



ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ  
Lao People's Democratic Republic



ອົງການສະຫະປະຊາຊາດເພື່ອການພັດທະນາ  
United Nations Development Programme

**Government of Lao People's Democratic Republic  
Name of the Implementing Partner**

**United Nations Development Programme**

**PROJECT ID: 000 57582  
PROJECT TITLE: "ENRICHING THE ROUNTABLE  
PROCESS FOR INCREASED AID EFFECTIVENESS  
AND DEVELOPMENT RESULTS"**

**ANNUAL PROJECT REPORT  
(APR)**

**Reporting period: 01 January 2008 – 31 December  
2008**

## I. PROJECT INFORMATION AND RESOURCES

<b>Project number and title:</b>	000 57582 - Enriching the Roundtable Process for Increased Aid Effectiveness and Development Results
<b>Implementing Partner:</b>	Ministry of Planning and Investment Department of International Cooperation
<b>Responsible Parties (if applicable):</b>	Department of International Organizations, MoFA (output 6) DIC (all other outputs)
<b>Donors:</b>	United Nations Development Programme (UNDP) Luxembourg through third party cost sharing with UNDP

Project Starting date		Project completion date	
Originally planned	Actual	Originally planned	Current estimate
July 2007	August 2007	June 2010	July 2010

<b>Period covered by this report:</b>	01 January 2008 – 31 December 2008
<b>Date of annual review:</b> <i>[Indicate if planned or actual]</i>	27 January 2009

Total Budget	Original Budget (US\$)	Latest Signed Revision (Current year budget) (US\$)
USD\$ 900,410	USD\$ 900,410	USD\$ 900,410

2008 Resources Allocation	Donor	Amount
UNDP Regular Trace allocation and cost sharing	UNDP	USD\$ 500,000
	Luxembourg (Third Party Cost Sharing with UNDP)	USD\$ 400,410

## TENTATIVE SUMMARY OF BUDGET AND EXPENDITURE AGAINST EACH OUTPUT

Expected project outcomes	Expected outputs	Amount by Source of Fund										Total Budget	Total Expenses	%		
		00012 UNDP					00155 Luxembourg									
		Budget		Exp		%		Budget		Exp					%	
		Budget	Exp	Exp	Budget	Budget	Exp	Exp	Budget	Budget	Exp				Exp	%
<b>Outcome 1</b> Ensure the Government of Lao PDR leadership in coordinating aid at macro, sectoral and cross-sectoral levels;	<b>Output 1.</b> Further enriched quality and effectiveness of the RTP for facilitating substantive dialogue, common understandings on national priorities, and further increasing collaboration among all national and international development partners in the implementation of NSEDP.	231,000.00	211,345.15	91%	87,400.00	75,991.46	87%						318,400.00	287,336.61	90%	
		20,000.00	14,830.84	74%	35,400.00	18,798.49	53%							55,400.00	33,629.33	61%
<b>Outcome 2</b> Increase aid transparency, predictability and alignment with and integration into the national planning and budgeting frameworks;	<b>Output 2.</b> Strengthened Government (DIC) capacity to coordinate and monitor the effective implementation of the Country Action Plan (CAP) of the Vientiane Declaration on Aid Effectiveness.	20,000.00	11,998.74	40%	43,700.00	36,038.97	82%							63,700.00	48,037.71	75%
		20,000.00	10,735.73	39%	87,800.00	14,377.91	16%							107,800.00	25,113.64	23%
<b>Outcome 3</b> Enhance aid effectiveness and impact on the achievement of the development outcomes and results.	<b>Output 3.</b> NSEDP and Vientiane Declaration Action Plan implementation promoted by effective Sector Working Groups which contribute substantively to Round Table Process meetings <b>Output 4.</b> GoL and DPs have improved access to more accurate and predictable ODA information to enable increased integration of ODA in national planning and budgeting, and facilitate improved coordination and harmonization of activities	37,500.00	33,700.20	90%	37,700.00	21,911.12	58%							75,200.00	55,611.32	74%
		80,000.00	64,135.21	92%	40,410.00	10,460.29	26%							120,410.00	74,595.50	62%
<b>Outcome 5</b> Improved policy, institutional and individual capacity to manage and coordinate aid effectively.	<b>Output 5.</b> Monitoring effectiveness of ODA for achieving development results and improving human well being as measured by progress towards achieving the MDGs within NSEDP. (RTP as a forum to monitor MDG progress).	91,500.00	57,150.15	62%	68,000.00	42,252.54	62%							159,500.00	99,402.69	62%
		500,000.00	403,896.02	81%	400,410	219,830.78	55%							900,410	623,726.80	70%
<b>Total</b>																

Note: these figures to be revise base on the finalise CDR 2008.

