

**Ministry of Finance (MOF)
Through Its Fiscal Policy Department
(FPD)**

**The Lao PDR Public Financial
Management Reform Project (P179016)**

Draft
Stakeholder Engagement Plan (SEP)

March 7, 2023

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1. Introduction and Project Description

The Government of Lao PDR (GoL) has requested the WB to prepare the Lao PDR Public Financial Management Reform Project (hereafter “the Project”). The Project will be funded by a trust fund financed by the European Union and Australia’s Department of Foreign Affairs and Trade (DFAT). The fund is divided into USD\$8.2 million Bank executed Trust Fund (BETF) and USD\$3 million Recipient-Executed Trust Fund (RETF). The Project aims to improve the management of public finances and MOF’s internal processes, as well as the processes for public procurement, which can deliver a wide range of benefits for GoL. The Ministry of Finance (MoF) will be the implementing agency (IA) of the fund. The Project aims to support GoL to improve the management of its public financial and human resources and the processes for public procurement. The Project sets to achieve five targets (see Table 1 below).

Table 1: Project components

Component name
Component 1- Budget preparation, public expenditure management & oversight: This component will have four subcomponents aimed at strengthening different aspects of budget preparation and execution, in line with the State Budget Law. The beneficiary institution will be the State Budget Department, the National Treasury, the Accounting Department, the Asset Management Department and the Financial Information Technology Department of the MoF, as well as the Ministry of Education and Sports, SOEs and the Bank of Lao PDR. The activities build upon those supported by the previous PFM Reform Program and will focus on support for implementation for the initiated reforms. The State Audit Organization and the National Assembly will not be included in the RETF part of the Program in order to avoid any potential conflict of interest.
Component 2- Revenue management: This component will have two subcomponents supporting activities in line with the recently approved tax administration reform plan 2021-2025. The beneficiary institution will be the Tax Department (TD) of the MoF at central level, as well as tax offices at the provincial level. The activities build upon those supported by the previous PFM Reform Program and will focus on strengthening of the legal framework and improving tax administration processes.
Component 3- Public Procurement: This component will provide support to continue building the capacity of the PPMD and the procuring entities and central and provincial level to implement the public procurement legislation, which was supported by the 1st PFM Program, and the implantation tools supported by the 2nd PFM Program.
Component 4- Human resources management: This component will provide support to continue building the capacity of the MOHA to strengthen the management and integrity of civil servants.
Component 5- Project implementation, analytics, and just-in-time support:

This component provide support to MoF's PFM Reform Secretariat to implement the PFM Reform Action Plan and capacity for different analytical reports

In this project, the ESF instruments are designed for a small RETF of US\$3 million. The Project is expected to have low environmental and social risks because its plans and activities will not engage civil works. Thus, risks and/or negative environmental and social impacts on biodiversity, land uses, culture, and broader livelihoods of local communities expect to be minimal. The Project is required to prepare Stakeholder Engagement Plan (SEP) in compliance with the WB Environmental and Social Standard 10 (ESS 10). The Project will also disclose information and consult with all relevant stakeholders in socially and culturally appropriate manner, which is free of manipulation, discrimination, and intimidation.

2. Objectives of the Stakeholder Engagement Plan

The main objective of this SEP is to define a program for stakeholder engagement, including public information disclosure and consultation, throughout the Project preparation and implementation. The SEP outlines the strategies that the Project will communicate with stakeholders, disclose project information, provide feedback, introduce a mechanism for raising concerns or complaints of stakeholders. The involvement of all stakeholders within MOF, line ministries, private agencies, and individuals who will be interested in project activities. This is to ensure smooth collaboration between project personnel and minimize and mitigate environmental and social risks related to proposed project activities.

3. Summary of Previous Stakeholder Engagement Activities

MOF has implemented the Public Financial Management Reform Project since 2017 and the Project has disclosed project information and capacity building to different stakeholders. Project stakeholder engagement was carried out through different activities. However, there has not been any formal public consultation and stakeholder engagement for the P 3rd public Financial Management Reform Project.

