



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: 00057582
PROJECT TITLE: "ENRICHING THE ROUND TABLE
PROCESS FOR INCREASED AID EFFECTIVENESS AND
DEVELOPMENT RESULTS"**

TERMINAL PROJECT REPORT

Reporting period: July 2007 – April 2011

I. PROJECT INFORMATION AND RESOURCES

Project number and title:	00057582: Enriching the Round Table Process for Increased Aid Effectiveness and Development Results
Implementing Partner:	Department of International Cooperation (DIC), Ministry of Planning and Investment (MPI)
Responsible Parties (if applicable):	Department of International Organization (DIO), Ministry of Foreign Affairs - for Output 6 on utilising RTP as a forum to monitor MDG progress
Donors:	(1) United Nations Development Programme (UNDP) (2) Luxembourg through third party cost sharing with UNDP

Project Starting date		Project completion date	
Originally planned	Actual	Originally planned	Current estimate
July 2007	July 2007	June 2010	April 2011

Period covered by this report:	26 th July 2007 – 30 th June 2011 <u>Note:</u> From 30 th April – 30 th June 2011 is a bridging period to the launch of the new UNDP consolidated support to MPI
Date of annual/terminal review:	30 th July 2011

Resources	Donor	Total Amount (July 07 to June 11)
UNDP Regular TRAC Allocation and Cost Sharing	UNDP	US\$ 2,301,115.85
	Luxembourg (third party cost sharing with UNDP)	US\$ 584,850.00
	Total Amount	US\$ 2,885,965.85

II. PURPOSE

The main objectives of this project are to: (i) enhance the leadership of the Government of Lao PDR 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; and (iii) enhance aid effectiveness and impact on the achievement of the development outcomes and results.

The project supports the Government in achieving six main outputs:

1. Further enrich the quality and effectiveness of the Round Table Process for facilitating substantive dialogue, developing common understanding on national priorities, sharing valuation knowledge and innovative ideas to capitalize on emerging opportunities and improved collaboration for the implementation of NSEDP;
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 (VDCAP);
3. NSEDP and Vientiane Declaration Action Plan implementation assisted by effective Sector Working Groups which also contribute substantively to Round Table Meetings;
4. The Government and Development Partners have improved access to more accurate and predictable ODA information to enable increased integration of Official Development Assistance (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; and
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 as well as the formulation of the new NSEDP (2011-2015);
- Ensuring the mobilization and timely investment of sufficient ODA resources to support effective implementation of the national and sectoral policies and strategies;
- Developing the VDCAP and strengthening DIC's capacity for coordinating, motivating and monitoring the effective implementation of Country Action Plan of the Vientiane Declaration on Aid Effectiveness;
- Providing technical supports and guidance for 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 database management system and produce regular publication of high quality analytical reports on ODA in the Lao PDR;
- Formulating capacity development framework as a strategy to strengthening capacity of

- DIC to manage, coordinate and analyse ODA and follow up on donor commitments; and
- Facilitating the development of MDG acceleration framework and supporting MDG campaign to accelerate the successful achievement of MDG targets by 2015.

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 donors’ supported activities in the field of development planning, investment programming and public finance management.

Cycle key priorities

For the three-years cycle of the project support, key priorities supporting objectives and outcomes are :

1. Strengthening the Government-led policy dialogue with DPs on the country’s development process and challenges;
2. Ensure that the results of the policy dialogue are translated into resource mobilisation and coordinated support to the implementation of the NSEDP;
3. Pursue the implementation of the aid effectiveness agenda (VDCAP) to accelerate the achievement of tangible results within the five pillars of the Paris Declaration;
4. Organise ODA management through the establishment of ODA database system, so called the Aid Management Platform (AMP) that facilitates regular reporting on ODA utilisation and impact, and feeds into integrating and in planning and budgeting process;
5. Reinforce the roles of SWGs and enhance their effectiveness in terms of sectoral policy coordination and ODA alignment and harmonisation; and
6. Follow-up on MDGs achievements and future requirements.