## II. PURPOSE

The main objectives and outcomes of this three-year project (2007-2010) are to: (i) ensure the Government of Lao PDR leadership in coordinating aid at macro, sectoral and cross-sectoral levels; (ii) increase aid transparency, predictability and alignment with and integration into the national planning and budgeting frameworks; (iii) enhance aid effectiveness and impact on the achievement of the development outcomes and results.

The project will help the Government in achieving six main outputs:

1. Further enrich the quality and effectiveness of the Round Table Process
2. Strengthened Government (DIC) capacity to coordinate, motivate and monitor the effective implementation of the Country Action Plan for the Vientiane Declaration on Aid Effectiveness
3. NSEDP and Vientiane Declaration Action Plan implementation assisted by effective Sector Working Groups which also contribute substantively to Round Table Meetings
4. GoL and DPs have improved access to more accurate and predictable ODA information to enable increased integration of ODA in national planning and budgeting, and facilitate improved coordination and harmonization of activities
5. Improved policy, institutional and human resource capacity to manage and coordinate aid effectively
6. Monitoring effectiveness of ODA for achieving development results and improving human well being as measured by progress towards achieving the MDGs within NSEDP. (RTP as a forum to monitor MDG progress).

The project contributes to the achievement of these outputs through the following actions and activities:

- Facilitating substantive dialogue on key development issues relevant to ODA, sharing valuable knowledge and ideas for advancing development, developing common understanding on evolving national priorities, and further enhancing collaboration among all national and international development partners in the implementation of the National Socio-Economic Development Plan (NSEDP) 2006-2010
- Ensuring the mobilization and timely investment of sufficient ODA resources to support effective implementation of the national and sectoral policies and strategies
- Strengthening DIC's capacity for coordinating, motivating and monitoring the effective implementation of Country Action Plan of the Vientiane Declaration on Aid Effectiveness
- Facilitating further development and effectiveness of the Sector Working Groups (SWGs)
- Strengthening the system for monitoring and reporting on ODA including the development of reliable and sustainable ODA data base management system and produce regular publication of high quality analytical reports on ODA in Lao PDR.

The project is closely linked to the core UNDP mandate in the Lao PDR as well as the UNDAF outcome 1.4 'Enhanced ownership and capacity for pro-poor planning and implementation, harmonized aid coordination, and disaster management.

The project builds on previous UNDP support to the Round Table Process and other previous and current donors' supported activities in the field of development planning, investment programming and public finance management.

### **Annual key priorities**

Based on the key outputs of the project, the key priorities for 2008 are:

1. Further enriched quality and effectiveness of the Round Table Implementation

Meeting which will be organized during the last quarter of 2008.

2. Strengthened DIC's capacity to coordinate and monitor the effective implementation of the Country Action Plan (CAP) of the Vientiane Declaration on Aid Effectiveness.
3. NSEDP and Vientiane Declaration Action Plan implementation promoted by effective Sector Working Groups which contribute substantively to RTIM.
4. GoL and DPs have improved access to more accurate and predictable ODA information to enable increased integration of ODA in national planning and budgeting, and facilitate improved coordination and harmonization of activities.
5. Improved policy, institutional and individual capacity to manage and coordinate aid effectively.
6. Monitoring effectiveness of ODA for achieving development results and improving human well being as measured by progress towards achieving the MDGs within NSEDP. (RTP as a forum to monitor MDG progress).
7. Project and financial management including audits.

### **Annual key deliverables**

In accordance to the key priorities specified above, the key deliverables for each key priority of the project are:

1. The objectives and key substantive themes for dialogue at the 2008 RTIM are identified well in advance with high quality background documents, substantive issues papers and joint analytical work in selected areas for the 2008 RTIM.
2. Monitoring, reporting and reviewing the Vientiane Declaration Country Action Plan (CAP) is conducted.
3. SWG Guidelines comprising best practices, lessons learnt, work plan template, minimum requirements for SWG mandates including gender mainstreaming in the sectors are documented and disseminated to LMs, DPs and other stakeholders concerned. Additionally, the minimum criteria to assist the government in monitoring and reviewing the performance of existing SWGs is prepared.
4. Suitable ODA database system is identified and the production of high quality 2008 Foreign Aid Report;
5. Capacity Development Framework on Aid Effectiveness is finalized and shared with LMs, DPs and other stakeholders.
6. The second MDG progress report and report of the mid term review of the implementation of the NSEDP will also be used to facilitate substantive dialogue and common understandings on national priorities, and to further increase collaboration among all national and international development partners.