After the ESF instruments for the Project are drafted, there will be public consultation meeting(s) with representatives of departments of MOF, Ministry of Labour and Social Welfare, Ministry of Home Affairs, other line agencies, and interested individuals. The objective of meetings is to disclose information of project activities and ESF instruments such as SEP, LMP, ESCP, EMP, and seek feedback from participants regarding the contents of the instruments. The meetings will be held after a review of the instruments by WB. The issues brought up by stakeholders during meetings will be incorporated into the updated version of the SEP. FPD will disclose updated versions of the SEP and other ESF instruments on the MOF the WB websites after they are finalised.

Comments of stakeholders received from the meetings and responses from FPD are summarized below:

(Summary will be added after a public consultation meeting)

4. Stakeholder Identification and Analysis

The ESS10 defines two categories of stakeholders as individuals, groups, or other entities who:

- are impacted or likely to be impacted directly or indirectly, positively, or adversely, by the Project (also known as ‘affected parties’); and
- may have an interest in the Project (‘interested parties’). These include individuals or groups whose interests may be affected by the Project and who have the potential to influence the Project outcomes in any way.

4.1 Affected Parties

ESS 10 refers stakeholders to the identification of individuals, groups, and other entities who may be directly or indirectly affected by the project, whether positively or negatively. The Project is expected to have impacts by and/or benefits from improved public financial management and subsequent better delivery of public services, especially in the health and education sectors. Implementation of the project will also help improve systematic tax collection and budget allocation, translating into greater availability of funds for more efficient financing to sectors, and strategic and transparent use of public funds.

In this project, affected participants can include:

- MOF and its departments,
- Government branch offices at national and subnational levels (including but not limited to MOH, MOLSW, MOES, MOPI, LWU, MOPH, MOES),
- Bank of Lao PDR,
- Commercial banks in Lao PDR,
- SOEs (including EDL and Lao Airlines),
- Higher educational institutions, and
- Any other groups targeted for awareness raising, training, and capacity building by the Project, including public officials, ethnic minorities, disabled people, and women.

4.2 Interested Parties

A wide range of stakeholders may be interested in the project activities because of their official or personal interests. These stakeholders could include:

- Government officials from other ministries such as environmental protection, public health authorities, planning and investment, agriculture and forestry, culture, information and tourism, labour and social welfare, commercial banks, and SOEs,

- Mass Media authorities (Lao Women Union, Lao Youth Union, Lao National Front for Development, Lao Trade Union),
- NGOs and civil society organizations in Laos,
- Media,
- Development partners,
- Academic institutions, and
- Private sector organisation such as Chamber of Commerce.

4.3 Disadvantaged / Vulnerable Individuals or Groups

In addition to two categories of stakeholders discussed above, it is essential to consider whether designed project activities could disproportionately affect disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or interests in project planning and implementation processes. Their vulnerability and disadvantage can be defined by person's origin, gender, age, health condition, minority ethnicity and disadvantage status in a community, economic deficiency and financial insecurity, and dependence on other individuals due to lack of labour and/or resources. Engagement with the vulnerable groups and individuals often requires the application of specific measures and assistance aimed at the facilitation of their participation in the project-related decision making so that their awareness of and input to the overall process are commensurate to those of the other stakeholders.

The project will also need to make sure that disadvantaged / vulnerable individuals or groups receive meaningful information to understand the loan conditions and penalties, more likely to default.

In this project, vulnerable or disadvantaged groups may include:

- Disable persons;
- Minority ethnic groups;
- Women;
- Elderly people;
- Children, particularly those that are malnourished;
- People with health concerns (diabetes, cancer, hypertension, coronary heart diseases, and respiratory diseases);
- Persons with disabilities including physical and mental health disabilities;
- Single parent headed households; and
- Other economically and socially marginalized and disadvantaged groups.

Vulnerable groups of stakeholders in this project will be further confirmed and discussed in the updated version of this SEP.

5. Stakeholder Engagement Program

5.1 Purpose and Timing of the Stakeholder Engagement Plan

The main objective of the project SEP is to ensure meaningful and inclusive engagement of the stakeholders as listed in Section 4. The Project will implement adequate consultations and record and incorporate their feedback and suggestions in decision-making processes of project activities. Good stakeholder engagement shall consider the following principles:

- **Informed Participation:** Information on relevant issues will be provided and widely disseminated among all stakeholders in a language and manner accessible and appropriate to different stakeholders.
- **Tailored Dissemination of Information and Feedback Mechanisms:** Information will be disseminated through diverse channels and in diverse formats tailored to different groups of stakeholders. Similarly, mechanisms and opportunities for seeking feedback and input from stakeholders will be diverse and tailored to different groups. The Lao language will be used in disseminating project information.
- **Inclusiveness:** Stakeholder identification will be undertaken for differing reforms and budget processes to tailor approaches and build relationships. MOF will pay attention to stakeholders' needs in selecting engagement methods. Special attention will be given to disadvantaged and vulnerable groups identified above.
- **Continuity through Project Implementation:** SEP activities and principles will be integrated to all relevant activities throughout the Project period.

