



ສາທາລະນະລັດ ປະຊາທິປະໄຕ ປະຊາຊົນລາວ  
Lao People's Democratic Republic

ອົງການສະຫະປະຊາຊາດເພື່ອການພັດທະນາ  
United Nations Development Programme

**Government of Lao People's Democratic Republic  
Ministry of Planning and Investment  
Department of International Cooperation**

**United Nations Development Programme**

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

**ANNUAL PROJECT REPORT  
(APR)**

**Reporting period  
01 January 2009 – 31 December 2009**

## 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>	Ministry of Planning and Investment – Department of International Cooperation (all outputs and the management of the project)  Ministry of Foreign Affairs - Department of International Organizations for output 6 – RTP as a forum to monitor MDG progress
<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 2009 – 31 December 2009
<b>Date of annual review:</b> <i>[Indicate if planned or actual]</i>	15 January 2010

Total Budget	Original Budget (US\$)	Latest Signed Revision (Current year budget) (US\$)
<b>USD\$ 2,584,850</b>	<b>USD\$ 2,584,850</b>	<b>USD\$ 851,628.55</b>

2009 Resources Allocation	Donor	Amount
<b>UNDP Regular Trace allocation and cost sharing</b>	UNDP	USD\$ 515,000
	Luxembourg (Third Party Cost Sharing with UNDP)	USD\$ 336,628.55

## A SUMMARY OF BUDGET AND EXPENDITURE AGAINST EACH OUTPUT

Expected project outcomes	Expected outputs	Amount by Source of Fund						Total Budget	Total Expenses	%
		Donor Code								
		00012			00155					
		UNDP			Luxembourg					
Budget	Exp	%	Budget		%					
<p><b>Outcome 1</b> Ensure the Government of Lao PDR leadership in coordinating aid at macro, sectoral and cross-sectoral levels;</p> <p><b>Outcome 2</b> Increase aid transparency, predictability and alignment with and integration into the national planning and budgeting frameworks;</p> <p><b>Outcome 3</b> Enhance aid effectiveness and impact on the achievement of the development outcomes and results.</p>	<p><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.</p>	74,000	145,412.17	197%	15,000	230,559.44	154%	<b>89,000</b>	<b>375,961.71</b>	<b>422%</b>
	<p><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.</p>	46,000	87,457.15	190%	30,000	21,530.82	72%	<b>76,000</b>	<b>108,987.97</b>	<b>143%</b>
	<p><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.</p>	30,000	30,574.57	102%	34,803.48	475.00	2%	<b>64,803.48</b>	<b>31,049.57</b>	<b>48%</b>
	<p><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</p>	28,000	69,804.88	249%	142,197.06	67,319.58	47%	<b>170,197.06</b>	<b>137,124.46</b>	<b>81%</b>
	<p><b>Output 5.</b> Improved policy, institutional and individual capacity to manage and coordinate aid effectively.</p>	59,500	6,683.26	11%	98,567.49	118.05	0%	<b>158,067.49</b>	<b>6,801.31</b>	<b>4%</b>
	<p><b>Output 6.</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).</p>	114,000	59,570.80	52%	-	3,869.25	(100)%	<b>114,000</b>	<b>63,440.05</b>	<b>56%</b>
	<p><b>Output 7.</b> Both DIC and project activities are strategically linked by enhanced and effective project support</p>	163,500	91,739.53	56%	16,060.52	18,775.21	117%	<b>179,560.52</b>	<b>110,514.74</b>	<b>62%</b>
<b>Total</b>		<b>515,000</b>	<b>491,242.36</b>	<b>95%</b>	<b>336,628.55</b>	<b>342,647.35</b>	<b>102%</b>	<b>851,628.55</b>	<b>833,889.91</b>	<b>98%</b>

## 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 objectives:

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 objectives of the project, the key priorities for 2009 are:

- 1. Successful preparation and organization of the 2009 Round Table Implementation**

Meeting with high level series of consultations prior to the RTIM.

2. Provide technical support to DIC and LMs to revise the Country Action Plan (CAP) of the Vientiane Declaration on Aid Effectiveness and localize the Accra Agenda for Actions (AAAs);
3. Facilitate the work of the SWGs to be fully involved in the NSEDP and Vientiane Declaration Action Plan implementation and contribute substantively to RTIM.
4. Establishment of the ODA database system in order to ensure that 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. Provide support to 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. Assist in enhancing the project's 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 follow up mechanism of the RTIMs established, the 2009 RTIM prepared and organized with high quality background documents and GoL presentations, substantive issues papers and joint analytical work in selected areas based on the recommendations and comments from 2008 RTIM.
2. The Vientiane Declaration Country Action Plan (CAP) is revised and the Accra Agenda for Actions (AAA) is integrated into the revised VDCAP.
3. Availability of comprehensive ToRs and AWP for all 8 SWGs with clear outputs and indicators which to some extent link to the NSEDP and VDCAP
4. Suitable ODA database system is identified and pilot tested by the end of 2009 and the production of high quality 2009 Foreign Aid Report is ready before the 2009 RTIM
5. A capacity development framework for Aid Effectiveness and aid coordination is developed and gender dimension is mainstreamed into the CDF.
6. The launch of the second MDG progress report and preparation of the MDG strategy and costed plan.
7. 80% project delivery and satisfactory audit opinion

### 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 Government of Laos has shown a strong believe in the value of the Round Table as a mechanism that provides both Government and Development Partners the opportunity to come together for in-depth policy dialogue on key development issues, review progress as well as remaining challenges in an environment of partnership and collaboration. Therefore, the Government with the guidance from the National Steering Committee led by the Prime Minister has always emphasized the importance of the Round Table Process which focuses on what needs to be done, how it should be done, and how much is required to do it.

- The recent exercise in updating of the Vientiane Declaration/Country Action Plan 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 (NSED P 2006-2010), the formulation of the next NSED P (2011-2015) and the integration of planning and budgetary processes.
- The success of the 2009 Round Table Implementation Meeting has highlighted a solid intention of the Government in moving toward a result based management mechanism in translating the national development agenda into practical implementation at sectoral and provincial levels.
- The new ODA Decree no.75 issued by the government in March 2009 clearly identifies the roles and responsibilities of Government Agencies in the management of ODA, hence clarifying and simplifying the process both for the Government and Development Partners, and therefore creating a stronger aid coordination and aid effectiveness platform.
- Through this ongoing dialogue with Development Partners, the confidence of the Government in the process and in its value for the development of the country has grown. In 2008, the Government of Laos asked all stakeholders to be involved through the existing mechanism in the mid-term review of the NSED P and in 2009, the main theme of the Round Table Implementation Meeting was relating to the support the formulation of the next 5-year plan and the initial ideas for the preparation of the 10<sup>th</sup> high level Round Table Meeting.

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

The recent decision by DIC in developing a web based aid information management system (AIMS) in Lao PDR has been a major step in ensuring 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. Most importantly, this system will not only be used to track ODA inflows but also it will be utilized in order to substantially measure progress towards the goals of the NSEDP and MDGs in light of the formulation of the next NSEDP (2011-2015).

