied changes in both *formal and informal rules of behaviour within statistics production* in Laos. Moreover, there is an identified need for additional changes in the institutional framework, i.e. *changes in the formal legal structure* that would either introduce *new rules*

that represent a substantial break with the *traditional way of producing and handling statistics,* or make explicit those that are already in place.

Strengthening the Fiscal Management in Laos, at the TD at MoF (2003–2006)

Laos is experiencing a substantial budget deficit and there is high pressure (external and internal) on the Government of Laos (GoL) to turn around the declining revenue trend and to widen its tax base. Lao taxes are based on a self-assessment system and a presumptive tax system that, according to the Project Document and Sida Assessment Memo, are rather complex and face challenges in terms of audit and control procedures. The tax rates themselves are also complex and often change. As a result, there is a danger that trust in the Tax Administration – the Tax Department (TD) at the Ministry of Finance (MoF) and the tax offices at the province and district levels – becomes eroded, which may result in a "low tax culture" in Laos, as it would in any country facing similar issues.

The TADM includes 160 provincial and district tax offices and 480 sub-divisions at the same levels, in total about 1,200 people, for which the TD is to act as head-quarters. The TD has the mandate to initiate and propose changes in certain areas defined by a prime minister's decree and a ministerial decision, both from 2000, and to implement laws, regulations and administrative procedures. Hence, at least formally, the TD is a *central actor in a national system of organisations* and the body responsible for *implementing the intuitional framework*, but also as *initiating changes within it.*

Sida support for taxes started in 2002 when it replaced NORAD in the final stages of a joint UNDP, IMF and GoL project, as well as funded a bridging phase into the current project. The current project is a twinning project between the Swedish Tax Agency (STA) and the TD with the overall goal of contributing to poverty reduction by raising the capacity of the TD and TADM to increase revenue collection. Total budget is SEK 25 million. The project has four components: (i) tax policy and tax administrative procedures; (ii) human resource system; (iii) organisational and managerial development; and (iv) ICT development. Capacity building, not defined, is a core part of the project and is mainly aimed at the central TD to be spread to the TADM at large. Institutional development is also an important part of the first three of these components, even though not explicitly stated as such.

The first component aims at the establishment and enforcement of a modern and transparent tax law, including planning and introduction of the VAT and reviews of the structure of taxes and fees in Laos. A second aim is improved administrative procedures, including the development of a national audit and control plan in order to improve voluntary tax compliance. In terms of institutional development all of these are activities aiming directly

at *the institutional framework* in Laos. The TD has drafted a new Tax Law which was approved in 2005. This was made with the support of Vietnamese experts and not by the Sida supported project. The project has recently finalised a VAT Master Plan and provided comments on the proposed new VAT law, which have been elaborated on by Lao and Vietnamese experts.

The second component targets human resource development within the TD, including the establishment a HR division, development of recruitment guidelines, and reviewing the incentives system. The incentive system and guidelines are part of the internal rules structure of the TD and the project, hence, targets the *development of internal institutions* at *the level of the organisation* and, to the degree that they are adopted by the TADM at large, also at *the system of organisations level*. Moreover, if these activities result in improved enforcement capabilities of the TD, then they have *spilled over into* changing rules of the game for tax payers in Laos, that is, *the institutional context in society at large.*

The third component concerns the real power of the TD within the Lao taxation system, which is limited by organisational and regulatory domains that give provincial governors and district chiefs a high degree of independence. As what constitutes a national or a local tax is not well defined, there are opportunities for provinces to promote and collect taxes locally without transferring them to the central level. The Lao PDR intends to introduce a vertical line of command within the TADM and the project aims at supporting this by installing a comprehensive management system for steering and follow-up. This includes introducing reporting standards, improved transparency and accountability, and an improved appeals system. These are all changes in *rules at the level of organisation and system of organisation* that have the potential of significantly influencing *the institutional framework* and tax payer behaviour in society at large.

Appendix 8
– Terms of Reference

Background

Through co-operation between the Swedish Embassy in Laos and its Department for Evaluation and Internal Audit (UTV), Sida has carried out a learning exercise on supporting institutional development in Laos. The learning exercise has been based on the exploration of past experience from such support in a series of workshops and conversations, involving both Sida staff and partners, notably from Sida-supported Lao projects. It was initiated 2005, in response to needs identified both in the case of Laos specifically and within Sida as a whole, and completed in September 2006. It is part of a broader on-going Sida/UTV evaluation theme on supporting institutional development.