Cycle key deliverables

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

1. Existence of adequate and quality consultative process on national development plan and priorities through the Round Table Process mechanism;
2. Timely delivery of the RTIM/RTM. The objectives and themes for dialogue at each RTIM/RTM are identified well in advance with high quality background documents, substantive issues papers and joint analytical work in selected areas for the RTIM/RTM;
3. The RTIM/RTM’s recommendations and donor’s pledges are effectively followed up and reported;
4. Effective monitoring and reporting system for assessing the implementation of the Vientiane Declaration Country Action Plan (VDCAP), and the VDCAP is updated based on lesson learnt and recommendations from global and local aid effectiveness agenda, such as Accra Agenda for Actions;
5. Effective function of the SWGs that meets both the government’s and development partner’s needs. SWGs contributed substantially to the implementation of the 6th NSEDP as well as the formulation of the 7th NSEDP (2011-15);
6. Development of SWG Guidelines comprising term of reference, work plan template,

minimum requirements for SWG mandates including gender mainstreaming in the sectors are documented and disseminated to line ministries, DPs and other stakeholders concerned. Additionally, the forward looking review of SWGs was conducted as a reference to further enhance the effectiveness of SWG mechanism;

- 7.** Suitable ODA database application was identified and established for assisting the Government in decision making and keeping track of ODA data and information, and the production of high quality Foreign Aid Implementation Report (FAIR) and ODA related publications, such as Development Partner's Profile, quarterly newsletters;
- 8.** Capacity Development Framework on Aid Effectiveness is redrafted and consulted with LMs, DPs and other stakeholders. Training courses for enhancing skills for ODA management and communication were provided to DIC staff;
- 9.** The successful launch of the second MDG progress report (2008) and development of the MDG Acceleration Framework and costed plan; and
- 10.** More than 90% project delivery and satisfactory audit opinion.

Expected project outcomes	Expected outputs	Amount by Source of Fund						Total Budget	Total Expenses	%
		Donor Code								
		00012			00155					
		UNDP			Luxembourg					
Budget	Exp	%	Budget	Exp	%					
<p>Outcome 1 Ensure the Government of Lao PDR leadership in coordinating aid at macro, sectoral and cross-sectoral levels;</p> <p>Outcome 2 Increase aid transparency, predictability and alignment with and integration into the national planning and budgeting frameworks;</p> <p>Outcome 3 Enhance aid effectiveness and impact on the achievement of the development outcomes and results.</p>	<p>Output 1. 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>	1,210,984.17	989,003.24	82.41	95,842.25	305,382.92	318.63	1,306,826.42	1,294,386.16	99.05
	<p>Output 2. 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>	109,953.97	195,374.03	177.69	48,798.49	40,329.31	82.64	158,752.46	235,703.34	148.47
	<p>Output 3. NSEDP and Vientiane Declaration Action Plan implementation promoted by effective Sector Working Groups which contribute substantively to Round Table Process meetings.</p>	115,744.07	59,914.65	51.76	75,779.39	41,450.91	54.70	191,523.46	101,365.56	52.93
	<p>Output 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</p>	127,216.00	415,689.49	326.76	156,574.97	81,697.49	52.18	283,790.97	497,386.98	175.27
	<p>Output 5. Improved policy, institutional and individual capacity to manage and coordinate aid effectively.</p>	103,190.00	39,528.34	38.31	120,525.28	22,075.84	18.32	223,715.28	61,604.18	27.54
	<p>Output 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).</p>	257,009.78	260,215.28	101.25	10,460.29	14,329.54	136.99	267,470.07	274,544.82	102.65
	<p>Output 7. Both DIC and project activities are strategically linked by enhanced and effective project support</p>	377,017.86	315,437.15	83.67	76,869.33	79,584.02	103.53	453,887.19	395,021.17	87.03
	Total	2,301,115.85	2,275,162.18	98.87	584,850.00	584,850.03	100.00	2,885,965.85	2,860,012.21	99.10

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

The Government of Lao PDR has shown strong commitments both at political and operational levels to take a leadership role in coordinating aid and the project has played an important role in facilitating and materializing these commitments.

The government of Laos politically restructured the country aid coordination mechanism in 2005. Since then, major efforts to operationalize the reform have been made. Firstly, the Department of International Cooperation (DIC) was transferred from Ministry of Foreign Affairs to Committee of Planning and Investment (CPI), which was upgraded to Ministry. Through this change, DIC has been politically empowered to coordinate aid in a more structured and flexible manner. It is therefore giving a positive indication that an alignment and integration of aid into national planning and budgeting framework is increasingly evident. Secondly, the new ODA Decree no.75, which issued by the government in March 2009 clearly identifies the roles and responsibilities of Government Agencies in the management of ODA (Ministry of Foreign Affairs is in charge of strategic direction and NGOs, Ministry of Planning and Investment is making sure the effectiveness of ODA, and Ministry of Finance is looking after loan and grant). This Degree helps clarifying and simplifying the process both for the Government and Development Partners, and therefore creating a stronger aid coordination and aid effectiveness platform at both central and local levels.