5.2 Proposed Strategy for Information Disclosure

In line with the principles indicated above as a guide, this SEP sets out the strategy to be pursued by MOF to promote public awareness and engage with stakeholders regarding budget preparation, public expenditure management and oversight, revenue management, public procurement, and human resources management in the Lao financial sector. In this SEP, disclosure of project information is proposed to be implemented through following strategies.

- Conduct at least one consultation for disclosure of ESF instruments;
- Conduct multiple public consultations and workshops different components of the Project. These include regular quarterly and half-yearly consultations with stakeholders such as different departments within MOF and Ministry of Home Affairs
- Diversify means of communication, largely via social media and online channels, including developing a Facebook page for the Project. Where, possible and appropriate, create dedicated online platforms and chatgroups appropriate for the purpose, based on the type and category of stakeholders;
- Employ traditional channels of communications (TV, newspaper, radio, dedicated phone-lines, and mail) when stakeholders do not have access to

online channels or do not use them frequently. Traditional channels can also be highly effective in conveying relevant information to stakeholders, and allow them to provide their feedback and suggestions;

- Provide booklets of ESF briefs to all project direct workers;
- Where direct engagement with project affected people or beneficiaries is necessary, identify channels for direct communication with each affected household via a context specific combination of email messages, mail, online platforms, dedicated phone calls with knowledgeable operators;
- Each of the proposed channels of engagement should clearly specify how feedback and suggestions can be provided by stakeholders.
- Disclose the project information, including ESF tools, on the World Bank and MOF websites (see also Table 2 for information disclosure approaches).

Table 2: Information disclosure strategies

Project stage	Target stakeholders	Information to be disclosed	Methods	and timing proposed
Preparation	Ministry of Finance	ESCP SEP and grievance mechanisms	Consultation and disclosure of the draft SEP and ESCP, including a summary in Lao language, to stakeholders	March 6, 2023
	1. Fiscal Policy Department 2. Financial Information Technology Department 3. Tax Department 4. Accounting Regulatory Department 5. State Asset Management Department 6. National Treasury 7. State Budget Department 8. Organization and Personnel Department			March 6, 2023
	Ministry of Home Affairs 9. Department of Civil Service Management 10. Department of Performance Appraisal and Development. Others as identified in 4.2 and 4.3		Internet pages Social media pages (Facebook) of MOF Disclosure of information on the World Bank's website.	March 15, 2023
Implementation	MOF MOHA MOPI Others as identified in 4.2 and 4.3	Final version of the above documents Communication materials (in Lao and	Internet pages Social media pages Brochures Public service announcements Communication materials will be made available to explain the availability of the financing, with special attention to the most vulnerable stakeholders (ethnic groups and women)	Mid-May 2023

	ethnic groups language s)	Where deemed as being required, translation of materials will be undertaken.	Mid-April 2023
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It is also important if the project can support PIU to increase its capacity in communication and outreach by hiring an experienced communications specialist to design and implement awareness and education campaigns of the Project and ESF instruments.

5.3 Stakeholder Engagement Strategy

The Project will apply multiple stakeholder engagement strategies. These include public consultations, training programs, and group discussions, in which all directly affected, and other interested parties (See Table 4) along with vulnerable groups will be invited. The Project will promote participation of individuals with disabilities and vulnerability to consultations and access to project information. Consultations and discussions will be undertaken to gather inputs and suggestions about the project planning and could also serve as information disclosure forums.

