VIENTIANE DECLARATION ON AID EFFECTIVENESS

Introduction

We, the Government of the Lao People's Democratic Republic (the Government) and the Partners in Development (the Partners), seek to take appropriate monitorable actions to make aid more effective and assist the country in achieving the Millennium Development Goals (MDGs) by 2015 and the long-term development goal of exiting the status of least developed country by 2020 (the 2020 goal). We recognise that while increased volumes of aid and other development resources are devoted to achieving the MDGs, aid effectiveness also needs to increase significantly to support the efforts to strengthen governance, improve development performance, and enhance development outcomes. At this Ninth Round Table Meeting, we seek to localise the "The Paris Declaration" that emerged at the conclusion of the Second High Level Forum on Aid Effectiveness held in Paris in March 2005 to fit the circumstances of the Lao People's Democratic Republic (Lao PDR). We seek to enhance the impact of aid in reducing poverty, increasing growth, building the capacity of human resources and institutions, and accelerating the achievement of the MDGs and the 2020 goal.

Partnership Declarations

The following Partnership Declarations are developed in a spirit of mutual respect, support and accountability. They reflect the ambitions and structure of the Paris Declaration and build on the ongoing development efforts and experiences in the Lao PDR. They represent a shared recognition between the Government and the Partners to enhance the effectiveness of aid in the Lao PDR. They will be implemented to the extent possible.

Although this Declaration does not constitute a legally binding instrument, it represents a shared recognition between the Government and the Partners on enhancing aid effectiveness in the Lao PDR. The Government and the Partners, when and where possible, will make available appropriate resources, knowledge and capacity to implement the Declarations.

1. OWNERSHIP

Government exercises effective leadership over the development policies, strategies and coordinates development actions

1. The Government leads in developing and implementing its five-year National Socio Economic Development Plan or NSEDP (2006-2010) through a broad consultative process that integrates the official development assistance into mainstream planning.

2. The Government continues to translate the NSEDP into prioritised and results-oriented operational programmes in the Public Investment Programmes (PIPs) and the annual plans and budgets.

3. The Government exercises an effective leadership role in coordinating aid at the macro and sectoral levels though a substantive and ongoing process of dialogue with relevant stakeholders including the Partners in development; through such mechanisms as the Round Table Meetings and the Sector Working Groups.

4. The Partners will support the leadership of the Government and strengthen the Government's capacity to exercise its leadership.

2. ALIGNMENT

Partners align with the Government's strategies and use strengthened Government regulations and procedures

Partners align with Government's strategies

5. The Partners base their dialogue with and support to the Lao PDR on the NSEDP and related national and sectoral strategies and plans and periodic reviews of progress in implementing these strategies.

Government strengthens Government regulations and procedures with support from Partners, with Partners increasingly using the strengthened Government regulations and procedures

6. The Government and the Partners will establish mutually acceptable frameworks that provide reliable assessments of Government regulations and procedures, their performance, and work together to strengthen these as necessary and appropriate. The Partners seek to adopt harmonized performance assessment frameworks for Government regulations and procedures so as to avoid presenting the Government with an excessive number of potentially conflicting targets.

7. The Government will seek to ensure, as appropriate, that the legal framework, national regulations and procedures, institutions and procedures for managing aid and other development resources are effective, accountable and transparent

8. The Partners use the regulations and procedures of the Government to the maximum extent possible, including through integrating project implementation arrangements

into line ministries. Where use of the country's regulations and procedures is not feasible, the Partners seek to establish additional measures acceptable to the Government and the Partners that strengthen the country's regulations and procedures.

9. The Partners will seek to avoid creating parallel structures that are not well integrated with the regular Government regulations and procedures, such as parallel Project Implementation Units (PIUs) or parallel Project Management Units (PMUs), for the day-to-day management and implementation of aid-financed projects and programmes.

Government strengthens development capacity with support from Partners

10. The Government will seek to integrate the capacity building objectives in the NSEDP into related national and sectoral strategies and plans and work with the Partners to develop a comprehensive, long-term capacity building programme.

11. The Partners will seek to align their analytic and financial support with the Government's capacity development objectives, strategies and long-term capacity building programme; make effective use of existing capacities; and coordinate and harmonise support for capacity development accordingly.

Strengthening financial management

12. The Government will continue to ensure timely reporting on and publication of budget planning and execution, and take leadership in the financial management improvement process.

13. The Partners will seek to enhance the predictability of future aid to the maximum extent possible through transparent decision making processes, provide indicative commitments of aid over a multi-year framework (including aid commitments covering multi-year expenditures of projects) and release aid funds in a timely and predictable fashion.

14. The Partners will seek to progressively rely on the Government's financial management system, once mutually acceptable standards have been attained.

Strengthening national procurement regulations and procedures

15. The Government and the Partners will seek to commit sufficient resources to support and sustain the improvements and capacity building in public procurement.

16. The Partners will seek to progressively rely on the Government's procurement system, once mutually acceptable standards have been attained.

Strengthening environmental and social assessments

17. With the Partners' support, the Government will seek to develop specialised technical and policy capacity for social and environmental impact analysis and enforcement of legislation.

3. HARMONISATION AND SIMPLIFICATION

Partners' actions are more harmonised, transparent and collectively effective

Partners will seek to implement common arrangements and simplify procedures

18. The Government and the Partners will seek to jointly conduct and use core diagnostic reviews (such as Public Expenditure Reviews); carry out other reviews jointly wherever possible (e.g. sector reviews); and systematically share the results of all reviews undertaken.