### III. PROJECT PERFORMANCE AND RESULTS

#### 1. Contribution to the strategic goals

##### Intended Outcome

**Enhanced ownership and capacity for pro-poor planning, implementation and harmonized aid coordination, and disaster management (as stated in the Country Results framework )**

##### **Progress towards achieving outcome**

**Outcome 1: Government exercise effective leadership role in coordinating aid at macro, sectoral and cross-sectoral levels, and aid is more transparent, predictable and aligned with and integrated into national planning and budgeting frameworks and contributes more effectively to achieving development results**

Overall, there is a strong political engagement and government leadership to determine and drive national owned actions to strengthen country ownership and enhance the government leadership in coordinating aid at all levels. The Vientiane Declaration has facilitated a refocusing and consolidation of the efforts particularly to strengthen Round Table Process and rationalize SWGs in order to strengthen the implementation of the National Socio Economic Development Plan (NSEDP 2006-2010) and the integration of planning and budgetary processes. Ministry of Planning and Investment (in particularly Department of International Cooperation and Department of Planning) is working closely with all line ministries concerned in translating national strategies/goals into sector strategies and developing capacity development frameworks in strengthening result orientation. Initial efforts to foster ownership and leadership at all levels particularly at the provincial, district and village levels have been made and it is expected that the efforts will be systematically reinforced in 2009 after the finalization and approval of the revised ODA decree.

##### **Outcome 2: Substantial measured progress towards the goals of NSEDP and MDGs**

The establishment of an effective ODA aid management system needs closed attention to ensure the right balance between a system that serves all stakeholders concerned and the capacity and regulatory requirements for the sustainability of the system. So far, work on the ODA aid management system has been gradually progressed and it needs a strong leadership from DIC to coordinate with all stakeholders concerned to make sure that the database most suitable to the needs of the Lao PDR is identified.

In working very closely with the Office of UN Resident Coordinator, the project has (financially and technically) supported Ministry of Foreign Affairs together with DIC within MPI in collaboration with other line ministries for the finalization of the second MDG progress report. Given the international circumstances (global financial crisis and economic slowdown) and prevailing national challenges, this year Round Table Implementation Meeting was held to not only review progress and achievements since the last Round Table Meeting in the implementation of

the National Socio-Economic Development Plan 2006-2010, Fiscal Policy and National Budget, Millennium Development Goals and some main Sectoral Strategies, and Vientiane Declaration on Aid Effectiveness but also particular emphasis has been placed on key issues surrounding the Millennium Development Goals, nutrition, extractive industries, UXO, and on emerging issues such as disaster management and preparedness. Similarly, the NSEDP mid-term review and the 2008 MDG Report both highlight the crucial importance of these issues amongst others.

**Outcome 3: Substantial measure progress in implementation of the Country Action Plan on Aid Effectiveness**

Currently, Vientiane Declaration Country Action Plan is monitored through

1. Sector Working Group
2. VD/CAP Review Meeting
3. Round Table Meeting/Round Table Implementation Meeting

Building on the process for developing the CAP which was highly *participatory* - an active involvement of nine Government Agencies and 16 international organisations - including representation from INGOs, a dedicated secretariat has now been set up based on the arrangement used to develop the Country Action Plan in early 2007. This Secretariat is led by DIC and comprises four major line ministries as well as UNDP and the EC.

There has been a good sign since 2007 and in particular 2008 where RTIM totally built on the outcomes of all 8 Sector Working Groups in order to further share views and advice and agree on future actions and support in order to move forward with the development agenda in the spirit of the constructive dialogue and partnership that the Government and Development Partner community have been consolidating over the past years within the Round Table Framework. However, there are more works to be done to systematically build capacity of the VDCAP secretariat in order to facilitate and coordinate with the 8 sector working groups in the implementation of the VDCAP.