At the operational level, the Round Table Process has played a critical role in translating the global aid reform agenda to local reality. Vientiane Declaration with has 25 donor signatories has been adopted by the Government. This Declaration is the local version of the Paris Declaration. It has facilitated a refocusing and consolidation of the efforts of both the Government and development partners towards improving and meeting aid effectiveness commitments. Lao PDR is one of a few countries in Asia who has also prepared a Country Action Plan to operationalize the Vientiane

Declaration. This plan called Vientiane Declaration Country Action Plan (VDCAP) has been the key action oriented framework highlighting key aid effectiveness targets and milestones for both the Government and Development Partners. VDCAP Secretariat created in 2007 and comprised of key line Ministries, EC and UNDP has been led by DIC. Two key outputs of this Secretariat are the mid term review of the VDCAP and the revision of Vientiane Declaration/Country Action Plan which integrated Accra Agenda for Actions. From the VDCAP mid-term review, although achieving targets of some actions will not be met, VDCAP has facilitated a stronger government's ownership and leadership in determining and strengthening the implementation of the global commitments on aid harmonisation and alignment.

The Government of Lao PDR has shown a strong trust and highly evaluate 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 addressing challenges in an environment of trust, partnership and collaboration. Through Round Table Process, 6th NSEDP, mid term review of 6th NSEDP and 7th NSEP were prepared with useful consultations with wider stakeholders. Round Table Process has also provided assistance to Ministry of Planning and Investment (particularly Department of International Cooperation) in taking lead as well as working closely with all line ministries concerned in translating national strategies/goals into sector strategies and designing capacity development frameworks to guide plan implementation. Initial efforts to foster ownership and leadership at the provincial, district and village levels have been made which was further reinforced in 2009 after the finalization and approval of the revised ODA decree 75/PM. This results in an establishment of International Cooperation Section (SIC) in all line departments at provincial level.

Through the Round Table Process, roles and leadership of the chairing ministries of SWGs have been strengthened to ensure their effective contributions to strengthen the implementation of the National Socio Economic Development Plan (NSEDP 2006-2010), the formulation of the next NSEDP (2011-2015), and the integration of planning and budgetary processes. The success of each Round Table Implementation Meeting and especially the 10th High Level Round Table 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.

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

Realising the needs for improving reliability and accessibility of ODA related information, the Government has agreed to establish the ODA database as a tool to support them achieving the said objectives. The establishment of an effective ODA aid management platform has been gradually progressed and it needs a stronger leadership from DIC to coordinate with all stakeholders concerned including development partners to make sure that the database is effectively use and sustainable. The AMP is a useful tool for keeping track of ODA flows and ensuring appropriate allocations and integration of ODA into national planning and budgeting process.

Millennium Development Goals and some key 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 highlighted the crucial importance of these issues amongst others. Upon an instruction of the Prime Minister, the MDGs have since become a central part of the planning process for the next 5-year plan (NSEDP 2011-2015), followed by subsequent analysis, such as the MDG costing plan and MDG Acceleration Framework . The launch of the second MDG progress report during the visit of H.E Ban Ki Moon – UN Secretary General has enhanced a profile of MDGs in the Lao PDR. The introduction of localised MDG Compact during the 10th Round Table Meeting in October 2010 has also highlighted strong commitments of the Government and its effort to request for development partners’ effective support the Lao PDR in achieving the MDGs and its national development objectives.

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

The dedicated secretariat has been set up based on the arrangement used to develop the Country Action Plan in early 2007 and has contributed to the the first review of the VDCAP in 2008 and update of the VDCAP based on evolving aid effectiveness agenda both at the regional and global level (the AAAs) in 2010. The commitment of the government to bring down the aid effectiveness agenda to the local levels has been well received 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. Currently, Vientiane Declaration Country Action Plan is monitored through Sector Working Groups, VD/CAP Review Meeting, and Round Table Meeting/Round Table Implementation Meeting. 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 and monitoring of the VDCAP.