19. The Partners will seek to work together to reduce the number of separate and duplicative missions to the field; and promote joint training to share the lessons learned.

20. The Partners will seek to rationalise their regulations and procedures by implementing common arrangements for planning, design, funding, disbursement, implementing, monitoring, evaluating, and reporting to the Government on the Partners' activities and aid flows.

21. The Government and the Partners will seek to explore the feasibility of using increasingly programme-based approaches.

22. The Partners will seek to pursue decentralisation and delegation of authority to their country offices to the maximum extent feasible.

Complementarity: more effective division of labour

23. The Government provides its views on the comparative advantages of the Partners and on the ways to increase Partner complementarity at country and sectoral levels.

24. The Partners will seek to make full use of their respective comparative advantages at sectoral level by aligning support.

Incentives for collaborative behaviour

25. The Government and the Partners will seek to improve their procedures and strengthen incentives – including recruitment, appraisal and training – for their managers and staff to work towards harmonisation, alignment and managing for results.

4. MANAGING FOR RESULTS

Managing resources and improving decision-making for results

26. The Government and the Partners will seek to work together through a participatory process to strengthen the Government's capacities towards results-based management. They will establish results-oriented reporting and assessment frameworks that monitor progress on national and sectoral development strategies and the effectiveness of Partner inputs/support based on agreed key indicators.

27. The Government will seek to strengthen the linkages between national development strategies and annual and multi-annual budget processes.

28. The Partners will seek to harmonise their monitoring and reporting requirements, and - until they can rely more extensively on the Lao PDR's statistical, monitoring and evaluation regulations and procedures - work with the Government to the maximum extent possible on joint formats for periodic reporting.

5. MUTUAL ACCOUNTABILITY

Both Government and Partners are accountable for development results

29. The Government and the Partners will jointly carry out annual reviews on progress in implementing the commitments on aid effectiveness and improved development outcomes through existing and increasingly objective country level mechanisms. They will seek to formulate appropriate indicators and (indicative) targets on aid effectiveness.

30. The Government will seek to involve the Partners in formulating and assessing progress on implementation of the national development plans.

31. The Partners will seek to provide in a timely manner an accurate and comprehensive information on aid flows and programme intentions to enable the Government to present budget reports to the National Assembly and citizens, and coordinate aid more effectively.

6. THE WAY FORWARD

32. The Government and the Partners will seek to work together to define an Action Plan and associated Indicators to guide the implementation of this Declaration. The Indicators, reflecting those defined in the Paris Declaration, will be tailored to the context of the Lao PDR. They will include time-bound targets, as appropriate. The Indicators will be incorporated in the Action Plan that will also include a framework

for monitoring progress both on implementation of the Action Plan and the outcomes. A taskforce comprising representatives of the Government and the Partners will prepare the Action Plan and associated Indicators, which will be reviewed and finalized with the involvement of the stakeholders including all the Partners. This is targeted to be accomplished by 31 May 2007.

33. We, the Government of the Lao People's Democratic Republic and the Partners in Development, hereby confirm our willingness to implement the above Partnership Declarations and enhance aid effectiveness in the Lao PDR.

Signed at this Ninth Round Table Meeting on 29 November 2006, in Vientiane, Lao People's Democratic Republic.

*****

The Declaration was signed by the Government of the Lao People's Democratic Republic and representatives of the following 22 partner countries and organizations on the occasion of the Ninth Round Table Meeting in Vientiane on 29 November 2006:

1. Australia
2. Austria
3. Belgium
4. China
5. Cuba
6. Finland
7. France
8. Germany
9. Indonesia
10. Japan
11. Luxembourg
12. New Zealand
13. Poland
14. The Republic of Korea
15. Singapore
16. Sweden
17. Switzerland
18. The United States of America
19. The European Commission
20. Asian Development Bank
21. World Bank
22. The United Nations

The Declaration has subsequently been signed by Thailand the Philippines.

COUNTRY ACTION PLAN
OF THE VIENTIANE DECLARATION ON AID EFFECTIVENESS 2007-2010
Includes Annex 1: Implementation, Monitoring, Reporting and Updating Arrangements,
Annex 2: Definitions, Annex 3: Acronyms

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
1. Ownership: GoL exercises effective leadership over their development policies, and strategies and co-ordinate development actions						
1. (VD 1,2, 30)	GoL leads in developing and implementing the NSEDP through a broad consultative process that integrates ODA into mainstream planning and translates the NSEDP into prioritised and sequenced PIPs, and annual budgets.	**NSEDP VI: implementation** i) GoL uses SWGs where appropriate to decide on a timetable for introducing costed sector plans and build consensus around sectoral priorities; ii) As per decided timetable, develop prioritized and costed sector/or sub-sector plans; iii) Sectoral plans mainstream cross cutting issues, beginning with gender; iv) Prepare costed *Kumban* development plans for each of the 47 poorest districts and incorporate them into Annual NSEDP; v) Develop / implement plan to strengthen coordination between ministries, central and local governments in the preparation of sector plans and the move towards programme based approaches;	Line Ministries with support from SWGs (action i, ii) Lao NCAW, LWU, UN [UNFPA] (action iii) CPI, UN [UNDP] (action iv) CPI, (MoF), Japan (actions v, vi, vii)	6 sector strategies: - Transport - Trade (Integrated Framework) - UXO - PEMSP - AI - HIV/AIDS 37 *Kumban* development plans developed but not linked to annual NSEDP and funding sources not identified.	Timetable decided by October 2007. 3 (sub) sector plans developed by end 2008 (Education, Health, and Agriculture). Gender Mainstreaming Tool is developed / endorsed by GoL's Line Ministries by 2008. By end of 2007 all *Kumban* development plans developed. Mobilisation of resources by 2008. New Budget Law Decree and Instructions prepared and disseminated by 2008.	9 (sub)sector plans prepared. Mainstream gender concerns in all sector plans & related monitoring in place. 47 *kumban* development plans incorporated into the NSEDP and funds mobilized for implementation. Budget Law implemented by 2010.