Similarly, extensive discussions have taken place over the past two years within the Round Table on the need to focus more on the social sectors and the Millennium Development Goals. Upon the explicit instruction of the Prime Minister, the MDGs have since become a central part of the planning process for the current NSEDP and the next 5-year plan (NSEDP 2011-2015) and the Government of Lao has recently completed important exercises to estimate how much it would cost to achieve them. With the launch of the second MDG progress report this year, in working very closely with the Office of UN Resident Coordinator, the project has (financially and technically) supported Ministry of Foreign Affairs together with MPI in collaboration with other line ministries for the preparation of MDG plan which is expected to be completed by early 2010.

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

The VDCAP M&E mechanism has been operationalized since the first review of the implementation of the VDCAP in 2008 through the agreed upon setup via - 1. Sector Working Group - 2. VD/CAP Review Meeting and 3. Round Table Meeting/Round Table Implementation Meeting.

The dedicated secretariat has now been set up based on the arrangement used to develop the Country Action Plan in early 2007 and it is currently working on the update of the VDCAP based on the recent movements of aid effectiveness agenda both the regional and global level (the AAAs) and the first review of the VDCAP in 2008. The commitment of the government to bring down the aid effectiveness agenda to the local levels has been well received so far in particular in light of the respected outcomes of the provincial conference on aid coordination and effectiveness for achieving MDGs which was organized in Xayabouly province as a provincial pre-session for the 2009 RTIM.

In light of the spirit of the Vientiane Declaration on aid effectiveness, the government intention and commitment has stronger than before in strengthening the relationship between the RTP and the work of SWGs and the use of the SWGs as a mechanism to support the planning and budgetary processes particularly on the formulation of the next NSEDP (2011-2015). This is the reason why, this year RTIM agenda included a series of joint statements from each SWG. These statements were prepared by the chairs and co-chairs and reflect the discussions held during the year within the SWG. The statements also captured key sectoral priorities as well as critical issues that will need to be addressed in the next NSEDP.

## 2009 project progress snapshot

Programme objectives as per Project Document	Programme Indicators extracted from Project Document	Programme Baselines using 2008 AWP as baselines	2009 targets as per 2009 AWP	2009 progress snapshot
<p><b>Objective 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.</p>	<p><b>Indicator 1:</b> Existence of an adequate consultative process for national and international development partners to identify in advance the objectives, follow up mechanism and key substantive issues for RTIM and RTM</p>	<p><b>Baseline 1:</b> No documented follow mechanism for the RTIM and RTM – No documented systematic process for identifying objectives and themes for RTIM and RTM as the end of 2008</p>	<p>The follow up mechanism of the 2008 RTIM established and the objectives and key substantive themes for dialogue at the 2009 RTIM are identified well in advance with at least three sets of high quality analytical reports such as: report on the formulation of the next NSEDP, Report on the follow up of 2008 RTIM, and 2009 RTIM background document</p>	<p>With well prepared groundwork and solid background document, the recent successful 2009 RTIM has generated three major outcomes as expected by the National Steering Committee led by the Prime Minister.</p> <ol style="list-style-type: none"> <li>1. Policy recommendations by each sector and SWGs on how to accelerate progress towards the MDGS and critical issues to be addressed in the next NSEDP (2011-2015)</li> <li>2. Ideas, suggestions on how to strengthen aid effectiveness in particular on how to be more inclusive of provincial authorities in the development process and aid effectiveness discussions</li> <li>3. Initial views of both national and international development partners on the preparation of the next year high level 10<sup>th</sup> Round Table Meeting</li> </ol>
<p><b>Objective 2.</b> Strengthened Government (DIC) capacity to coordinate and monitor the effective implementation of the</p>	<p><b>Indicator 2:</b> The existence of an effective process for monitoring, facilitating and coordinating the</p>	<p><b>Baseline 2:</b> Currently, Vientiane Declaration Country Action Plan is monitored through: SWGs, VDCAP annual</p>	<p>Annual work plan of the VDCAP secretariat is developed where the Vientiane Declaration Country Action Plan (CAP) is revised, the Accra Agenda for Actions (AAA) is</p>	<p>The update of the VDCAP has been done with stakeholders concerned through the existing mechanism. Based on comments received so far, it is expected that</p>



Programme objectives as per Project Document	Programme Indicators extracted from Project Document	Programme Baselines using 2008 AWP as baselines	2009 targets as per 2009 AWP	2009 progress snapshot
Country Action Plan (CAP) of the Vientiane Declaration on Aid Effectiveness.	implementation of the VDCAP	review meeting, and RTIM/RTM	integrated into the revised VDCAP, and a communication strategy and advocacy tools for RTP and aid effectiveness in Lao PDR is developed.	the update will be finalized by February 2010. A guidance note will also be prepared in accompanying the update version of the VDCAP in order to ensure the implementation
<b>Objective 3.</b> NSEDP and Vientiane Declaration Action Plan implementation promoted by effective Sector Working Groups which contribute substantively to Round Table Process meetings.	<b>Indicator 3:</b> Process and framework for coordinating and facilitating the work of SWGs is established and agreed upon by all stakeholders.	<b>Baseline 3:</b> All SWGs have TOR and a meeting of chairs/co-chairs is organized on a quarterly basis.	Availability of comprehensive ToRs and AWPs for all 8 SWGs with clear outputs and indicators which to some extent link to the NSEDP and VDCAP	<p>Joint statements by SWGs during the 2009 RTIM, the comprehensive inputs to the background documents, and pre-consultations have highlighted the strong engagement/involvement of all stakeholders to utilization of the Round Table Process for development results.</p> <p>The meetings of chairs and co-chairs of SWGs have organized regularly and it has been successful in creating common understanding and synergies across all SWGs in light of the formulation of the next NSEDP (2011-2015)</p>
<b>Objective 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	<b>Indicator 4:</b> The existence and the operationalization of a new ODA database system for the publication of the revised Foreign Aid Report	<b>Baseline 4:</b> The ACMS hasn't been in use since 2005 and the current format and content of the Foreign Aid Report are based on the old ODA database (ACMS)	Suitable ODA database system is identified and pilot tested by the end of 2009 and the production of high quality 2009 Foreign Aid Report is ready before the 2009 RTIM	The decision has now been made by DIC to develop a web based aid information management system (AIMS) after different study visits to Viet Nam, Cambodia and Indonesia, consultations with stakeholders and the recent full comprehensive study particularly on the regulatory requirements for the utilization of the Aid Management