The focus has been placed mostly on the preparation for a successful Round Table Meeting. The RTM (main forum taking place every 3 to 4 years to mobilise resources) was effectively organised and conducted in 20-21 October 2010. It was considered very successful as it resulted in a clear understanding of the 7th NSEDP strategic direction, objectives, targets, priorities and financial requirements - DPs have demonstrated strong support to the GoL future strategies and commitment to provide financial and technical assistance for a smooth and effective implementation of the NSEDP, including the MDGs.

The year 2010 has also seen significant progress in the work of SWGs, the implementation of VDCAP and the preparation for the establishment of a comprehensive and operational ODA Management Platform. Additionally, DIC has undertaken several activities to strengthen capacities of aid coordination and management at the provincial levels.

In light of the spirit of the Vientiane Declaration on aid effectiveness, the government intention and commitment has been 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).

Results and Contributions at Output level				
Cycle outputs and indicators	Key activities completed during reporting period	Expenditures	Progress towards achieving outputs and targets achieved against indicators	Reasons if progress below target and response strategies
Output 1: Further enriched quality and effectiveness of the RTP for facilitating substantive dialogue, developing common understandings on national priorities, and further increasing collaboration among all national and international Development Partners in the implementation of NSEDP				
<u>Indicator</u>				
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	<ul style="list-style-type: none"> - Conducted a series of consultations with national and international development partners with focused and substantive issues for dialogue at each RTIM/RTM. The consultations included topics on development issues, such as Nutrition, Disaster Management and natural resource based growth (contract negotiation and optimal flow of revenue) – session delivered by Dr. Joseph Stiglitz in 2008. - Conducted a provincial mini Round Table meeting in Xayaboury 2009, in order to enhance understanding of local 	USD1,294,386.16	<ul style="list-style-type: none"> - Pre-consultations leading to the RTIM/RTM proved to be effective forums to inform development partners and relevant government agencies on progress and challenges faced at specific areas, and discuss solutions and future action plans. The results of pre-consultations were well contributed to the discussion at the Round Table forum each year. - Overall, progress could be considered above expectation in terms of quality and substance. The objectives and themes of each round 	

	<p>issues and bring development more into the ground.</p> <ul style="list-style-type: none"> - Prepared main background documents and annual meeting schedules and list of topics of consultation topics, with coordinated inputs from Sector Working Groups and in consultation with concerned stakeholder, which form a basis of discussion at each RTIM and RTM. - In 2008, developed the TOR for the RTP National Steering Committee. - Mid 2010, organised the government sensitization missions to Europe, America, Asia and Pacific as part of the resource mobilisation and grounding discussion for the 10th RTM. - Organised the 10th RTM in October 2010, with presentation of the 7th NSEDP as a main discussion as well as introduced 		<p>table meeting have been increasingly consulted with national and international stakeholders thorough the Sector Working Groups Chair and Co-Chair meetings.</p> <ul style="list-style-type: none"> - Since the RTIM 2008 onward, communication among government line ministries in relation to Round Table meeting preparation has become better. The preparation guidance has been shared with all line ministries in advance. But effective participation of all concerned agencies in the drafting of work and providing timely and accurate data still required. - Background documents were prepared for each meeting which contained substantive issues were mainly based on SWG inputs and focused on NSEDP and 	<p>Despite sharing agenda and the meeting's theme in advance with concerned agencies, DIC still faces difficulty collecting feedbacks and information. Therefore, to address this issue, more effective and systematic actions to follow up for concerned agency's inputs are required.</p>
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	<p>of the MDG Compact.</p> <p>- Follow the 10th RTM, conducted the field visit to Champasack as to show development potential at local level and to bring development partners to observe the development issues outside capital city.</p>		<p>MDG implementation and progress report.</p> <p>- 2007, 2008 and 2009 RTIMs and 2010 RTM were successfully organised with effective participation from high level representatives from both national and international partners.</p> <p>- Each year RTIM/RTM outcomes and recommendations were reported to the Prime Minister for guidance and the recommendations are followed up and translated into actions in the subsequent years.</p>	
Output 2: Strengthened DIC capacity to coordinate, motivate and monitor the effective implementation of the VD/CAP on Aid Effectiveness				
<p>Indicator</p> <p>The existence of an effective process for monitoring, facilitating and coordinating the implementation of</p>	<p>- Established VDCAP Secretariat in 2008 to facilitate process of preparing monitoring plan and updating the VDCAP.</p> <p>- In light of the VDCAP</p>	<p>USD235,703.34</p>	<p>- CAP review meeting during the last quarter of 2007, was the first attempt to report on the status of implementation of the CAP was undertaken</p>	