The *primary purpose* of the learning exercise has been to contribute to learning for Sida – Embassy staff as well as more widely – about how Sida can support institutional development and influence the institutional set-up better – in Laos specifically, given the one-party system, but also more generally on the basis of the experience from Laos. An immediate *use* of the learning exercise is as input into the mid-term review of the Swedish Country Strategy for Laos in late 2006/early 2007. It is also intended to help Sida/the Embassy develop its own ways of working with support for institutional development in Laos more long term, strategically and methodologically, and to contribute with lessons of relevance and methods development for Sida as a whole. A *secondary purpose* has been to contribute to the learning of Sida's partners in Laos, notably Lao counterparts and consultants within Sida-supported projects, and possibly others.

The *overall questions* that the learning exercise was to shed light on are:

1   How has Sida support for institutional development influenced the institutional set-up in Laos?

2   What has helped and what has hindered that contribution?

3   What are the implications for how to support institutional development?

A particular *focus* was to be given to the role of dialogue in this Sida support.

The learning exercise has been performed as a participatory learning process, based on the assumption that learning largely takes place through interactive reflection, conversation and exchange of experience. It has been based on the exploration of past experience, but is not a traditional evaluation. Rather, any judgement of achievements has been done by the participants themselves of their own work – hence the exercise has included elements of self-evaluation. The process itself has been seen as central, and the learning exercise largely took the form of 'talking' – although it would also be documented.

The interim report

The process and outcome of the learning exercise, from conversations in January to two mini-workshops in September, has been documented by Pernilla Sjöquist Rafiqui. She prepared a *draft interim report* with the purpose of providing a synthesis of the outcomes of the learning exercise up to and including two major workshops in June, with a particular emphasis on lessons learnt and implications for Sida. Its immediate use was as input into the September mini-workshops, to inspire further conversation and deepen the learning. The Interim Report will also serve as a basis for the final report, which among other things also will include important outcomes that emerged from the mini-workshops in September.

Together with the Final Report, it further aims at contributing to a platform for continued learning and practice about supporting institutional development, after the conclusion of this particular learning exercise. The Interim Report was not initially intended to be used and spread beyond the group of participants of the learning exercise, but was found useful by the participants and has already has been spread. Hence it was decided that a revised *final interim* report would be completed – which it is now – which could be used and spread without restrictions while the Final Report is in the process of being prepared.

Purpose, Use and Audience of Final Report

The Final Report is to be based on the Interim Report, but shall be complemented with additional inputs and may require further synthesis and rearrangement of the text. It serves a partly different purpose and addresses a wider audience, in order to also contribute to learning within Sida and its partners more broadly.

The overall purpose of the Final Report is to synthesise the outcome of the learning exercise in order to contribute to a platform for future learning and practice for Sida staff and partners dealing with support for institutional development in Laos as well as more generally.

Within this frame, the more *specific purpose* of the Final Report is to *synthesise the outcome of the learning exercise,* in three different respects indicating their order of priority:

1) First of all, in terms of *responses offered to the three overall questions* – hence, any answers suggested, interpretations and qualifications needed, as well as possible remaining or emerging questions.

    i) Most of this is already provided by the Interim Report (e.g. lessons learnt from implicit responses to Questions 1 and 2) – some is not and needs to be added, notably explicit responses to the first two overall questions.

    ii) Moreover, the Interim Report offers a synthesis of the lessons learnt from past experience in Laos – for the case of Laos – but lessons for supporting institutional development with a wider applicability may need to be suggested or at least discussed.

    iii) The Interim Report also discusses implications for Sida, and thus provides a response to the third overall question, but implications for Sida headquarters and Sida more broadly may need to be distinguished from those applying to the case of Laos specifically, if possible.

2) Secondly, in terms of indications that *learning has actually taken place* among the participants and that a *process to make use of this learning* – as intended or otherwise – has been initiated or facilitated, as reflected for instance by suggested actions and steps forward.

Some input has already been provided in the Interim Report (in Section 3.2 on Ways Forward), but may need to be complemented and synthesised. This purpose partly corresponds to making recommendations in traditional evaluation reports, although in this case, it mainly includes actions to make use of the outcomes suggested by the participants themselves. This purpose facilitates any desired follow-up of this learning exercise.

3) Thirdly, in terms of *other lessons that may have emerged* in the process of major importance, partly unintended, including lessons from the process itself, in particular if they have implications for how to support institutional development.

Some of this is already offered by the Interim Report (in Section 3.3 on Reflections from the June Workshop Evaluations), but may need to be complemented and/or reviewed.

The *intended use* of the Final Report is to *contribute to a platform for future learning and practice* concerning Sida support for institutional development in Laos in particular as well as more generally. This implies that apart from the participants of the learning exercise, to whom the Interim Report was directed, the *audience* of the Final Report is *Sida staff and partners dealing with support for institutional development in Laos as well as more generally.* It is primarily addressed to Sida staff – in particular those who take a specific interest in and most

directly are involved with supporting institutional development at a policy or practical level – but shall also be accessible to Sida's partners working with and taking an interest in these issues.