Programme objectives as per Project Document	Programme Indicators extracted from Project Document	Programme Baselines using 2008 AWP as baselines	2009 targets as per 2009 AWP	2009 progress snapshot
				<p>Platform in May 2009.</p> <p>The first review of the current Foreign Aid Report was done through the preparation of the 2006/2007 Foreign Aid Report as part of the preparation for the 2009 RTIM. Currently, the methodology for the revision of the Foreign Aid Report has been prepared and this will be critical for the publication of the next report as groundwork for the upcoming 10<sup>th</sup> high level Round Table Meeting which will be organized in November 2010.</p>
<p><b>Objective 5.</b> Improved policy, institutional and individual capacity to manage and coordinate aid effectively.</p>	<p><b>Indicator 5:</b> Existence of Capacity Development Framework for aid effectiveness and aid coordination to guide the coordinated approach on capacity development in Lao PDR</p>	<p><b>Baseline 5:</b> Initial capacity development framework developed as of end 2008</p>	<p>A capacity development framework for Aid Effectiveness and aid coordination is developed and gender dimension is mainstreamed into the CDF.</p>	<p>The formulation of the comprehensive capacity development framework has been put on hold and the process has been reenergized in light of the recent revised ODA Decree No 75. Although the progress has not been promising but there has been a strong recognition that need assessment and clearful consultations are needed to develop such a high quality framework to facilitate coordinated capacity building in this area.</p>

<b>Programme objectives as per Project Document</b>	<b>Programme Indicators extracted from Project Document</b>	<b>Programme Baselines using 2008 AWP as baselines</b>	<b>2009 targets as per 2009 AWP</b>	<b>2009 progress snapshot</b>
<p><b>Objective 6.</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).</p>	<p><b>Indicator 6:</b> The availability of different tools for the acceleration of the progress toward MDGs by 2015</p>	<p><b>Baseline 6:</b> First NMDGR published in 2004 and no MDG strategy</p>	<p>The launch of the second MDG progress report and finalization of the MDG strategy</p>	<p>The launch of the second MDG progress report was done during the visit of the UN Secretary General – HE Mr. Ban Ki-Moon in April 2009. The progress snapshot of the report has stimulated the national discussions in light of the formulation of the next NSEDP (2011-2015) and the MDG strategy which is under the final stage of finalization.</p>

## 2009 Project activities against targets set

Annual objectives, outputs, targets and indicators <i>[According to project document and/or annual work plan]</i>	Key activities completed during reporting period	Expenditures <i>[Actual expenditures against activities completed]</i>	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
<b>Objective 1: Further enriched quality and effectiveness of the RTP</b>				
<p><b>Targets 1.1</b> A follow up mechanism for the 2008 RTIM and the consultation process for 2009 RTIM is well established and; At least three sets of high quality analytical background documents developed and utilized for the preparation of the 2009 RTIM:</p> <ol style="list-style-type: none"> <li>1. Report on the formulation of the next NSEDP (2011-2015)</li> <li>2. Report on the follow up of 2008 RTIM</li> <li>3. High quality 2009 RTIM background documents consolidating inputs from SWGs and VDCAP secretariat</li> </ol>	<p><b>Activity 1.1</b> 1.1 Follow up mechanism for the implementation of the 2008 RTIM recommendations and comments and disseminate and share the recommendation and comments with LM and provincial authorities – National Steering Committee will meet twice a year to review the progress of the implementation and plan for 2009 RTIM</p> <p><b>Activity 1.2</b> 1.2. Consult with national and international development partners to identify the objectives and key substantive themes for dialogue at the 2009 RTIM and also identify mechanisms to involve the provincial levels in the round table process</p>	<p><b>375,961.71</b></p>	<p>With well prepared groundwork and solid background document, the recent successful 2009 RTIM has generated three major outcomes as expected by the National Steering Committee led by the Prime Minister.</p> <ol style="list-style-type: none"> <li>1. Policy recommendations on how to make economic growth more inclusive and sustainable and accelerate progress towards the MDGS, and achievement of common understanding on critical issues such as natural resource management to be addressed in the next</li> </ol>	

<b>Annual objectives, outputs, targets and indicators</b> <i>[According to project document and/or annual work plan]</i>	<b>Key activities completed during reporting period</b>	<b>Expenditures</b> <i>[Actual expenditures against activities completed]</i>	<b>Progress towards achieving outputs and targets achieved against indicators</b>	<b>Reasons if progress below target and response strategies</b> <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
<p><b><u>Indicator 1.1</u></b> Existence of an adequate consultative process for national and international development partners to identify in advance the objectives, follow up mechanism and key substantive issues for RTIM and RTM</p> <p><b><u>Baseline 1.1</u></b> No documented follow mechanism for the RTIM and RTM – No documented systematic process for identifying objectives and themes for RTIM and RTM as the end of 2008</p>	<p><b><u>Activity 1.3</u></b> 1.3 Prepare and or coordinate preparation of high quality background documents, substantive issues papers and joint analytical work in selected areas for the 2009 RTIM – recruitment of UNV to assist STA in this activity and other tasks (for output 2 and 3) as per TOR</p> <p><b><u>Activity 1.4</u></b> 1.4 Prepare comprehensive guidelines on organising Round Table Meeting and share the guidelines with SWG, LMs and DPs to facilitate common understanding.</p> <p><b><u>Activity 1.5</u></b> 1.5 Contribution to analytical and research work for the preparation of the next NSEDP (2011-2015)</p> <p><b><u>Activity 1.6</u></b> 1.6 Coordinate and provide substantive inputs to thematic pre-consultations and organize the 2009 RTIM and Mini RTIM Meeting help in provinces</p>		<p>NSEDP (2011-2015)</p> <ol style="list-style-type: none"> <li>2. Ideas, suggestions on how to strengthen aid effectiveness in particular on how to be more inclusive of provincial authorities in the development process and aid effectiveness discussions</li> <li>3. Initial views of both national and international development partners on the preparation of the next year high level 10<sup>th</sup> Round Table Meeting that will mobilize financial support for the implementation of the 7<sup>th</sup> NSEDP</li> </ol>	

<b>Annual objectives, outputs, targets and indicators</b> <i>[According to project document and/or annual work plan]</i>	<b>Key activities completed during reporting period</b>	<b>Expenditures</b> <i>[Actual expenditures against activities completed]</i>	<b>Progress towards achieving outputs and targets achieved against indicators</b>	<b>Reasons if progress below target and response strategies</b> <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
	<p><b><u>Activity 1.7</u></b> 1.7 Help NERI in finalizing the ODA impact study, and DIC will ensure its publishing after the GoL clearance</p> <p><b><u>Activity 1.8</u></b> 1.8 PM decree on ODA management and coordination</p> <p><b><u>Activity 1.9</u></b> Annual Strategic Planning retreat of the DIC to be held before the end of 2009.</p>		<p>Revised version was passed on 20 March 2009 and disseminated to Line Ministries, provincial authorities and DPs</p> <p>Completed</p>	