<p>VDCAP</p>	<p>Assessment Report, conducted a full review of the VDCAP to integrate the Accra Agenda for Actions and define more feasible targets in a form of Matrix. The revised VDCAP was endorsed in April 2010.</p> <ul style="list-style-type: none"> - Organized dissemination workshops in the northern and southern provinces to raise awareness among provincial authorities regarding to the national aid effectiveness and aid coordination. - Developed Guidance Note on VDCAP implementation, training materials on aid effectiveness and conduct a series of trainings, seminars and workshops with the VDCAP Secretariat, line Ministries, Provinces and DPs on issues pertaining to aid effectiveness in the Lao PDR, including workshop in Saravan, August 2010. - DIC participated in the 		<p>during the preparation of the 2007 RTIM. Through this exercise, most of donors have shown their stronger commitments to align their policies and practices to the national strategies, priorities and systems.</p> <ul style="list-style-type: none"> - The VDCAP assessment report and the DAC Survey 2008 provided insights to inform the further CAP revision process. The CAP has been revised following a broad participatory process involving ministries, national institutions and DPs. - The VDCAP is currently monitored through SWGs and RTP. However, progress report on the implementation of the revised VDCAP has not been conducted. There has not been a clear monitoring procedure on how to substantially measure its progress. 	<p>Capacity of the VDCAP Secretariat is relatively limited and there is no clear term of reference of the group, and how they can facilitate the monitoring of VDCAP implementation more effectively.</p>
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	<p>process of Paris Declaration Survey and submitted the result to OECD DAC on time. Similarly, they have participated in 2011 PD survey. The PD Survey Taskforce was set up to manage the process and to ensure finalisation of the survey result by 31 March 2011.</p> <ul style="list-style-type: none"> - Drafted a communication strategy and advocacy tools for RTP and Aid effectiveness. 		<ul style="list-style-type: none"> - Development of Guidance Note for SWGs on VDCAP implementation has shown a greater DIC initiative in improving the effectiveness of SWG mechanism. However, the guidance note still requires extensive revision. - In light of the VDCAP, cooperation with other donor's interventions within the DIC has been strengthened. For instance, a study on the implication of PBA in Lao PDR was drafted by EC consultant. Similarly, a study on PIUs in Agriculture sector drafted by MAF, MOE and DIC. ADB supported DIC on study how to record ODA into national budget system. These are all contributing to the objective of this project component. - Communication strategy was developed by Communication Officer. The 	<p>Guidance note was considered an important document for guiding each SWG's contribution to increasing aid effectiveness. However, even draft is available, not much efforts and effective consultations have been put to verify the document.</p>
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			suggested action plans, such as updating website, were taken accordingly.	
Output 3: NSEDP and VD/CAP implementation assisted by effective SWGs which also contribute substantively to Round Table Meetings				
Indicator				
<p>Process and framework for coordinating and facilitating the work of SWGs is established and agreed upon by all stakeholders</p>	<ul style="list-style-type: none"> - Guideline and templates for guiding an operation of the SWGs was prepared in 2008, further refined in 2009. - May 2007, conducted SWGs review in order to assess the way forward and area that is strong or weak. SWG forward looking review was conducted in 2010 to follow up the previous assessment and recommend further improvement. - Conducted quarterly and regular Sector Working groups to discuss action plans to further improve coordination among groups. - In light of 7th NSEDP 	USD101,365.56	<ul style="list-style-type: none"> - Guideline for SWGs was developed but needs further updates and clearer instruction on how their effectively coordinate among SWGs. - Some SWGs are competitively strong whereas others still need further improvement. - SWGs are increasingly contributing to forming quality of discussion on sectoral level which eventually contributed to the RTIM/RTM. Recent years, the consultations have been focused on (reporting on the sectoral work and progresses on the implementation of the 	<p>Some SWGs still lack a skilful and dedicated supporting unit – SWG Secretariat who will fully serve the purpose of SWG consultation and administrative management.</p>