Annual outputs and indicators [According to project document and/or annual work plan]	Key activities completed during reporting period	Expenditures [Actual expenditures against activities completed]	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies [If applicable, explore underlying factors and reasons for gaps in output and target]
<b>Output 1: Further enriched quality and effectiveness of the RTP</b>				
<p><b>Targets 1.1</b> A consultative process (at least 6-month-long) established and utilized for the preparation of 2008 RTIM, including deciding upon the objectives and themes for 2008 RTIM and the 10<sup>th</sup> RTM</p> <p><b>Indicator 1.1</b> Existence of an adequate consultative process for national and international development partners to identify in advance the objectives and key substantive issues for 2008 RTIM</p> <p><b>Baseline 1.1</b> Objectives and themes for 2008 RTIM and the 10<sup>th</sup> RTM not decided yet as of end 2007; Three month preparation for the 2007 RTIM</p> <p><b>Target 1.2</b> At least four sets of high quality analytical</p>	<p><b>Activity 1.1</b> This year RTIM totally built on the outcomes of the pre-consultations and further share views and advice and agree on future actions and support in order to move forward with the development agenda in the spirit of the constructive dialogue and partnership that we have been consolidating over the past years within the Round Table Framework. Given the international circumstances (global financial crisis and economic slowdown) and prevailing national challenges, the focus of this year's Round Table Implementation Meeting was on the economy, public finance, social development, the MDGs, aid effectiveness agenda and on key issues surrounding the Millennium Development Goals ( nutrition, extractive industries, UXO), and on emerging issues such as disaster management and preparedness. Similarly, the NSEDP mid-term review and the 2008 MDG Report both highlight the crucial importance of these issues amongst others.</p> <p><b>Activity 1.2</b></p>		<p>The enhancement of the RTP is a continuing effort over the three-year duration of the project. In conformity with target, good progress was achieved so far in strengthening government internal coordination and government/donor consultation for consensus building on major development matters and for effective resource mobilization in line with the national development challenges and goals. Though efforts are still required for the GoL to ensure full ownership of the round table process and reduce reliance on TA in leading the process, trends show that this output could be achieved by the end of the project duration.</p>	



Annual outputs and indicators [According to project document and/or annual work plan]	Key activities completed during reporting period	Expenditures [Actual expenditures against activities completed]	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies [If applicable, explore underlying factors and reasons for gaps in output and target]
<p>background documents developed and utilized for the preparation of the 2008 RTIM:</p> <ol style="list-style-type: none"> <li>1. 6<sup>th</sup> NSEDP Mid Term Review Report</li> <li>2. Second MDG Progress Report</li> <li>3. VD/CAP Review Report</li> <li>4. Consolidated Sectoral and Thematic Reports</li> </ol> <p><b>Indicator 1.2</b> Availability of the four sets of materials mentioned above</p> <p><b>Baseline 1.2</b> None of the four sets of documents available as of end 2007.</p>	<p>As for previous years, GoL own assessment on progress and achievements of key sectors and themes was undertaken and main background document formulated by DIC in consultation with LMs was formed as a basis of RTIM discussions. The background document was well documented to provide an overview of the achievements of the country's major strategies and policies. It highlights key challenges encountered, provides indications and recommendations for policy actions in the near future and formed the overall framework for the RTIM proceedings. The quality and usefulness of the background document was widely recognized by DPs and the recommendations and policy indications defined by the GoL in the background document will help both GoL and DPs to push forward the implementation of development policies, reforms and programmes .</p> <p><b>Activity 1.3</b> The TOR for the RTP National Steering Committee has been developed as part of RTP project document. Currently, there is a provision that chair and co-chair of the RTM and RTIM are to meet with the Prime</p>			

Annual outputs and indicators [According to project document and/or annual work plan.]	Key activities completed during reporting period	Expenditures [Actual expenditures against activities completed]	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies [If applicable, explore underlying factors and reasons for gaps in output and target.]
	<p>Minister at least twice a year (before and after the RTM/RTIM).</p> <p><b>Activity 1.4</b> The preparatory process for the 2008 RTIM was launched by the Government of Lao PDR in June 2008 and the relevant Government agencies together with Development Partners and the 8 Sector Working Groups organized a series of pre-consultations, in the run-up to the RTIM, to allow in-depth discussion of progress, achievements and future direction.</p> <p><b>Activity 1.5</b> Within the preparatory process for the 2008 RTIM, all 8 Sector Working Groups met to discuss and agree on specific issues to be raised at the RTIM and agree on common actions pertaining to their respective sectors. The outcomes of the discussions led by some SWGs were used as appropriate as inputs for the preparation of the main 2008 RTIM background document. Apart from the meetings of different Sector Working Groups and with full active participations from all stakeholders, pre-consultations were organized on MDGs and mid term review of the</p>			