<b>Annual objectives, targets, outputs and indicators</b> <i>[According to project document and/or annual work plan]</i>	<b>Key activities completed during reporting period</b>	<b>Expenditures</b> <i>[Actual expenditures against activities completed]</i>	<b>Progress towards achieving outputs and targets achieved against indicators</b>	<b>Reasons if progress below target and response strategies</b> <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
<b>Objective 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> Annual Work Plan of the VDCAP Secretariat is developed where VDCAP is revised and the Accra Agenda for Action is integrated into a revised VDCAP and; A communication strategy and advocacy tools for RTP, aid coordination and aid effectiveness in Lao PDR</p> <p><b>Indicator 2.1</b> The existence of an effective process for monitoring, facilitating and coordinating the implementation of the VDCAP</p> <p><b>Baseline 2.1</b> Currently, Vientiane Declaration Country Action Plan is monitored through: 1. Sector Working Groups</p>	<p><b>Activity 2.1</b> 2.1 Update the VDCAP and integrate Accra Agenda for Actions (AAA) into the VDCAP content (in light of the VDCAP assessment report).</p> <p><b>Activity 2.2</b> 2.2 Finalization of the annual work plan of the VDCAP secretariat for monitoring, facilitating and coordinating the implementation of the VDCAP – a study on the implication of PBA and SWAp in Lao PDR</p> <p><b>Activity 2.3</b> 2.3 Publication of various government documents relating to the implementation of Paris Declaration and VDCAP such as 2008 OECD DAC survey, VDCAP assessment, Revised VDCAP and AAA, etc.....</p> <p><b>Activity 2.4</b> 2.4 Raise awareness and common understanding of VD and CAP at all</p>	<p><b>108,987.97</b></p>	<p>The update of the VDCAP is in progress with stakeholders concerned through the existing mechanism. Based on comments received so far, it is expected that the update will be finalized by February 2010. A guidance note will also be prepared in accompanying the update version of the VDCAP in order to ensure the implementation</p>	

<b>Annual objectives, targets, outputs and indicators</b> <i>[According to project document and/or annual work plan]</i>	<b>Key activities completed during reporting period</b>	<b>Expenditures</b> <i>[Actual expenditures against activities completed]</i>	<b>Progress towards achieving outputs and targets achieved against indicators</b>	<b>Reasons if progress below target and response strategies</b> <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
2. VDCAP Annual Review Meeting 3. RTIM/RTM	<p>levels including the following:</p> <ul style="list-style-type: none"> <li>(i) VD and CAP to be disseminated in Lao and English to line ministries and provinces and to develop aid effectiveness glossary in Lao language (use the CAP list of definitions as basis);</li> <li>(ii) Develop training curriculum and TOT group selected and trained;</li> <li>(iii) Conduct aid effectiveness dissemination/training workshops at national levels and provinces.</li> <li>(iv) Prepare and update information materials on VDCAP implementation and PD to be published at the RTM website and RTP quarterly newsletters</li> </ul> <p><b>Activity 2.5</b>            2.5 Develop a communication strategy and advocacy tools for RTP, Aid Effectiveness and Aid Coordination in Lao PDR – this may include the preparation of yearly calendar,</p>		<p>Several brainstorming and training activities organized by DIC to the benefit of LMs and provincial staff</p> <p>RTM website reorganized and updated offering space for information dissemination on VDCAP issues</p> <p>First draft of communication strategy has been made available</p>	



<b>Annual objectives, targets, outputs and indicators</b> <i>[According to project document and/or annual work plan]</i>	<b>Key activities completed during reporting period</b>	<b>Expenditures</b> <i>[Actual expenditures against activities completed]</i>	<b>Progress towards achieving outputs and targets achieved against indicators</b>	<b>Reasons if progress below target and response strategies</b> <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
	books...etc (This activity links to activity 4.5 under output 4)			

Annual objectives targets, outputs and indicators <i>[According to project document and/or annual work plan]</i>	Key activities completed during reporting period	Expenditures <i>[Actual expenditures against activities completed]</i>	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
<b>Objective 3: NSEDP and VD/CAP implementation assisted by effective SWGs which also contribute substantively to Round Table meetings</b>				
<p><b>Target 3.1</b> Availability of comprehensive ToRs and AWP for all 8 SWGs with clear outputs and indicators which to some extent link to the NSEDP and VDCAP</p> <p><b>Indicator 3.1</b> Process and framework for coordinating and facilitating the work of SWGs is established and agreed upon by all stakeholders.</p> <p><b>Baseline 3.1</b> All SWGs have TOR and a meeting of chairs/co-chairs is organized on a quarterly basis.</p>	<p><b>Activity 3.1</b> 3.1 Establish a minimum guideline/framework to strengthen DIC's capacity to coordinate and facilitate the work of SWGs including further refinement of the role of DIC and identify precise roles of each DIC division in coordinating and facilitating SWGs (DIC staff attend all SWG meetings)</p> <p><b>Activity 3.2</b> 3.2 Provide "emergency" secretariat, technical and financial support to SWG, only if this support not provided by the Chairing ministries, co-chairing organizations or others.</p> <p><b>Activity 3.3</b> 3.3 Help in preparing SWG calendar/work plan and organize regular meetings of chairs and co-chairs of SWGs to discuss issues and progresses toward the implementation of Vientiane Declaration including information sharing on the implementation of the current NSEDP and the formulation of the next one.</p> <p><b>Activity 3.4</b> 3.4 Determine minimum criteria to assist the government in monitoring and reviewing the performance of existing SWGs and for</p>	<p><b>31,049.57</b></p>	<p>Joint statements by SWGs during the 2009 RTIM, the comprehensive inputs to the background documents, and pre-consultations have highlighted the strong engagement/involvement of all stakeholders to utilization of the Round Table Process for development results.</p> <p>The meetings of chairs and co-chairs of SWGs have organized regularly and it has been successful in creating common understanding and synergies across all SWGs in light of the formulation of the next NSEDP (2011-2015)</p> <p>So far the performance of the work of the SWGs has been done in a quite generic format and DIC is</p>	

	<p>DIC to conduct annual reviews of SWGs performance as a basis for suggesting further improvements in their performance</p> <p><b><u>Activity 3.5</u></b>  3.5 Prepare and update information materials on/for SWGs to be published at the RTM website and RTP newsletter – possibly create a web space to facilitate and coordinate the work of SWGs</p>		preparing to provide guidelines for the assessment to be more systematic and result-oriented with specific monitoring indicators	