Table 3: Potential stakeholders of the Project and public consultations

Project stage	Target stakeholders	Topic of Consultation	Method	Location/Frequency	Responsibilities
Preparation	<ul style="list-style-type: none"> • MOF • Other government and private agencies as identified in 4.2. • Disadvantaged/ vulnerable groups as identified in 4.3 	<ul style="list-style-type: none"> • The Project and its activities • Introduce the Project's E&S documents 	<ul style="list-style-type: none"> • Public Consultation in a hybrid (in-person and online) approach and disclose project information • Engagement with representatives of relevant groups, including those for women and minority groups 	MOF/before decision meeting and appraisal of the Project	FPD with support from consultants
Implementation	<ul style="list-style-type: none"> • MOF • Other government and private agencies as identified in 4.2. • Disadvantaged/ vulnerable groups as identified in 4.3 	Updated E&S documents for the Project	<p>Share through email and virtual meetings</p> <p>Engagement with representatives of relevant groups e.g. those for women and minority groups</p>	MOF/two weeks after approval of updated E&S documents	FPD with support from consultants

Given the COVID-19 pandemic concerns, the Project will be aware and cautious that consultations and meetings can be arranged in both off-line and on-line options for potential participants. If required, on-line meeting will be held.

5.4 Proposed Strategy to Incorporate the Views of Vulnerable Groups

Consultations will be carried out with representatives of disabled and vulnerable and disadvantaged groups of stakeholders (such as Lao National Front for Development for ethnic minorities or the Lao Women Union). Engagement of vulnerable stakeholders aims to understand concerns/needs in terms of access to information, medical facilities and services and other challenges they face at home, at workplaces and in their communities. PIU will carry out engagement of disabled and vulnerable stakeholders throughout the project implementation. The details of strategies that will be adopted to effectively engage and communicate to vulnerable group will be considered during project implementation, where required.

5.5 SEP Timeline

The Project will continue stakeholder engagement activities and information disclosure throughout project implementation.

5.6 Review of Comments and Reporting Back to Stakeholders

Comments from consultations, workshops, and discussions will be recorded and reviewed during each type of consultation. The E&S focal person will incorporate the comments into a quarterly or half-yearly report of stakeholder engagement and share responses to concerned stakeholders. Based on the analysis collected, the PIU will periodically revise project design and implementation.

Stakeholders will be kept informed regarding updated project information and how their comments and suggestions can be incorporated in project design and implementation, including reporting on project environmental and social performance and implementation of the stakeholder engagement plan and a grievance mechanism. The updated project information will be available for stakeholders via MOF's website and Facebook page as well as the World Bank's website.

6. Resources and Implementation Responsibilities

6.1 Resources

FPD, as project's PMU, will be responsible for the overall coordination of the stakeholder engagement activities for the RETF. The PMU will assign a consultant as an E&S focal point for environmental and social performance to manage the day-to-day implementation of the project ESF tools. The budget for implementation of SEP measures and ESF instruments is presented in Table 4 below. The budget is included in operational costs of the Project.

Table 4: Summary of the budget for E&S performance

Items	Unit	Unit rate	Total (USD)
E&S consultant (day)	60	300	18,000
communication consultant (day)	20	300	6,000
Materials and E&S training (set)	2	500	1,000
Communication campaign	2	200	800
Total			25,800

6.2 Management Functions and Responsibilities

FPD through its PIU and consultants listed in Table 5 will be responsible for stakeholder engagement activities. Such activities will be documented through a quarterly and annual reports.

Table 5: Responsibilities of different actors for E&S performance

Actor	Stakeholder engagement responsibilities
PIU	<ul style="list-style-type: none"> • Provide administrative advice and assistance to E&S and communication consultants • Supervise the quality control of the consultants' works
E&S consultant	<ul style="list-style-type: none"> • Develop E&S materials for the Project • Review and update E&S instruments • Develop E&S training materials • Deliver E&S training activities • Prepare E&S performance and compliance reports
Communication consultant	<ul style="list-style-type: none"> • Develop a communication strategy covering the lifetime of the project • Liaise with and manage the <u>relationship</u> with any contracted person/communication entities <u>producing</u> communication materials (posters, flyers, videos, webpages, <u>Facebook</u> pages...etc • Plan, develop, and maintain the project communication via media channels

7. Grievance Redress Mechanism (GRM)

The Grievance Redress Mechanism (GRM) is developed and will be implement in compliance with the requirements of the ESS10. The main objective of the GRM is to ensure that the Project affected persons can bring their questions, feedback, grievances, and concerns to MOF's attention, and their complaints can be resolved in an appropriate, effective, and prompt manner. This is to ensure resolution satisfies to complainants and all concerned parties. GRM also helps build trust and cooperation as a crucial part of broader community consultation that facilitates corrective actions. More specifically, the GRM aims to:

- Provide affected people with a platform for making a complaint or resolving any dispute that may arise during the course of the implementation of the Project;
- Ensure that appropriate and mutually acceptable redress actions are identified and implemented to the satisfaction of complainants; and
- Ensure that stakeholders are consulted about the GRM during stakeholder engagement processes for accessibility and adequacy of GRM to stakeholders.