	<p>formulation, utilised SWGs as a forum to discuss their inputs in the implementation of NSEDP and VDCAP through regulation sector meetings and pre-consultation leading to the RTIM/RTM.</p> <p>- Provided logistical and technical support to SWGs which their capacity is still limited.</p>		<p>NSEDP and VDCAP)</p> <p>- Some improvement and lessons learnt come out the SWG review in 2010, which requires further improvement especially in terms of information sharing and coordination among SWGs and with DIC.</p> <p>- Calendar of events and activities of SWGs have been posted on the RTM website but not regularly updated.</p>	<p>Lack of information sharing and coordinating procedures causes difficulty for DIC in gathering information and updating the work plan and calendar of events regularly.</p>
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Output 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

<u>Indicator</u>				
<p>The existence and operationalization of suitable ODA database for the publication of Foreign Aid Report and ODA related publications.</p>	<p>- Suitable ODA Database – The Aid Management Platform - was identified, installed and is in progress of implementation at DIC.</p> <p>- Established AMP Taskforce to</p>	USD497,386.98	<p>- Establishment of the ODA database is aimed to address problems of information fragmentation and inaccessibility of accurate figure and data. Substantive progress was made over the project course, especially</p>	

	<p>manage and ensure the effective implementation of the system. But the ToR is currently finalising.</p> <ul style="list-style-type: none"> - Published and disseminated high quality Foreign Aid Implementation Report 2005-06, 2007-08, 2008-09 during the RTIM/RTM in respective year. - Published and update Development Partner Profiles and distributed during the RTM 2010. - As recommended in the Communication Strategy, published quarterly ODA newsletter to inform updates on development of aid flows in Lao PDR 		<p>operational training for DIC and other end users like line ministries and development partners.</p> <ul style="list-style-type: none"> - However, the implementation progress of ODA database is relatively slower than plan, and resulted delay in officially operational launch. - Preparation and publication of FAIR 2008-09 completed and have used more comprehensive approach like survey to directly gather data from DP to ensure reliability and accuracy of ODA data. - Quarterly Newsletters addressing various development issues had been issued regularly. - Greater visibility of the ODA information and publication as well as the RTM activity progress through the RTM Website. 	<p>Reasons for delay in the ODA database operation consist of:</p> <ul style="list-style-type: none"> - Lack of clarity in decision making on how the system should be configured, and terminology, e.g. sector classification, data management plan. - Data of many existing ODA projects are not fully available or complete at DIC and collaboration with DPs and LMs to obtain data still needs significant improvement. - DIC staff still needs more intensive training on the AMP application in order to be able to further train other LMs and DPs by themselves. - Frequent problems with optic fiber connection from NAST to DIC causing interruption to the data populating process.
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Output 5: Improved policy, institutional and human resource capacity to manage and coordinate aid effectively

Indicator				
<p>Existence of Capacity Development Framework for aid effectiveness to guide the coordinated approach on capacity development in Lao PDR</p>	<ul style="list-style-type: none"> - Completed English training courses at Vientiane Colleges. - Supported 9 government staff to attend Training on Aid Effectiveness in Singapore. - Needs Assessment for DIC capacity was prepared and implemented. - Based on an initial capacity development assessment, DIC tried to integrate the various training initiatives offered by several development partners, and drafted comprehensive coordinated capacity development framework in 2009. 	<p>USD 61,604.18</p>	<ul style="list-style-type: none"> - Through various training and coaching, capacity of DIC and some selected line ministries to engage in discussion with development partners on aid mobilisation and coordination is increasingly strengthened. - Revision of the existing CDF was not completed. Despite sharing the draft with other donors like EC and ADB, no substantive follow up actions were taken to finalise the draft. 	

Output 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)

Indicator				
<p>The availability of different tools for accelerating the progress towards MDG attainment by 2015.</p>	<ul style="list-style-type: none"> - 2nd MDG progress report was published and officially launch during the UN Secretary General visits in April 2010. The report was also featured in the 2008 RTIM. - The 2nd MDG Progress Report was translated into Lao as to ensure greater understanding of local citizen on the MDGs. - Provided support to government representatives to attend various events and workshop on MDGs to exchange lessons learnt and knowledge related to accelerate MDG achievements. - Completed development of MDG Costing Plan and which was coincided with the NSEDP fiscal framework. 	<p>USD 274,544.82</p>	<ul style="list-style-type: none"> - 2008 MDG progress report highlighted achievements and also challenges and actions that need particular attention; this was very useful in identifying further policy actions as it was illustrated later on in MDG costing exercise, MDG accelerating framework and the formulation of the MDG-oriented 7th NSEDP. 	