Annual objectives, targets, outputs and indicators <i>[According to project document and/or annual work plan]</i>	Key activities completed during reporting period	Expenditures <i>[Actual expenditures against activities completed]</i>	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
<b>Objective 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 activities</b>				
<p><b>Target 4.1</b> Suitable ODA database system is identified and pilot tested by the end of 2009 and the production of high quality 2009 Foreign Aid Report is ready before the 2009 RTIM</p> <p><b>Indicator 4.1</b> The existence and the operationalization of a new ODA database system for the publication of the revised Foreign Aid Report</p> <p><b>Baseline 4.1</b> The ACMS hasn't been in use since 2005 and the current format and content of the Foreign Aid Report are based on the old ODA database (ACMS)</p>	<p><b>Activity 4.1</b> 4.1 conduct a technical study and requirement assessment for utilization of the aid management platform</p> <p><b>Activity 4.2</b> 4.2 In consultation with other departments within MPI, MOF, LMs and DPs, identify suitable ODA database system – this includes a recruitment of aid management platform specialist (Publication of Foreign Aid Report and a note for utilization of database system for publication of FAIR – see activity 4.7 for more details )</p> <p><b>Activity 4.3</b> 4.3 Establishment of ODA Database System. This also includes:</p> <ul style="list-style-type: none"> <li>(i) Consulate and collaborate with pilot LMs and Provinces (three provinces) for pilot testing of a new ODA database system</li> <li>(ii) Develop a practical manual on ODA database system</li> <li>(iii) Identify and train TOT group to provide trainings courses to core LMs, pilot provinces and DPs</li> </ul>	<p><b>137,124.46</b></p>	<p>The decision has now been made by DIC to develop a web based aid information management system (AIMS) after different study visits to Viet Nam, Cambodia and Indonesia, consultations with stakeholders and the recent full comprehensive study particularly on the regulatory requirements for the utilization of the Aid Management Platform in May 2009.</p> <p>The first review of the current Foreign Aid Report was done through the preparation of the 2006/2007 Foreign Aid Report as part of the preparation for the 2009 RTIM. Currently, the methodology for the revision of the Foreign Aid Report has been prepared</p>	<p>Collaboration will be sought once the data system is defined and put in place</p>

<b>Annual objectives, targets, outputs and indicators</b> <i>[According to project document and/or annual work plan]</i>	<b>Key activities completed during reporting period</b>	<b>Expenditures</b> <i>[Actual expenditures against activities completed]</i>	<b>Progress towards achieving outputs and targets achieved against indicators</b>	<b>Reasons if progress below target and response strategies</b> <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
	<p><b><u>Activity 4.4</u></b></p> <p>4.4 Prepare and publish a high quality annual Foreign Aid Report. This includes</p> <ul style="list-style-type: none"> <li>(i) Recruitment of an International Consultant who will fully engage in the reviewing and revising the current format of the FAIR - details as per TOR</li> <li>(ii) Recruitment of a national consultant to help DIC and the International Consultant in reviewing, consolidating data and editing the revised FAIR</li> <li>(iii) Recruitment of six national data collectors on a short term basis</li> <li>(iv) Workshops to review, validate, edit and approval the draft of the revised FAIR by MPI</li> <li>(v) Government clearance, approval and publication of the revised FAIR</li> </ul> <p><b><u>Activity 4.5</u></b></p> <p>4.5 Review existing information flows and tools (website and newsletters) and provide recommendations for improvement for further needs of GoL and donors - this include training on website application and communication skills (A communication strategy will need to cover these aspects as well)</p>		<p>and this will be critical for the publication of the next report as groundwork for the upcoming 10<sup>th</sup> high level Round Table Meeting which will be organized in November 2010.</p> <p>The first quarterly newsletter has been issued and a plan is being prepared for training DIC staff on matters relating to website and communications in general</p>	

Annual objectives, targets, outputs and indicators <i>[According to project document and/or annual work plan]</i>	Key activities completed during reporting period	Expenditures <i>[Actual expenditures against activities completed]</i>	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
<b>Objective 5: Improved policy, institutional and human resource capacity to manage and coordinate aid effectively</b>				
<p><b>Target 5.1</b> A capacity development framework for Aid Effectiveness and aid coordination developed and gender dimension is mainstreamed into the CDF.</p> <p><b>Indicator 5.1</b> Existence of Capacity Development Framework for aid effectiveness and aid coordination to guide the coordinated approach on capacity development in Lao PDR</p> <p><b>Baseline 5.1</b> No CD framework as of end 2007</p>	<p><b>Activity 5.1</b> 5.1 Develop a comprehensive Capacity Development Framework on aid effectiveness and aid coordination. This CDF will look at all aspects of Capacity Development for DIC and its staff and DIC units within Line Ministries and Provinces. The development of this CDF will base on/be done by reviewing the draft CDF for DIC prepared in 2008 for internal DIC only (International Capacity Development Consultant will be recruited to support STA)</p> <p><b>Activity 5.2</b> 5.2. Prepare training materials and conduct regular workshops and on the job training for DIC staff in Vientiane and its provincial units and focal points in LMs. Organize study courses for selected DIC officials and line Ministries/provinces on topics included in the CDF</p>	<p><b>6,801.31</b></p>	<p>The formulation of the comprehensive capacity development framework has been put on hold and the process has been reenergized in light of the recent revised ODA Decree No 75. Although the progress has not been promising but there has been a strong recognition that need assessment and consultations are needed to develop such a high quality framework to facilitate coordinated capacity building in this area.</p>	

<b>Annual objectives, targets, outputs and indicators</b> <i>[According to project document and/or annual work plan]</i>	<b>Key activities completed during reporting period</b>	<b>Expenditures</b> <i>[Actual expenditures against activities completed]</i>	<b>Progress towards achieving outputs and targets achieved against indicators</b>	<b>Reasons if progress below target and response strategies</b> <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
	<p><b><u>Activity 5.3</u></b>            5.3. Collaborate and work with PACSA to publish a study on capacity development for the last 10 years and base on the study, identify specific capacity constraints to GoL leadership of the aid effectiveness agenda at macro and cross sectoral levels – this will be fed into the preparation of the CDF on Aid Effectiveness and Aid Coordination.</p> <p><b><u>Activity 5.4</u></b>            5.4. Develop / implement strategy to strengthen the absorptive capacity of the Government to effectively realize pledges made through the RTP</p>		<p>PACSA study has been developed and work is in progress to integrate the findings and recommendations of the study in the CDFs for a number of ministries and agencies including DIC</p>	

Annual objectives, targets, outputs and indicators <i>[According to project document and/or annual work plan]</i>	Key activities completed during reporting period	Expenditures <i>[Actual expenditures against activities completed]</i>	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies <i>[If applicable, explore underlying factors and reasons for gaps in output and target]</i>
<b>Objective 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)</b>				
<p><b>Indicator 6.1</b> The availability of different tools for the acceleration of the progress toward MDGs by 2015</p> <p><b>Baseline 6.1</b> First NMDGR published in 2004 and no MDG strategy</p> <p><b>Target 6.1</b> The launch of the 2<sup>nd</sup> NMDGR and MDG strategy</p>	<p>6.1 Ongoing support to the MDG Secretariat in MoFA</p> <p>6.2 Preparation of the second MDG Report and strategy</p> <p>6.3 Develop and implement an MDG advocacy campaign</p> <p>6.3.1 Training of DIO staff on issues pertaining to MDGs' monitoring and participation in regional and international conferences on MDGs</p> <p>6.4 Developing MDG Advocacy Campaign Materials</p> <p>6.5 Launching of MDGR II &amp; Media</p> <p>6.6 Secretariat Meetings</p>	<b>63,440.05</b>	The launch of the second MDG progress report was done during the visit of the UN Secretary General – Mr. Ban Ki-Moon in April 2009. The progress snapshot of the report has stimulated the national discussions in light of the formulation of the next NSEDP (2011-2015) and the MDG strategy which is under the final stage of finalization.	
<b>Objective 7: Both DIC and project activities are strategically linked by enhanced and effective project support</b>				
<b>Indicator 7.1</b> Number of high-risk NEX	7.1 Project management support	<b>110,514.74</b>		