VD §		Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
			vi) Develop prioritized and well-costed PIPs, disaggregated by sector where available; vii) Identify domestic resources to finance PIPs and incorporate in medium term expenditure frameworks and annual budgets; viii) Remaining financing gaps identified and discussed with DPs through the SWGs where appropriate and RTM.	CPI, UN [UNDP]		Rules or guidelines for program formulation process are drafted and approved by FY 2008. Costed and prioritized PIPs, including 2 sectoral PIPs by 2008 (Education, Transport), including identification of over-funded and under-funded. MTEF pilot by 2008. Planned annual PIPs aligned to MTEF.	Rules or guidelines for program formulation process are implemented by FY 2010. MTEF full integration to national budget system by 2010. X% of PIPs are clarified under the programme
		NSEDP VII: formulation ix) Evaluate the process for formulating the NSEDP;	CPI UN [UNDP WHO (Health)]		Evaluation findings shared for comments and adopted 2008.	NSEDP VII priorities and costings approved

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
		x) Develop / implement a consultation plan that facilitates consultation between central policy ministries (CPI, MoF, MoFA), Line Ministries, local government, private sector, DPs and NGOs; xi) Through SWGs where appropriate, identify diagnostic/ analytical work required to formulate the NSEDP; xii) Undertake costing of recurrent and capital expenditures drawing on the PIP / MTEF process; xiii) Prepare NSEDP VII based on evaluations, analytical work, consultations and other experiences identified above.			Consultation Findings Report shared at RTIM 2008 /2009. Research Plan prepared by end 2007, and research conducted by mid 2009.	by National Assembly and endorsed by DPs.
2. (VD 3, 7)	GoL exercises effective leadership role in coordinating aid at macro and sectoral levels.	i) GoL convenes annual Round Table Implementation Meetings; ii) GoL leads a review of the Sector Working Groups, and recommendations implemented accordingly. The roles of the SWG in this CAP are considered and decided upon; iii) GoL communicates policies and strategies on ODA including VD and ODA Decree 168 to line ministries and local authorities; iv) ODA regulations and procedures, such as MoUs, are developed and strengthened with support from DPs; v) GoL identifies specific capacity	MoFA, UN [UNDP]	8 SWGs each meeting only once or twice from March 2006-March 2007, and zero had work plans.	RTIM held in Nov 2007 SWG Review Report shared and recommendations discussed May 2007. Mandate and minimum performance expectations for each SWG decided and roles in implementing CAP confirmed by October 2007. INGO and wider membership to SWGs is promoted. 4 SWG work plans incorporating simple Joint Monitoring Indicators (that allows measurement of their own progress) developed by	All SWGs prepare annual work plans and budgets (where agreed in TORs). All SWGs oversee effective sector dialog that: 1. Builds consensus around clear priorities; 2. Aligns & harmonises DP support around these priorities; and 3. Monitors progress within their sector. All SWGs meet their

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
		constraints to its leadership of the aid effectiveness agenda at the macro levels and decides with DPs on a program of support to remedy this.			Nov 2007 and progress reported at RTIM 2007 VD and CAP translated into Lao and distributed to GoL agencies through workshops by December 2007.	own standards.
3. (VD 4)	DPs support leadership of GoL and strengthen GoL's capacity to exercise leadership.	i) GoL prepares CDFs in key cross cutting areas and sectors of NSEDP.	PACSA WB, UN [UNDP] Line Ministries with support from SWGs, where appropriate.	Transport, Education and Public Health in process of developing CDF.	4 CDF (Transport, Education, Health and Agriculture) finalized by end 2008.	A further 2-3 CDF finalized by 2010.

<table>
<tr><td colspan="7">2. Alignment: Donors base their overall support on partner countries' national development strategies, institutions and procedures</td></tr>
<tr><td colspan="7">DPs Align with the GoL's Strategies</td></tr>
</table>

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
1. (VD 5)	DP policies, activities and aid flows are aligned with GoL strategies and plans.	1. Through the SWGs, DPs broadly align and harmonize their assistance strategies to sector strategies and the NSEDP; ODA flows are aligned with the prioritized investments contained in sector strategies and PIPs with particular attention to the over- and under-funded sections of the PIP.	CPI, UN [UNDP] Line Ministries with support from SWGs.	72 % of ODA is recorded on national budget (ODA Report 2005).	Unfunded parts of the PIP reduced from X to Y [note: data to be taken from the Ownership sections].	By 2010 all DPs have broadly aligned their assistance strategies to the NSEDP and sector strategies. 85% of ODA is recorded on national budget (Global target: 85%).