Character and Format of the Final Report

Since the Final Report shall contribute to a platform for future learning and practice concerning Sida support for institutional development – and thus promote the usefulness and actual use of the outcomes of the learning exercise – its character and format shall support that end. This has several implications, including the following ones.

Readability and accessibility

To promote the usefulness and use of the outcomes of the learning exercise and of the report itself, major messages of different kinds – such as lessons learnt, implications for Sida and intended action taken – shall be highlighted, clearly presented and easily accessible for the reader throughout the text. They shall also be presented in an executive summary. The text shall be made 'alive' and concrete, by for instance examples, quotes and possibly some illustrative stories. The report must not be too long (maximum 40 but striving for 30 pages, excluding appendices). Methodological and theoretical details shall be deferred to appendices and the number of appendices shall be limited. The limited size of the report implies that findings and outcomes shall not be presented in detail, but in a synthesized way. If detailed findings are needed to motivate the conclusions or considered useful for continued learning and practice, they too shall be deferred to appendices. The design of the text (paragraphs and pages etc.) and type of language used shall promote accessibility and readability.

Addressing a wider audience

The fact that the report addresses a wider audience than the Interim Report requires that the learning exercise is motivated and put into a wider context (the history of it, the problems that sparked it, the strategic character of the issues etc.) in the introduction. Ideally, it should start with the problem, to motivate the exercise and attract the readers' interest. It further requires that the character of the exercise, the approach to the learning exercise, the overall methods employed and major choices made as well as the overall process itself shall be accounted for. However, in the report itself this should be very brief, but clear, with necessary elaborations deferred to appendices, as mentioned.

Adding analytical content

Given the participatory and self-explorative approach, most findings, lessons and implications etc. have been identified by the participants themselves. However, any such outcomes have by necessity been interpreted, summarized and synthesized by the facilitation team during the exercise itself and by the author during the writing of the report. It is only the facilitation team (including the author) who has been able to hold an overview of the entire learning process and thereby an overall perspective. It is important that this overview/perspective as well as the analytical skills and knowledge of the subject matter of the team members are used in the report. Such a contribution is part of the responsibility of the facilitation team and aims at increasing the usefulness of the report and the learning potential of its readers. Hence the report shall add analysis to the findings and outcomes of the different activities of the learning exercise – which already is largely done in the Interim Report – in the following respects.

- Apart from synthesising findings/outcomes, add *comments, interpretations, reflections, conclusions, questions* etc. to what came out of the learning exercise itself in a clear and consistent way – e.g. as in the Interim Report.

- *Apply a clear and explicit institutional perspective,* by describing and interpreting findings and outcomes etc. in institutional terms, linking them to the institutional framework used and consistently apply the institutional terminology adopted – partly done in the Interim Report. Given the conceptual confusion, reinforcing the institutional perspective used in the learning exercise is important and potentially useful for participants and other readers. An implicit aim is to contribute to a better understanding of the institutional concepts and phenomena, linking them to experiences and lessons learnt from practice, and developing a common point of reference for more strategic and successful efforts to support institutional development in the future. While an important task, it can be done in different ways, to be chosen by the author. (For instance, throughout the text or in separate comment sections; by further and explicitly highlighting the analytical loop and logical sequence of the 'egg-model'.)

- Offer *responses to the first two overall questions,* as already mentioned. Some of this was done during the June workshops, but is not fully reflected in the Interim Report – and was not intended to be.

Interaction with UTV and Others Involved

During the learning process, the relationship within the facilitation team has been close. Still the roles in relation to the Final Report are clear. The author has the ultimate responsibility for the text, based on these ToR agreed with UTV. Given the overview and overall perspective of the facilitation team and the need to make use of the inputs it provides implies that the author shall try

to incorporate the reflections on the outcomes of the learning exercise of the other team members. However, in case of diverging views, those of the author have precedence. Due credit shall also be given to the different team members' contribution to the report – in ways to be agreed.

During the process of writing the report, unclarities in the ToR may surface or different ways of perceiving them may occur. Similarly, unforeseen difficulties may emerge or compromises and important choices may need to be made. While in general it is the task of the author to interpret the ToR and to choose the ways of conducting the task, it is the author's responsibility to bring any such complications forward to UTV. Correspondingly, UTV staff shall be ready to negotiate the interpretation of the ToR and open to compromises and feasible solutions if needed.

A first draft version of the Final Report shall first be sent to the other members of the facilitation team for comments. A second draft shall be sent to all workshop participants and interviewees for comments, before the final version is delivered and approved by UTV. UTV is responsible for all distribution of reports and for guidance on how to deal with the comments if needed.

Timing and Budget

A budget specifying the major elements of making the report and the time needed for those shall be suggested by the author and approved by the UTV within the framework budget that has already been agreed. The opportunity to include one presentation of the report at Sida shall be considered.