<p>Audit observations</p> <p><b><u>Baseline 7.1</u></b> No high risk audit observation in 2007</p> <p><b><u>Target 7.1</u></b> No high risk audit observations and no qualified audit opinions (expenditure, cash and asset statements)</p> <p><b><u>Indicator 7.2</u></b> Project delivery rate</p> <p><b><u>Baseline 7.2</u></b> 2007 project delivery – 80%</p> <p><b><u>Target 7.2</u></b> 80% project delivery</p>				
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## **2. Update on implementation of the Vientiane Declaration and its Action**

**Plan** [Brief update on any achievement and/or problem related to the implementation of the Vientiane Declaration. It should also include issues related to the introduction of HACT and actions planned for the following period.]

### **Vientiane Declaration**

In line with the commitments under AAAs, the regional and global discussions over the aid effectiveness agenda, the recent review of the implementation of the VDCAP in 2008, the implementation of the VDCAP in 2009 has been very important ever before if the goals and targets of the VDCAP to be achieved by 2010/2011. Therefore, most activities carried out by DIC in 2009 were to increase and sustain the coherence, strength, participation and in country effect of the international and national mechanisms in promoting principles of Paris Declaration and the Vientiane Declaration, respectively.

The DIC as the main government focal point for aid coordination and policy dialogue with the DPs is contributing significantly to ensure the implementation of the five principles and components of the VDCAP. All project activities (especially under output 2 and 3) were conducted in 2009 in supporting DIC as a leading agency of the VDCAP Secretariat in facilitating and monitoring the implementation of the VDCAP.

In 2009, the project has supported DIC in taking aid effectiveness agenda (VDCAP) to another level based on the recommendations from the first full review of the implementation of the VDCAP in 2008. This includes:

- The first update of the VDCAP which has been drafted and discussed during different sessions before 2009 RTIM. It will be used as a tool to monitor the implementation of the VDCAP and the guidance note is currently being prepared based on comments from all stakeholders.
- , the work undertaken by the Sector Working Groups as well as the pre-consultations organized on key topics, like in previous years, for 2009 Round Table Implementation Meeting
- An important innovation of the year which was the organization of the *Xayaboury Provincial Conference on ODA Coordination and Effectiveness for Achieving the MDGs*. This event took place in October with the participation of representatives from line ministries and eight Northern provinces as well as many development partners. It was a first attempt at bringing the aid effectiveness agenda and our discussions closer to the realities of the ground. Very positive feedback was received about this initiative and we will need to do more of this in the future.
- the Xayaboury Conference on aid coordination and aid effectiveness, as well as the Oudomxay joint Government and Development Partner field visit have played a particularly important role to help ensure that all voices from all levels are heard and taken into account for the development of our country.
- The joint initiative with Cambodia and Viet Nam on the mutual accountability which has given Laos visibility as a leading country to present the outcomes of the initiative at the global stage on the aid effectiveness agenda

Some actions of the Vientiane Declaration Action Plan remain to be implemented in order to fully realize all the principles that have collectively been adopted in 2006. Through the implementation of the VDCAP in 2009, the project will continue support DIC in addressing some key recommendations that need particular attention such as:

- All pillars of the Vientiane Declaration need to receive equal attention if the goals and targets of the VDCAP are to be met and broader

participation in the process is required.

- More emphasis will need to be placed on outreach, training and capacity building activities – this should be the priority for the VDCAP Secretariat for the next year annual work plan
- VDCAP will be more effective once it is implemented across all policy areas and if its wider context is understood.
- SWGs are encouraged to take a proactive role in this regard and to identify their own priorities within the VD CAP to promote stronger government ownership and partnerships.
- Whenever possible they should use common assessment methodologies and systems and develop programmatic approaches that reduce fragmentation.
- Continuation of strengthen coordination at local levels is also necessary. Therefore, more needs to be done to link local priorities to development planning at the central level so that resources are efficiently targeted.
- There is still a need to emphasize the importance of promoting demand-driven initiatives in order to strengthen community ownership and ensure sustainability.
- Both government and development partners will need to make sure their technical staff have the appropriate competencies and receive the training required to meet the evolving challenges of aid management.
- Political and financial support needs to be coupled with practical guidelines to ensure that implementation takes place.
- Both the Government and development partners will need to work together to clarify important concepts and definitions, such as those relating to Programme Based or Sector Wide Approaches, managing for development results, and mutual accountability.

### **HACT implementation**

The principle of the Harmonized Approach to Cash Transfer (HACT) has been regarded as important agenda for the implementation of the project activities. The current financial form provided under this principle has provided the management team simpler ways on how to link financial figures to the management of project activities. However, there is still a need to come up with a practical way in performing a financial analysis corresponding to the progresses of the project activities. In this regards, using MPI financial system and human resource to record and report on the project fund is still far from realistic. Therefore, involving MPI finance department to be familiarized with HACT implementation will be another initiative of the project. However, this will need to be in consultations with relevant departments who also implementation other UNDP supported projects.

It is also important to note here based on the recommendation from 2008 annual project report that the synergy needs to be created and careful consideration are needed among

1. the implementation of the Harmonized Approach to Cash Transfer (HACT) by the UN
2. the Standard Operating Procedures (SOPs) for ODA funded projects which recently finalised during the third quarter of 2009, and
3. the work on the Financial Management Manual for ODA-funded initiatives which covers budgeting, accounting, internal control, disbursement, reporting and auditing requirements and procedures.

In light of the spirit of the Vientiane Declaration, these three initiatives mentioned above will form the primary procedural platform for driving increased adoption of national system by development partners.

**3. Update on partnerships** *[Brief update on any achievement and/or problem in developing partnerships and inter-agency collaboration. It should also include strategies for south-south cooperation]*

The implementation of the current project is total depending on the capability to excel the partnership strategies and to build on the partnership made during the past years. In this regard, it has been a very positive sign within the round table process that the Sector Working Groups, established in 2006 and undertaken in the spirit of harmony and cooperation, are now all fully operational and are working to support both the current plan as well as the development of the 7<sup>th</sup> NSEDP 2011-2015. In addition, the new ODA Decree no.75 has been issued to further define the roles and responsibilities of Government Agencies in the management and coordination of ODA, hence clarifying and simplifying the process both for the Government and Development Partners for effective partnership building, creating a stronger aid coordination and aid effectiveness platform and strengthening the GoL leadership and ownership over the development process.