<table>
<tr><td colspan="7">GoL Strengthens Regulations and Procedures with support from DPs, which DPs Increasingly Use</td></tr>
</table>

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
2. (VD 8, 9)	DPs do not create structures for	i) GoL and DPs carry out a joint review of ODA-funded implementation structures in	DIC, MoFA UN [UNDP]	66% of projects use PMUs/PIUs in 2005	Review of current implementation structures	No new parallel implementation

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
	implementing ODA-funded projects that are parallel to GoL structures.	order to a) classify them according to the agreed matrix (refer Definitions), and b) summarise lessons learned in integrating project implementation structures to date; ii) SWGs build on lessons learned above to guide progress towards integrating project implementation functions within their sector and monitor progress towards this.	Line Ministries with support from SWGs.	(OECD-DAC survey). MCTPC has no PMUs/ PIUs. Education has made progress in reducing parallel project structures.	and lessons learned by end 2007. All SWGs agree on guidance for integrating project implementation functions within their sector by mid 2008.	structures created after 2010, unless endorsed by relevant GoL agencies.
	GoL strengthens development capacity with support from DPs					
3. (VD 10, 11)	DPs align their technical cooperation behind GoL CDFs.	i) DPs provide technical cooperation and other capacity building interventions in alignment with GoL developed sector CDFs.	CPI, PACSA, WB	<10 % of total capacity building interventions aligned with CDFs (only MCTPC).	For those sectors with CDF, 50% of new capacity building interventions align with CDFs by mid 2009.	50% of total capacity development interventions aligned with CDFs.

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
**Strengthening Financial Management**
4. (VD 6, 8, 12, 14)	GoL implements reforms to strengthen PFM to enable DPs to increasingly use GoL financial management procedures and systems for their ODA.	**Strengthening national PFM systems:** i) GoL and DPs jointly review and decide on acceptable criteria for PFM regulations and procedures; ii) GoL strengthens budget execution by implementing the budgeting law/centralization of treasury; aligning budget execution with plan; and integrating ODA financing and other revenues into the budget; iii) GoL produces quarterly financial reports on consolidated GoL expenditure, and makes these compatible with GoL financial statistics standards over time; iv) GoL strengthens internal control framework by establishing internal audit functions and associated enforcement mechanisms; v) GoL strengthens the State Audit Organization so that it can provide independent audit opinions to INTOSAI standards in a timely manner; vi) GoL introduces a comprehensive intergovernmental fiscal transfer framework in order to better align policy priorities with the budget.	MoF, WB, ADB	No functional classification of the budget currently exists. More than 2,000 bank accounts operating outside the control of the MoF. Budget planning is not based on a normative system. Current reporting is on an annual basis, with the report published more than 5 months after end of fiscal year.	Budget classification aligns with IMF-GFS and functional classification of budget implemented. TSA established and centralized treasury structure implemented. Budget norms developed for health and education sectors GoL Financial Information System fully established. New Audit Law is implemented.	Revised Chart of Accounts and functional classification system implemented in FY 2008/09 Budget. Consolidation of GoL accounts within a unified TSA structure is able to show consolidated GoL position in real time. Budgeting for health and education sector done based on a system of budget norms. Quality budget execution reports produced for 2008/2009. Budget Audits carried out to INTOSAI standards by 2010. Fiscal transfer framework exists

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
		DPs supporting national PFM systems: vii) DPs clarify and share with GoL and other DPs their respective legal and policy regulations for the use of national PFM systems and standards to deliver ODA; viii) DPs increasingly align PFM support to GoL priorities; ix) DPs increasingly adopt GoL procedures, rules and regulations; x) DPs increase ODA delivered through aid modalities, such as direct budget support, that best support PBAs and reduce transaction costs; xi) DPs increase the percentage of untied aid executed by GoL as encouraged by the 2001 DAC Recommendation on Untying Official Development Assistance to Least Developed Countries.	MoF, WB, ADB	34% of ODA to the public sector uses GoL PFM systems [OECD-DAC] *- 45% ODA used Budget Execution Procedures-30 % ODA used Financial Reporting procedures* *- 28% ODA used State Audit procedures:* 5% of total ODA disbursed through PBAs (including direct budget) [OECD-DAC]. 75-80% of ODA is untied (ODA Report 2005).		54% of ODA to the public sector uses GoL PFM systems (Global: 33% increase from baseline). 33% of total ODA disbursed through PBAs (including direct budget) [OECD-DAC]. 90% of ODA is untied (desk review DAC Survey).
5. (VD 13,31)	Aid is more transparent and predictable.	i) DPs and GoL develop a common format for reporting total, sectoral and project level aid flows over a multi-year period, compatible with revised ODA database; ii) DPs strive to make indicative and transparent commitments of ODA over annual or multi-year period, in line with Lao Financial Year where possible; iii) DPs aid is predictable and released on time, where mutually agreed conditions	MoFA, UN [UNDP]	Gap between DPs' disbursed ODA and GoL recorded as disbursed is 30% (OECD-DAC survey).	Common format decided by end 2008.	Gap between DPs' disbursed ODA and amount recorded by GoL as disbursed is 15%. All DPs use common format for either annual or multi-year period.