The following timeframe for the report applies, and shall be adhered to unless otherwise agreed with UTV:

First Draft Report to facilitation team	12:00 (noon) Friday 10 November
Comments from facilitation team	Thursday 16 November
Second Draft Report to UTV, to be sent to participants and interviewees for comments by UTV	9:00 (morning) Monday 27 November
Comments back to UTV and forwarding to author	Monday 4 December
Final Version of Report to UTV, to be sent out to participants and interviewees and handed over to Sida	Monday 11 December

Appendix 9 – An ID Approach to Capacity Development: Example from SNV

SNV, an international NGO operating in Laos, is presently piloting a leadership development program which illustrates many of the characteristics of an institutional approach, applied to capacity development.

The program has **three components:**

i) *A leadership learning program for managers* working across sectors at the regional level. Consisting of 4 modules over a 4–6 month period, it is run in a participatory way and ensures chance for practice between modules. By mid-2007, over 100 managers will have taken part.

ii) Offering leadership development as part of its *advisory services*

iii) Working closely with *three local training organizations,* to ensure the program is rooted in the Lao context, as well as to develop the capacity of local leadership practitioners

Several **key elements of an institutional approach** as highlighted in this learning exercise could be applied here, particularly in relation to the leadership learning program.

i) The content

The content of the learning program contains an explicit module on 'leading your society' that addresses key capacities in developing an institutional approach. This includes increasing ability to:
- analyze the context
- identify your role
- build partnerships

The program also challenges some of the more *traditional notions of leadership* in Laos – which may have an impact on the type of institutional change that leaders can effect within their organization and beyond. As the SNV advisor shared:

> One of the main challenges in the Lao context is the hierarchical systems and formal roles related to leadership which can limit openness in organizations. In our leadership program, we include a lot of opportunities for self-reflection and development and practice in how to communicate with and support the staff

Just as an institutional perspective emphasizes relational ability from the donor side, there is a strong stress on *relational abilities* in this leadership program. If donors and leaders are both able to take this on, then this can benefit all concerned.

ii) The design and approach

- It is *long-term,* rather than a one-off event (encouraging application in-between modules)
- It seeks to *build relationships and learning within a peer group* of future leaders, who in turn may provide important support in the future when trying to effect bigger changes
- Working across sectors and at regional level is encouraging *cross-learning,* as well as reaching leaders who have considerable *influence* at that level, now and in the future
- the approach to learning inevitably challenges some of the *'rules' around training and learning*

As the Lao facilitator/advisor indicated:

> *We try to limit one-way communication and spoon-feeding that is more customary in the Lao society. In our way, participants are encouraged to contribute and to take initiative. They learn not only from us, the facilitators, but also from each other.*

There is also a strong emphasis on action learning, 'on-the-job application and reflection' in between sessions. Given the influence of the leaders taken part, this may have wider implications for the type of training programs they attend or initiate in the future.

iii) Collaborating with local training organizations

- Collaborating with local training organizations will also develop local capacity to carry on this kind of work and its approach and in turn, may well influence the more conventional notions/'rules' of training, as well as leadership – far beyond this program
- Working with local providers also ensures it is grounded in the Lao context – where informal rules and norms can be understood and worked with – a critical part of an institutional approach.

Source: Summary and comments by Liz Goold on an interview with
Wannila Thongchan and Karin Schulz (SNV).

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         Pernilla Sjöquist Rafiqui
         Department for Evaluation and Internal Audit

'We can't all be ducks'

Changing Mind-sets and
Developing Institutions in Lao PDR

Changing 'rules of the game' – formal and informal rules for social interaction – is central to any development process, but not an easy task. Supporting such change – or institutional development (ID) – is also challenging, as experienced by Sida in Laos. The impression was that it was difficult for Sida support to effectively influence change in the institutional set-up of the Lao one-party state, as a means to promote poverty reduction. Hence, there was a need to learn more about how to support ID in Laos and to develop Sida's ways of working strategically with these issues – in Laos as well as elsewhere.

As a response, a participatory learning exercise was organised for Sida and its partners in Laos to draw lessons from their experience of Sida support for ID and discuss implications for their work and for Sida in general. This report synthesises their findings and provides insights about how to best work with ID in Laos that may be valid in other settings as well.

A key lesson is that when working with ID one can not overlook either a) the nature of ID or b) the nature of the specific local institutional context. In the case of Laos it was found that: 1) ID takes a long time – often longer than donors expect; it involves a change of mind-set among those involved; and may lead to resistance to change; and 2) it is crucial to work with 'the informal' – relationships, meeting and rules of the game – as well as to create high-level support or 'air cover' for projects.

Another central finding is that successful ID support appears to be the result of the ability to tailor, anchor, and time interventions well in relation to the ongoing general process of change and reform in Laos, based on a thorough understanding of its local institutional context. Perhaps this applies not only to Laos – but is relevant to all ID support.