It is particularly realized that during the implementation of the 2009 project Annual Work Plan (AWP), partnerships have taken a lot of effort from all stakeholders. In this regard, it is very important to note that it's necessary to put administration structures, partnerships will need to have governance structures in place to ensure that decision-making, management and development arrangements are appropriate and operate effectively in order to avoid any confusions and misunderstanding at the later stage.

**4. Update on gender mainstreaming** [*Brief update on any achievement and/or problem in terms of mainstreaming gender within the project activities. Strategy for the following period*]

Currently, gender mainstreaming is being realized and integrated into practice which demonstrated through the updating of VDCAP

**5. Update on audit recommendations** [*Brief update on progress achieved and problems encountered. Actions planned for the following period*]

There are four main recommendations from the 2008 audit and updates on these recommendations are:

1. Enhancement of Project budgeting  
The project communication plan was prepared and used during the monthly meetings between DIC and UNDP to monitor the completeness of quarterly work plans and progress reports in order to facilitate the settlement and advance request for the Project Operating Account (POA).
2. Non-payment of Personal Income Taxes  
The new sheet for calculating the personal income tax has been updated based on the suggestion by UNDP and evidence of the payment of PIT has now been attached to the POA settlement.
3. Inaccurate inventory listing  
The inventory list has already been revised based on the recommendation by the auditors and there will be a major asset physical verification by early 2010 to check the completeness of the inventory list.
4. Enhancement of back-up procedures  
DIC management has already discussed with UNDP on how this issue can be handled. The back-up procedures will be documented and shared with all

Please note that the full implementation profile of the 2008 audit recommendations will be carried out in 2010 as part of the 2009 audit.

**Profile of Previous (FYE 2007 Audit) Recommendations** by KPMG was also carried out in 2009 for the purpose of the 2008 audit. Those statistical profiles of KPMG's previous recommendations are, as follows:

Domain	Total		Priority of Recommendations					
			High		Medium		Low	
	No.	%	No.	% *	No.	% *	No.	% *
Programme	4	40%	-	-	3	30%	1	10%
Human Resource	1	10%	-	-	1	10%	-	-
Finance	2	20%	-	-	1	10%	1	10%
Procurement	1	10%	-	-	1	10%	-	-
Asset Management	1	10%	-	-	1	10%	-	-

Information Systems	1	10%	-	-	-	-	1	10%
<b>Total</b>	<b>10</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>70%</b>	<b>3</b>	<b>30%</b>

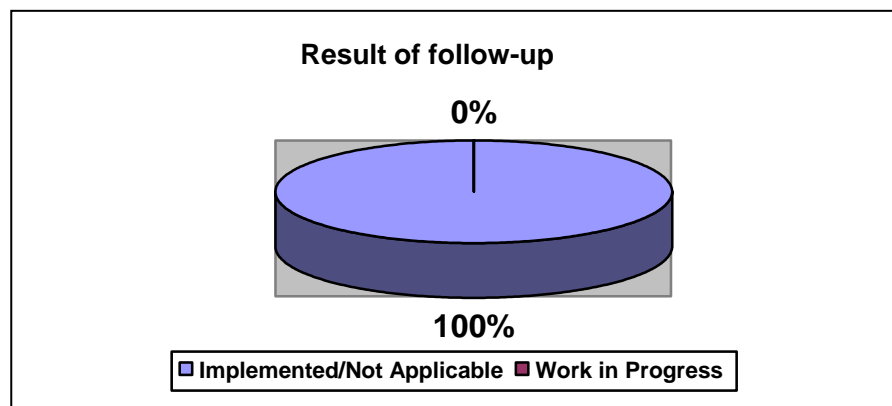
\* Percentage of priority of recommendation for the respective audit areas

### Following table and chart are the analysis of Implementation Rate

Overall, the analysis of implementation of prior recommendations are, as follows:

Domain	Total No. of Recommendations	No. of Recommendations Implemented				Effective Implementation Rate %
		IMP	N/A	WIP	NI	
Programme	4	4	-	-	-	100%
Human Resource	1	1	-	-	-	100%
Finance	2	2	-	-	-	100%
Procurement	1	1	-	-	-	100%
Asset Management	1	1	-	-	-	100%
Information Systems	1	1	-	-	-	100%
<b>Total</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>

Of the observations raised for 2007 internal audit, all observations had been fully implemented as at 25 March 2009, summarised in the following chart:



### 6. List main challenges and issues (if any) faced during reporting period [as well as response strategies adopted]

The following information has been updated in 2009 based on the challenges/issues raised during 2008 annual review which are still relevant for the implementation of all activities in 2009.

#### **Inter-government coordination and maintenance a strong involvement of all stakeholders**

A full collaboration of all government institutions with the DIC/MPI and also the line Ministries is essential to achieve the objectives and outcomes attached to this project.

Over the past years, the collaboration and partnership with all stakeholders particularly the line Ministries and local levels have been improved through the process of updating the VDCAP and the preparation of the 2009 RTIM. Therefore, this momentum needs to be sustained in a proper manner and the efforts need to be scaled up in light of the preparation for the upcoming high level Round Table Meeting in 2010 where the next five year plan (7<sup>th</sup> NSEDP 2011-2015) will be presented. This is true that the road map for the 10<sup>th</sup> RTM and general guideline for the inputs of SWGs will need to be very clear in order to facilitate the common understanding and coordinate all inputs for successful RTM with concrete outputs and outcomes.

### **Capacity Development**

The integration of the project activities into work of all divisions within DIC has been put in place and become the key thing to ensure sustainability and capacity building. More efforts are also foreseen in the near future to cope with the requirements according by DIC mandate in general including in particular all the tasks related to the conduct of the round table process. Coordinated approach for the capacity development will need to be enhanced in order to ensure, in the spirit of the Vientiane Declaration, the full implementation of aid effectiveness agenda in Lao PDR.

### **Division of labour and partnership**

The revised ODA Decree No. 75 has clarified the roles and responsibilities of the national stakeholders (particularly MOFA, MPI, and MOF) for the ODA management in Lao PDR. In this regards, the DIC within MPI has obtained the trust and confidence of both the national institutions and the development partners as it has been illustrated during the preparation of round table meetings, the conduct of bilateral discussions with donors, daily relationship with ministries in particular on the review and update of the VDCAP, etc will need to be more proactive.

Because of the good partnerships built over the past years, all stakeholders will need to put more efforts to keep the momentum and continue to meet the high expectations from government and donors. Division of labour to enhance the implementation of the Round Table Process has been established through the National Steering Committee on RTP.

### **ODA database and Foreign Aid Report**

The recent decision by DIC in developing a web based aid information management system (AIMS) in Lao PDR has been a major step in ensuring 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. Coordinated and holistic approach is a real key challenge for the full development and implementation of AIMS in Lao PDR. Therefore, all efforts by all stakeholders at this stage is to come up with a comprehensive management plan for the roll out of AIMS and it should be guiding all works for the rest of the programme.