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
		have been met; iv) DPs work with GoL to strengthen absorptive capacity of GoL to effectively follow up on / use ODA pledges; v) GoL to present annual budget reports to the National Assembly & citizens, which include ODA.				
**Strengthening National Procurement Regulations and Procedures**						
6. (VD 6, 8, 15, 16)	GoL and DPs commit sufficient resources to strengthening procurement regulations and procedures and enhance their efficiency, transparency and utilization.	i) DPs clarify and share with GoL and other DPs their respective legal and policy regulations for the use of national procurement systems and standards to deliver ODA; ii) GoL and DPs jointly review and decide on acceptable criteria on procurement regulations and procedures; iii) GoL Procurement Manual and Standard Bidding Documents are distributed to DPs; iv) GoL fully implements new procurement decree; v) GoL recruits and trains sufficient number of staff at the PrMO; vi) Systematic collection of procurement information and monitoring of performance and outcomes (through PrMO);	MoF, WB	[X%] of public procurements through competitive procedures (note: data from PrMO end 2007). [X%] of public procurements through Standard Bidding Documents (Note: data from PrMO end 2007). 17% of DPs use GoLs procurement procedures (OECD-DAC).	Recommendations from joint review shared with GoL and DPs by 2008. Procurement website developed by end 2007 (PrMO currently in process of developing). Procurement Manual and Standard Bidding Documents updated and made publicly accessible by 2008.	[X%] of public procurements through competitive procedures (PrMO). [X%] of public procurements through Standard Bidding Documents (PrMO). 40% of DPs use GoLs procurement procedures (OECD-DAC).

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
		vii) DPs increasingly adopt GoL procedures, rules and regulations to manage ODA-related procurement.				
**Strengthening Environmental and Social Standards for ODA-Funded Projects**					
7. (VD 17)	With DP support, GoL develops technical & policy capacity for social, gender & environmental impact analysis & enforcement legislation.	i) DPs clarify and share with GoL and other DPs their respective legal and policy regulations for the use of national environmental and social standards in ODA projects and programs; ii) Review current guidelines, standards and legislation for conducting social (including gender, HIV/AIDS and Employment, etc) and environmental impact analysis for ODA projects, and identify / implement areas that need improvement; iii) Discussion and approval of new guidelines/monitoring indicators for environmental and social impact analysis; iv) Strengthen the capacity of relevant GoL agencies to enforce the above regulations.	STEA, UN [FAO], Sweden/SIDA		Assessment completed by mid 2008. Revised guidelines/standards drafted and approved by end 2008. Development of joint monitoring indicators.	Guidelines implemented. Social impact assessments include gender assessment. Use of Joint Monitoring indicators Adoption of harmonised environmental and social standards at all levels of government. All applicable ODA projects adhere to social and environmental legislation that is monitored and enforced by GoL

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY

**3. Harmonisation and Simplification: DPs' Actions are more Harmonized, Transparent and Collectively Effective**					
1. (VD 18)	GoL & DPs conduct & use core diagnostic reviews, carry out joint reviews & share results.	i) Through the SWGs where appropriate, GoL and DPs share list of planned country analytical work; identify priority research gaps and areas for joint country analytical work; ii) GoL and DPs conduct joint analytical work wherever possible; iii) Mechanisms identified and implemented to share research/review results to DPs, line ministries and provincial GoL (eg RTM website or global CAW site).	EC UN [UNDP] Line Ministries with support from SWGs, where appropriate.	30% of CAW is joint (OECD/DAC) [Global: 30% of country analytic work is joint (2004)]	Consolidated list developed, disaggregated by sector/programme on annual or multi-annual basis. Joint research programme decided for 2 sectors by 2008 (Health, Education).	66% of CAW is joint. [global: 66%]
2. (VD 19,22)	DPs harmonise training and reduce administrative burden of GoL related to the number of duplicative missions.	i) DPs pursue decentralization & delegation of authority to country offices; ii) GoL and DPs decide on, and document core principles / good practices regarding missions and training scheduling, including consideration of mission free period(s) (eg. April to June - annual plan formulation); iii) GoL and DPs (through the SWGs, where appropriate) share their training and mission plans and organize harmonized and/or joint training and missions where applicable; iv) DPs increasingly share findings from	DIC, MoFA, EC Line Ministries with support from SWGs, where appropriate.	550 Missions in 2005/06 (OECD/DAC). 12% of missions are joint (OECD/DAC).	Best practices identified by December 2007. Harmonised and/or joint mission and training schedules introduced for pilot sectors (Transport, Education & Health) by 2008.	50% of missions are joint.

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
		missions among DPs and GoL (eg. RTM Website).				
3. (VD 20, 25)	GoL & DPs rationalize regulations, procedures & incentives by implementing common arrangements.	i) GoL and DPs decide on which DP regulations and procedures should use common arrangements and timetable for implementation; - DSA, salaries; ii) DPs carry out an overall review of above identified current practices and recommend policy/practice to harmonize DP procedures & incentives; iii) Common procedures implemented (beginning in PBA sectors: Transport, Education, and Health).	PACSA, MoF, EC Line Ministries with support from SWGs, where appropriate. ADB (Transport) & MAF		Identification of procedures and timetable by end 2007. DSA and salaries of GoL staff on ODA projects harmonized by 2008.	GoL Guidelines gradually introduced and, where possible, applied to on-going projects/ programmes.
4. (VD 21)	GoL and DPs increase aid effectiveness through coordinated approaches e.g. PBAs.	i) GoL reviews and improves (where necessary) national financial systems to channel budget support and pooled funding identified for PBA to relevant sector; ii) DPs expand use of coordinated approaches to programming and resource mobilisation through SWG framework.	MoF, Line Ministries with support from SWGs.	5% of ODA disbursed to PBAs (including direct budget support). (OECD-DAC)	DPs coordinate programs in Health, Education and Transport sectors.	33% of ODA disbursed to PBAs (including direct budget support).
	4. Managing For Results: Managing Resources and Improving Decision-Making For Results					
1. (26, 28)	Results orientated frameworks, that both GoL and DPs use, enable monitoring of	i) Further strengthen the national statistical system by implementing the National Statistics Strategy 2006-10; ii) Develop a set of indicators to monitor	CPI, UN [UNDP], Sweden/SIDA	National Statistical Strategy for 2006-10 has been completed.	Develop & implement Master Plan. Statistical needs assessment by end 2007.	Results Frameworks well advanced by