	<p>- Completed MDG Acceleration Framework (MAF) and successfully launched during the Global MDG Summit in New York 2010. Pre-consultation on MAF was conducted as a leading event to the 2010 Round Table Meeting.</p>			
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2. Update on implementation of the Vientiane Declaration and its Action Plan

Vientiane Declaration

DIC is the lead agency for coordinating and facilitating the work of the VDCAP Secretariat in monitoring and measuring the progress of the implementation of the VDCAP. The project has played a key role in supporting DIC to fulfil this function.

Firstly, the Round Table Process has been a platform for DIC in working closely with 8 Sector Working Groups to ensure that the annual work plans, targets, indicators and outputs at the sectoral levels are clearly linked to the goals and targets of the current NSEDP and VDCAP. This is the requirement for all SWGs as per the SWG review done in 2007.

Secondly, following the global discussions over the aid effectiveness agenda such as the commitment under AAAs and the recent review of the implementation of the VDCAP done in 2008, VDCAP Secretariat led by DIC revised the VDCAP in 2009 to reflect the challenges and progress of the implementation during the first two years of the implementation. The revised VDCAP has guided how DIC work with other line Ministries and DPs. The focus of DIC is 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.

Based on the recommendations from the first full review of the implementation of the VDCAP in 2008.

In 2009, the project supported DIC in various areas apart from outputs mentioned previously:

- The first update of the VDCAP was drafted and presented during different sessions before 2009 RTIM. Guidance note on the revised VDCAP was prepared based on comments from all stakeholders.
- Chairs and Co-Chairs of SWGS met three times in 2009 to discuss the SWG progress and challenges in implementing their work plans, to learn from each other on various implementation and operation issues and to create common understanding across SWGs for the preparation of the 2009 RTIM.
- An important innovation of the year 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 were good examples for capacity building at provincial level on the aid effectiveness agenda.
- The joint initiative with Cambodia and Viet Nam on the mutual accountability gave Laos visibility as a leading country to present the outcomes of the initiative at the global stage on the aid effectiveness agenda. Laos then has been asked to be an observer of selected meetings on the OECD Working Party on Aid Effectiveness.

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, 2010 and early part of 2011, 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.

In 2010, the project supported three key activities of DIC:

- Worked with the VDCAP Secretariat to complete a revised version of VDCAP and endorsed the document during the Chair and Co-Chair SWG meeting in April 2010.
- Facilitated work of GoL in participating in the final round of Monitoring Survey on Paris Declaration in which give the country an opportunity to assess its progress on PD implementation as well as reflect on the localised version – Vientiane Declaration.
- Organized quarterly Meetings of Chairs and Co-Chairs of SWGs and other pre-consultations leading up the 10th RTM.

The VDCAP Secretariat completed a revised version of VDCAP and endorsed the document

during the Chair and Co-Chair SWG meeting in April 2010. In addition, Lao PDR has participated in the final round of Monitoring Survey on Paris Declaration in which give the country an opportunity to assess its progress on PD implementation as well as reflect on the localised version – Vientiane Declaration. In November 2011, the Government of Lao PDR will also participate in the 4th High Level Forum on Aid Effectiveness in Busan, Korea and results of the meeting will be further reflected and updated in the VDCAP.

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 reality.

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

Through the Round Table mechanism, partnerships are being strengthened between the GoL and Development Partners to mobilize resources, ensure better utilization of these resources and push forward the development process. Building these partnerships is a collegial responsibility of all government agencies and their international partners.

1. Within the overall coordination mechanisms through the preparation and organisation of the RT meetings: the DIC acts as a lead government agency to further consolidate the policy dialogue on development challenges and undertakings and facilitate common understanding on required actions and support.
2. At the bilateral level, the DIC takes its part in participating with ministries and DPs in designing cooperation frameworks and in negotiating and concluding agreements for financial and technical assistance. As an example for illustration, the DIC finalised

agreements with Germany, Luxembourg, EC and France which were signed by the MPI and representatives from these countries. At the RT project level, the DIC also received support from Australia through dispatching an Australian Volunteer to support the implementation of the AMP. The DIC is also seeking further development of the south-south cooperation especially with countries in the region. For example, Japan-ASEAN-Laos in the area of Technical Cooperation Project - Training Course.