Another important issue to be noted here is the development of the Foreign Aid Report which will need to be ultimately done by utilizing the new ODA database. Currently, the first light review of the current Foreign Aid Report was done during the preparation of the 2009 RTIM and the methodology and outline of the revised Foreign Aid Report have been documented. Therefore, it is necessary that common understanding will need to be made for the next steps and necessary actions in order to ensure the national owned Foreign Aid Report which will be used to facilitate the financial pledging session during the 10<sup>th</sup> Round Table Meeting in November 2010.

### **Facilitation the work of Sector Working Group**

A core group within DIC has been established to monitor and facilitate the work of SWGs. However, capacity building and mandate of the group have not yet been clear to all group members. Also, a strong partnership building will need to be made among the

core group within DIC and SWG Secretariats. Hence, this is an area that needs a lot of attention in term of coordination and facilitation skills as the work of SWGs is critical for the success of the Round Table Process in Lao PDR and also the implementation of Vientiane Declaration.

**Leading the VDCAP secretariat to facilitate and coordinate the implementation of the VDCAP and the AAA**

VDCAP secretariat has been setup and led by DIC. Expectations of this secretariat are very high particularly for the update of the VDCAP and the preparation of the guidance note for the implementation of the VDCAP. This is the area that needs close attention as it is really beyond the common understanding among all members regarding to the principles of aid effectiveness (Paris Declaration, Vientiane Declaration and AAA) and the division of labour to facilitate the VDCAP implementation.

**Project management and Delivery**

- More efforts are needed to coordinate all inputs from all divisions within DIC for the implementation of all activities. Therefore, planning and reporting capacities are very much needed in order to ensure the acceleration of the progress of the implementation of all activities under the close guidance by DIC management with technical supports from key project staff.
- The overall performance of project implementation and delivery has been demonstrated as a very successful operation; however the financial requirement for the coming year is more challenges which the UNDP will need to mobilize more resources.

**7. Rating on progress towards results**

<b>Output:</b> <i>[From table 1. Contribution to Strategic Goals]</i>		
Output 1	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 2	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 3	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 4	<input type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input checked="" type="checkbox"/>	Unchanged
Output 5	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged
Output 6	<input checked="" type="checkbox"/>	Positive change
	<input type="checkbox"/>	Negative change
	<input type="checkbox"/>	Unchanged

**IV. ADDITIONAL ACTIVITIES WHICH CONTRIBUTE TO THE OUTCOME AND/OR OUTPUTS**



**Provide information about any activities undertaken by the project that were NOT envisaged in the work plan but which contributed to the outcome and/or outputs? E.g. advocacy and policy dialogue.**

Not applicable
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**V. FUTURE WORK PLAN**

**1. What are the priority actions planned for the following year to overcome constraints, build on achievements and partnership, and use of the lessons learned during the previous year?**

<b>Programme outputs as per Project Document</b>	<b>2010 key target</b>	<b>2010 Key activities</b>
<p><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.</p>	<p>Successful organization of the 10<sup>th</sup> Round Table Meeting where the 7<sup>th</sup> National Socio Economic Development (NSEDP 2011-2015) will be presented and required support and resources mobilized</p>	<ol style="list-style-type: none"> <li>1. Follow up mechanism for the implementation of the 2009 RTIM recommendations</li> <li>2. Consultation process (at national and local levels) and road map for the organization of the 10<sup>th</sup> RTM through SWG mechanism</li> <li>3. With Department of Planning within MPI, facilitate and coordinate inputs from SWGs and provinces for the finalization of the 7<sup>th</sup> NSEDP (2011-2015)</li> <li>4. Prepare a high quality background document and organization of the 10<sup>th</sup> RTM</li> <li>5. Strategic planning of the development of 2011 annual work plan of Round Table Process.</li> </ol>
<p><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.</p>	<p>The guidance note and the systematic monitor mechanism on the implementation of the VDCAP</p>	<ol style="list-style-type: none"> <li>1. Develop training materials on aid effectiveness and conduct a series of trainings/seminars/workshops with VDCAP secretariat, LMs, provinces and DPs on issues pertaining aid effectiveness in Lao PDR</li> <li>2. Facilitate and coordinate the progress of the implementation of the VDCAP at the sectoral levels</li> </ol>

Programme outputs as per Project Document	2010 key target	2010 Key activities
		3. Participation in the regional and global discussions on aid effectiveness and the preparation for the High Level Forum 4 which will be organized in Korea 2011.
<p><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.</p>	<p>Availability of the SWG Annual work plans where there is a strong linkage to the formulation of the 7<sup>th</sup> NSEDP (2011-2015)</p>	<ol style="list-style-type: none"> <li>1. Work with Department of Planning within MPI to develop a general guideline on the inputs of SWGs for the development of the 7<sup>th</sup> NSEDP (2011-2015)</li> <li>2. Facilitation of the synergy across SWGs through quarterly meeting of chairs/co-chairs of SWGs</li> <li>3. Creation of a common platform that facilitate the work of all SWG Secretariat</li> </ol>
<p><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</p>	<p>Operationalization of the ODA database system and the publication of the revised Foreign Aid Report</p>	<ol style="list-style-type: none"> <li>1. Development and preparation, and publication of 2008/2009 Foreign Aid Report</li> <li>2. Roll out and establishment of the Aid Management Platform for the new ODA database in Lao PDR</li> <li>3. Development and implementation of a communication plan for the Round Table Process in Lao PDR</li> </ol>
<p><b>Output 5.</b> Improved policy, institutional and individual capacity to manage and coordinate aid effectively.</p>	<p>The availability of the Capacity Development Framework on aid coordination and aid effectiveness</p>	<ol style="list-style-type: none"> <li>1. Conducting capacity need assessment</li> <li>2. Formulation and development of Capacity Development Framework on aid coordination and aid effectiveness</li> <li>3. Organization of relevant training courses for DIC staff in all areas that are necessary for enhanced round table process in Lao PDR such English training courses, communication skills, etc...</li> </ol>
<p><b>Output 6.</b> Monitoring effectiveness of ODA for achieving development</p>	<p>The availability of the MDG strategy</p>	<ol style="list-style-type: none"> <li>1. MDG campaign and MDG reporting</li> <li>2. Organization of different</li> </ol>

Programme outputs as per Project Document	2010 key target	2010 Key activities
results and improving human well being as measured by progress towards achieving the MDGs within NSEDP. (RTP as a forum to monitor MDG progress).		consultations which are necessary for the finalization of the MDG costed plan.

**2. List major adjustments in the strategies, targets or key outcomes and outputs planned.**

N/A

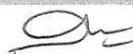
**3. Estimated total budget required for the following year:**

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**VI. ANNEXES**

1. Annex 1: Draft Combined Delivery Report
2. Annex 2: Annual Work Plan for following year
3. Annex 3: Monitoring and Evaluation Plan
4. Annex 4: Project Risk Log
5. Annex 5: Lessons learned log

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