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
	development results and of progress toward aid effectiveness.	progress at national and sectoral levels, and decide on surveys / studies to collect data for these indicators and their periodicity; iii) Develop, train on and implement results orientated frameworks to monitor and evaluate the 1) implementation and 2) impact of the NSEDP and sector programmes, using strengthened national statistical systems and other tools such as the LaoInfo database and MDG Report; iv) DPs work with GoL to prepare joint formats for periodic reporting and align to above results oriented frameworks; v) Review progress of SWGs against their own Joint Monitoring Indicators vi) Develop and implement mechanism to monitor progress against aid-effectiveness commitments set out in CAP; vii) Continue to participate in the OECD-DAC Survey; viii) Revise the ODA Database to provide transparent and accurate reports on ODA-financed projects and programmes showing financial inputs (commitments & disbursements) and output progress. Information is shared across MoFA, MoF, CPI and line ministries and with			National and sectoral indicators decided. LaoInfo is used by GoL as a monitoring tool for implementation of NSEDP. 2007 MDG Progress Report published. Results Frameworks for general NSEDP prepared and shared by end 2007: Sector Specific Results Frameworks for Transport by end 2007, and for Education and Health by end 2008. General simple joint format for monitoring and reporting endorsed by DPs by mid 2008. OECD-DAC Country Worksheet April 2009. Proposal for revised ODA database shared and endorsed by GoL and DPs by 2008.	2010. All DPs use common formats for monitoring and reporting. ODA Database fully operational, data reliable and transparently available to GoL and DPs by 2010.

VD §	Goal	Action	GoL Lead Agency & DP Focal Point	Baseline 2005/06 Lao FY	Performance Milestones	Target 2010/11 Lao FY
		DPs.				
5. Mutual Accountability: Both GoL and DPs are Accountable for Development Results						
1. (VD 29)	Progress over decided commitments on aid effectiveness is assessed.	i) GoL and DPs report on and assess progress in CAP implementation at CAP Review Meetings, and outcomes of which are presented at RTIM; ii) GoL and DPs undertake independent evaluations / assessments of particular aid-effectiveness issues.	DIC, MoFA, UN [UNDP]		First CAP Review Meeting held in October/November 2007 CAP implementation reported at RTIM 2007. Identify topics and timetable for evaluations and funding arrangements by end 2007.	Regular mutual assessments shared.

Annex 1: Implementation, Monitoring, Reporting and Updating Arrangements for the Country Action Plan

The Country Action Plan is the practical articulation of the Vientiane Declaration on Aid Effectiveness signed by the Government of Lao PDR and 22 other Development Partners at the Round Table Meeting in November 2006.[1]

This Annex briefly outlines the broad roles, responsibilities and processes for implementation, monitoring, reporting and updating the CAP.

1. Implementation

The implementation of the CAP is the mutual responsibility of the signatories: the Government of Lao PDR and their Partners in Development. Thus, all signatories are mutually accountable for implementation of their respective planned actions as scheduled in the CAP.

The CAP Matrix is structured according to the five pillars of the Vientiane Declaration. Each of the five sections comprise of a series of goals and actions, which can be broadly grouped into cross-sectoral actions; and sectoral actions, for which some actions are for all sectors, wheras others are initially for a few pilots sectors (Education, Transport, Health and Agricutlture).

The CAP identifies Government Lead Agencies and Development Partner Focal Points as the key agents responsible for coordinating implementation of the activities in the CAP. The broad roles and responsibilities of the Government Lead Agencies and Development Partner Focal Points are outlined below along with the roles of other development partners:

Government Lead Agency

The main role of the designated Government Lead Agency is to lead implementation and/or coordination of implementation of the relevant actions in the CAP.

For sectoral actions, the Lead GoL Agency will be the respective Line Ministries. For cross-sectoral actions the Lead GoL Agency is identified in the matrix (eg, CPI, MOF, MoFA, PACSA, LWU, etc).

In the case of actions that fall largely within the domain of the Government Lead Agency, implementation will be the responsibility of the Government Lead Agency with support from other development partners as needed.

---

[1] In addition, two additional development partners have signed since November 2006, bringing the total number of signatories to 25, including the Government of Lao PDR

In the case of collective actions involving several government or donor development partners, the Government Lead Agency will lead the coordination of implementation of the relevant actions with support from other development partners as needed.

Government Lead Agencies will integrate relevant CAP actions into their annual implementation plans and priorities to ensure better coherence with regular work planning processes and priority setting, and provide some basis for internal accountabilities.