Annual outputs and indicators [According to project document and/or annual work plan]	Key activities completed during reporting period	Expenditures [Actual expenditures against activities completed]	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies [If applicable, explore underlying factors and reasons for gaps in output and target]
	<p>NSEDP, Nutrition, Disaster Management, VDCAP review, and natural resource based growth (contract negotiation and optimal flow of revenue) - follow up on the last visit by Dr. Joseph Stiglitz</p>			
	<p><b>Activity 1.6</b>  The 2008 Round Table Implementation Meeting (RTIM) was held on 24<sup>th</sup> November 2008 in Vientiane at Lao Plaza Hotel and it was opened by the Prime Minister of Lao PDR – His Excellency, Mr. Bouasone Bouphavanh. The meeting itself was chaired by HE. Souliyong Daravong – the Minister of MPI and co-chaired by Mr. Ajay Chhibber, UN Assistant Secretary-General, UNDP Assistant Administrator and Director of the Regional Bureau for Asia and the Pacific. The RTIM was attended by ambassadors, head of IO, Ministers and high ranking government officials as well as representatives from the INGO network.</p> <p><b>Activity 1.7</b>  The ODA impact study carried out by NERI in 2006 has not been published due to the fact that the data and figure are not relevant.</p> <p><b>Activity 1.8</b></p>			

Annual outputs and indicators [According to project document and/or annual work plan]	Key activities completed during reporting period	Expenditures [Actual expenditures against activities completed]	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies [If applicable, explore underlying factors and reasons for gaps in output and target]
	The PM decree on ODA management and ordination has now been revised and it will be finalised very soon.			

Annual outputs and indicators [According to project document and/or annual work plan]	Key activities completed during reporting period	Expenditures [Actual expenditures against activities completed]	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies [If applicable, explore underlying factors and reasons for gaps in output and target]
<b>Output 2: Strengthened DIC capacity to coordinate, motivate and monitor the effective implementation of the VD/CAP on Aid Effectiveness</b>				
<p><b>Targets 2.1</b> Draft ToR of VD/CAP Secretariat prepared and submitted to MPI</p> <p><b>Indicator 2.1</b> Availability of draft ToR</p> <p><b>Baseline 2.1</b> No CAP Secretariat as of end 2007</p> <p><b>Target 2.2</b> An annual review of the CAP implementation progress organized and the progress and lessons presented at the 2008 RTIM</p> <p><b>Indicator 2.2</b> Existence of CAP Annual Review</p> <p><b>Baseline 2.2</b> No CAP Annual Review in 2007</p>	<p><b>Activity 2.1</b></p> <p>A dedicated secretariat has now been set up based on the arrangement used to develop the Country Action Plan in early 2007. This Secretariat is led by DIC and comprises four major line ministries as well as UNDP and the EC. Draft terms of reference have been shared with all stakeholders for comments. This comes in addition to the pre-existing ad-hoc task force set up in 2006 and 2008 to help respond to the OECD/DAC survey. This task force is also led by DIC and comprises the Ministry of Finance, UNDP, the EC and the WB.</p> <p><b>Activity 2.2</b></p> <p>A special task force which was set up since 2006 has provided assistance to DIC in helping the Government of Laos responding to the 2008 OECD DAC survey as part of the preparatory process for the third High Level Forum in Accra. The Lao Government did manage to complete the survey on time and conducted a joint initiative study with Cambodia and Viet Nam on mutual</p>		<p>One of the issues that the current RTP programme does not yet address adequately is the PBA/SWAp issue and how to support the government in moving towards SWAp and PBAs in the selected sectors of the Country Action Plan. This is very critical for advancing the aid effectiveness in Lao PDR</p>	



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	<p>accountability as an input for the discussion during the HLF 3 in Accra.</p> <p><b>Activity 2.3</b></p> <p>The government had a first internal workshop during the second week of May to discuss in details the aid effectiveness agenda with line ministries, and prepare for the high level forum 3 in Accra.</p> <p>The first full review of the implementation of the VD/CAP was carried out within the preparatory process for the 2008 RTIM. Chairs, co-chairs of SWGs, VD signatory and VD/CAP lead government agencies and VD/CAP donor focal point met on 17<sup>th</sup> November to validate and review the first VD/CAP review report prepared by VD/CAP secretariat. Key recommendation from this review meeting is to amplify efforts to achieve targets, build the capacity of the VDCAP secretariat and to integrate the Accra Agenda for Actions into a updated version of the VDCAP.</p> <p><b>Activity 2.4</b></p> <p>DIC organized dissemination workshops</p>			