Grievances can be received through different communication approaches such as by phone, email, postal service, SMS, and by posting on the MOF website and Facebook page. The PIU may develop a Facebook page before the implementation of the Project, which can allow stakeholders post or upload their comments, feedback, and grievances. Anyone who is an affected or interested stakeholder can submit their grievances through steps (see Table 6 below).

Table 6: Grievance monitoring and reporting

Step	Description of processes	Timeframe	Responsibility
Grievance uptake	Grievance or complaints can be proceeded in different channels such as a formal complaint letter, email, Facebook page, and phone to the PIU		E&S focal person and the team leader of PIU
Sorting, processing	Any compliant received is categorised and proceeded according to complaint types: employment and payment, gender, occupational health and safety in offices	Upon receipt of a compliant	E&S focal person and the team leader of PIU
Acknowledgement and follow-up	Receipt of the grievance is acknowledged to the complainant by the E&S focal person of the PIU.	Within two days of receipt	Team leader of PIU and Grievance Committee within MOF
Verification,	Investigation of the	Within 10	Team leader of PIU

investigation, and action	complaint is led by the PIU. The proposed resolution is proposed and formulated by the PIU and FPD and return the proposed resolution to the complainant.	working days	and Grievance Committee within MOF
Monitoring and evaluation	Data on complaints are collected and recorded in the project grievance tracker log. Complaints and resolutions are reported back to the PIU and FPD on a half-yearly basis.	Within 14 working days	Team leader of PIU and Grievance Committee within MOF
Provision of feedback	Feedback and comments from complainants regarding their satisfaction and dissatisfaction with complaint and resolution is collected and recorded.	Within 5 days after evaluation	Team leader of PIU and Grievance Committee within MOF
Training	Training needs for project staff of the PIU, contractor, and suppliers are assessed and analysed regarding GRM.	1 month after implementation of the Project	E&S focal person and the PIU

The designated E&S focal person of the Project will record and document all grievances with an initial response back confirming that grievances were received. Final response, consideration or remedial measures and resolutions from the PIU should be communicated back to the concerned complainant within 14 days of receiving the feedback or grievance. All information about grievance procedures, grievance forms, and responses will be available in English and Lao languages for stakeholders before the project appraisal. If required, in order to facilitate women, ethnic groups and vulnerable people's access to the mechanism, these groups of people will be consulted to ensure they are able to access the GRM.

MOF will report grievances received every 6 months in aggregate manner and disseminate such information on its website and Facebook page. The details of information to support GRM is presented in the following table.

Table 7: Contact information for GRM

Description	Contact details
Implementing agency	Ministry of Finance
Main contact	Fiscal Policy Department
Address	23 Singha Road Vientiane capital, Laos
E-mail	webmaster@mof.gov.la / admin@mof.gov.la
Website	https://www.mof.gov.la/index.php/en/home/
Phone number	(856)-21-911336

8. Monitoring and Reporting

8.1 Involvement of Stakeholders in Monitoring Activities

The Project will organise half-yearly consultations with stakeholders for the project ESF instruments to obtain feedback regarding the effectiveness of ESF measures and will seek to gather suggestions from stakeholders for further improvement. These consultations will also be used to gather information about the project's progress in meeting the project indicators.

8.2 Reporting to Stakeholders

The Project will prepare half-yearly ESCP compliance monitoring reports and submit them to FPD and the World Bank. The findings of reports will also be available for both affected and other stakeholder groups. The project will support the PIU's efforts to increase its communications capacity and outreach by hiring experienced communications professionals to design and implement stakeholder awareness, education campaigns, as well as a feedback loop. The monitoring and reporting will be carried out throughout the project timeline.