To excel the partnership strategies and to build on the partnership made during the past years, the government of Lao PDR hosted a regional workshop on Mutual Accountability in 2009 (Cambodia, Lao PDR and Viet Nam). The aim was to review the Vientiane Declaration Country Action Plan taking into the consideration the building blocks and areas of improvement needed to ensuring mutual accountability between the Government and its development partners. This exercise was also highlight a strong initiative from the Lao PDR on south-south cooperation.

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 formulation of the 7th NSEDP 2011-2015. In addition, the new ODA Decree no.75 was 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.

4. Update on gender mainstreaming

In all activities concerning capacity development that will be implemented by the DIC with support from the RT project and others, opportunities will be given to both female and male staff in DIC, Line Ministries and Provinces to upgrade their skills and improve the efficiency of their work.

At the SWGs, the Gender is to be mainstreamed into the work of individual groups and considered as a cross cutting issue in their ToR. The project has supported DIC in facilitating and coordinating with all 8 SWGs to mainstream Gender into the work of SWGs.

Currently, gender mainstreaming is being realized and integrated into practice which demonstrated through the updating of VDCAP. Some targets and actions stipulated in the VDCAP have primarily focused on how gender is effectively mainstreamed into work at all sector levels.

Gender operational work plan was the pilot feature in the MDG Acceleration Framework and was presented during the MDG summit in New York in 2010.

5. Update on audit recommendations

The project has received “Satisfactory” overall performance throughout the period of

auditing. Despite some audit observations, the project manages to resolve the issue and currently most of audit recommendations were implemented effectively.

Audit action plan is updated regularly and progress/update was discussed during the Monthly Meeting with the UNDP Programme Officer/Analyst.

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

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 each RTIM/RTM. Therefore, this momentum needs to be sustained in a proper manner and the efforts need to be scaled.

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 aid coordination, ODA management as well as 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 building

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.

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 Implementation Report

The recent decision by DIC in developing a web based aid management platform (AMP) 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 AMP 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 AMP and it should be guiding all works for the rest of the programme, and to ensure sustainability of the programme after the project completion.

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. The recent FAIR 2008-09 was not generated from the AMP yet, but it is crucial to ensure the stable operation of the AMP and to use the system to help government perform accurate and efficient data analysis and not just producing an illustrative data report.

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 support from Development Partner's co-chair to strengthen capacity of SWG secretariat as well as 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 and its Country Action Plan.

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

VDCAP secretariat has been setup and facilitated 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, AAAs and etc) 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 model, however the financial requirement for the coming year is more challenges, especially after the global financial crisis. The trend of aid provided by traditional donors is declining. This has significant impact on project funding and which the UNDP will need to mobilize more resources and could potentially approach emerging donors.

7. Rating on progress towards results

Output: *[From table 1. Contribution to Strategic Goals]*

Output 1: 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.	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Positive change Negative change Unchanged
Output 2: Strengthened Government (DIC) capacity to coordinate and monitor the effective implementation of the Country Action Plan (CAP) of the Vientiane Declaration on Aid Effectiveness.	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Positive change Negative change Unchanged
Output 3: NSEDP and Vientiane Declaration Action Plan implementation promoted by effective Sector Working Groups which contribute substantively to Round Table Process meetings.	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Positive change Negative change Unchanged
Output 4: GoL and DPs have improved access to ODA information to enable better decision making	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Positive change Negative change Unchanged
Output 5: Improved policy, institutional and individual capacity to manage and coordinate aid effectively.	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Positive change Negative change Unchanged
Output 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)	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Positive change Negative change 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.

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?

- DIC in cooperation with DOP, LSB and NERI to finalize the formulation of UNDP consolidated support to Ministry of Planning and Investment
 - Draft first year workplan and thinking more strategically on resource mobilization and identify potential contributors to support the new programme and implementation of the 7th NSEDP (2011-2015)

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

After the project completion, MPI and UNDP are to finalise the new generation of support in the form of programme approach. Outcomes and strategic objectives of the RTP will remain focusing on Aid Effectiveness by further strengthening the quality of the Round Table Process but as well to ensure their common targets which align with other components such as Planning and Monitoring of NSEDP through Department of Planning, effective monitoring and evaluation tools for NSEDP via using LaoInfo by Lao Statistics Bureau and improvement of effective linkage and inputs from policy informed research under NERI.

3. Estimated total budget required for the following year: _____ N/A

VI. ANNEXES

1. Annex 1: Combined Delivery Report
2. Annex 2: Communication Log
3. Annex 3: Project Risk Log
4. Annex 4: Lessons learned log