Development Partner Focal Point

The Development Partner Focal Point will help facilitate and coordinate support for implementation by the Government Lead Agency as required. This may involve providing technical advice or mobilizing technical assistance or financial resources, to advance implementation of the relevant actions.

For sectoral actions, the Development Partner Focal Point will be the co-chair of the Sector Working Groups (where applicable) and for cross-sectoral actions the Development Partner Focal Point is identified in the matrix.

In consultation with the Government Lead Agency, the Development Partner Focal Point can convene needed meetings of concerned development partners to share information, and mobilize any needed technical advice and assistance for implementation of relevant actions.

Development Partner Focal Points will integrate relevant CAP actions into their regular work plans and priorities as a basis for internal accountability.

All Signatories

All signatories to the Vientiane Declaration are responsible for helping ensure effective implementation of the CAP and achievement of related results under the coordination of the Government Lead Agency supported by the Development Partner Focal Point.

All signatories are encouraged to integrate relevant CAP actions into their regular annual work plans to enhanced coherence with regular work planning processes and priority setting, and provide some basis for internal accountabilities.

All Development Partners are invited and encouraged to join working groups or any other bodies created for the purpose of implementing the CAP.

Potential Role of Sector Working Groups (SWGs) and Other Working Groups (WGs)

For the initial phase of CAP implementation, it is generally agreed that where existing Sector Working Groups (SWG) or other Working Groups (WG) already function well, then such groups could be mobilized, if needed, by the Government Lead Agency and the Development Partner Focal Point to provide broader support to help facilitate implementation of the CAP. There is general consensus that the SWGs/WGs for the

initial four pilot sectors of the CAP (Education, Health, Transport and Agriculture) are functioning well and therefore can be called upon to facilitate implementation.

Current Chairing and Co-chairing arrangements are as follows:

Sector Working Group	Chairing Ministry and Co-Chairing Development Partner(s)
Health, Gender and HIV/AIDS	• Ministry of Heath • Japan • WHO
Education and Gender	• Ministry of Education • Australia/ AusAID • UNICEF
Infrastructure	• Ministry of Communications, Transport, Post and Construction • Japan • ADB
Agriculture, Rural Development and Natural Resource Management	• Ministry of Agriculture and Forestry • France / AFD • Sweden / Sida • ADB

As other government-led SWGs/WGs develop and begin to function effectively, these could also be mobilized in the same way to play a role in supporting the Government Lead Agencies and Development Partner Focal Points in the implementation/coordination of the relevant CAP actions.

2. Monitoring, Reporting and Overall Oversight

Monitoring and reporting on CAP implementation progress is a mutual responsibility of all signatories to the CAP; the Government of Lao PDR and their Partners in Development.

The Department of International Cooperation (DIC), Ministry of Foreign Affairs (MoFA) will be the overall coordinating agency for the Country Action Plan of the Vientiane Declaration on Aid Effectiveness.

The Government Lead Agencies and Development Partner Focal Points will monitor progress in their respective areas of the CAP and be expected to report regularly on progress to DIC and at CAP Implementation Review Meetings. These meetings would be held on an annual basis (or as needed) to assess progress towards implementation of the CAP, discuss challenges faced, consider new opportunities for improved aid effectiveness, and update the CAP accordingly.

The outcomes of the CAP Review Meetings will be reported to the broader development community through the annual Round Table Implementation Meetings (RTIM).

The DIC, Ministry of Foreign Affairs (MoFA), will lead the organization of the CAP Review Meetings and subsequent reporting to the RTIM. To assist DIC in carrying out these various functions, a joint government-donor Secretariat will be set up under the leadership of the DIC.

Annex 2: List of Definitions for the Country Action Plan of the Vientiane Declaration on Aid Effectiveness

Based on the OECD/DAC Survey on monitor ring the Paris Declaration on Aid Effectiveness

Key Word	Definition
Baselines	The existing situation/starting point. Useful for measuring progress towards the Targets.
Capacity Development	Different organisations use different definitions for capacity development. According to the OECD-DAC Network on Governance, capacity development is the process whereby people, organisations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time. Recent research (OED 2005) shows that capacity development is more likely to be effective when: • Capacity development is treated as a goal in its own right and that increased efforts are made to identify the objectives it seeks to achieve ("Capacity development for what?"). • Support for capacity development addresses three dimensions: human capacity, organisational capacity and broader institutional capacity. • Capacity development is country owned rather than development partner driven.
Capacity Development Framework (CDF)	A Capacity Development Framework is an analytical process tool that: • Helps assess capacities at the individual, organizational and institutional levels of the relevant ministry, agency or institution needed to achieve specific results, • Facilitates the design of specific interventions and clarifies accountabilities at each level, • Agrees on a realistic timeline and set of indicators to monitor progress towards achieving the desired results and • Issued by the Government to improve communication and coordination with development partners around critical capacity issues. The intention of the CDFs is to provide a means to better coordinate DP support behind a whole programme and thus have a larger impact.
Development Partner (DP)	For the purposes of the CAP, a Development Partner is considered as any official agency that provides development assistance to the Lao PDR.
Direct budget support	Direct budget support is defined as a method of financing a partner country's budget through a transfer of resources from a development partner to the partner government's national treasury. The funds thus transferred are managed in accordance with the recipient's budgetary procedures. Funds transferred to the national treasury for financing programmes or projects managed according to different budgetary procedures from those of the partner country, with the intention or earmarking the resources for specific uses, are therefore excluded from this definition of budget support (Source: OECD 2006, Harmonising Development partner Practices for Effective Aid Delivery, Chapter 2, Vol. 2).
Joint / Coordinated Country analytic work (CAW)	Country analytic work (CAW) encompasses the analysis and advice necessary to strengthen policy dialogue, develop and implement country strategies in support of sound development assistance. Good analytic work is essential for well-focused development policy and programmes. It should include major pieces of analytical work such as:

	• Diagnostic reviews (e.g. Country Procurement Assessment Report, Country Financial Accountability Assessments etc.). • Country or sector studies and strategies. • Country or sector evaluations. • Cross-cutting analytical work such as gender assessments. Joint/Coordinated country analytic work is: (i) CAW undertaken by one or more development partner jointly; (ii) CAW undertaken by one development partner on behalf of another development partner (including work undertaken by one and/or used by another when it is co financed and formally acknowledged in official documentation); (iii) CAW undertaken with substantive involvement from government.
Joint/Mutual assessments of progress	Mutual assessments of progress are exercises that engage at a national level both partner authorities and development partners in a review of mutual performance. In determining whether mutual assessments of progress have been undertaken, partner authorities and development partners may be guided by the following criteria: • Broad-based dialogue — Mutual assessments should engage in dialogue a broad range of government ministries (including line ministries and relevant departments) and development partners (bilateral, multilateral and global initiatives). Government and development partners should also consider engaging with civil society organisations. • Country mechanisms for monitoring progress — A formal process for measuring progress and following-up the assessment on a regular basis (e.g. one to two years) might be supplemented, wherever possible, through independent/impartial reviews. The results of such assessments should be made publicly available through appropriate means to ensure transparency. • Country targets — Partner countries have established country targets for improved aid effectiveness including within the framework of the agreed Partnerships Commitments and Indicators of Progress included in the Paris Declaration (PD-§9). They may, however, go beyond the Paris Declaration wherever government and development partners agree to do so. • High-level support — The assessments should be transparent and country led with significant support at the highest levels and with an appropriate level of resources.
Lao Info Database	Lao Info Database is a user-friendly common indicator database system. Lao Info Database provides a key statistical tool for monitoring the Millennium Development Goals (MDGs) and a data source for the National Growth and Poverty Eradication Strategy (NGPES), the National Socio Economic Development Plan (NSEDP) and for other national development frameworks in the Lao PDR.
MDG Report (MDGR)	The MDGR contains statistical indicator trends for the MDG goals and targets, and on the basis of the statistical analysis, presents assessment of key issues and the likelihood of MDGs being met by the target year(s). Each country has undertaken to produce periodic reports on progress towards these goals. This is the first report from Lao PDR and is intended not only to monitor the achievement of the goals in Lao PDR but also help raise awareness of the MDGs among political leaders, the media and local communities. This report is prepared by the National Technical Working Group and MDG/UNDAF theme groups using information and data provided by the Statistical Indicators Theme

	Group, which is co-chaired by the National Statistics Centre and the Office of the UN Resident Coordinator. Through an extensive participatory process the report was reviewed by, and substantive input provided by, the UN Country Team and National Supervisory Committee on the MDGs. The final report is endorsed by both; Government and the UN Country Team.
Mission	A mission is defined as an activity that is undertaken by, or on behalf of, a development partner, including consultants commissioned by a development partner. It involves international travel (typically, but not exclusively, from a development partner's headquarters) and there is a request to meet with government officials including local government. The definition excludes "trips" undertaken by development partners to attend events such as conferences, workshops etc, that do not involve request to meet with government officials.
Official Development Assistance (ODA)	Official Development Assistance (ODA) includes all transactions as defined in OECD-DAC Statistical Directives para. 32, including official transactions that: • Are administered with the promotion of the economic development and welfare of developing countries as its main objective; and are concessional in character and convey a grant element of at least 25%. • Grants or Loans to countries and territories (developing countries) which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a Grant Element of at least 25 per cent]. In addition to financial flows, Technical Co-operation is included in aid. Grants, Loans and credits for military purposes are excluded. Transfer payments to private individuals (e.g. pensions, reparations or insurance payouts) are in general not counted.
Parallel implementation structures	When providing development assistance in a country some development partners establish parallel implementation structures (They are also commonly referred to as project management units, project implementation units, project management consultants, project management offices, project coordination offices etc.). These are dedicated management units designed to support the implementation and administration of projects or programmes. Implementation structures can be categorized as non-integrated/parallel, semi-integrated or integrated by using the criteria in the table below.

Project Implementation Structures: Extent of Integration			
Key features	**Non-Integrated / Parallel**	**Semi-Integrated**	**Integrated** *
Staffing composition and salary structure	-Mainly consultants -Maybe a civil servant with premium salary as Director (or as counterpart)	-Mix of civil servants with premium salaries and consultants.	-Mainly civil servants with regular salaries assisted by few consultants, if any.
Operational Responsibility	-Project core activities under the control of the parallel implementation structure -Support functions:	-line departments/units of concerned ministry/agency are involved in the design and execution of core project activities.	-line departments/unit of concerned government ministry/agency are involved in the design and execution of core

	Planning, procurement. Financial Mngm, M&E and reporting also executed by implementation structure.	- Support functions mainly executed by the implementation structure.	project activities. - most support functions executed by existing relevant departments/units or - support functions executed by a special unit dedicated to supporting most projects financed by various development partners.
Reporting relationship	Head reports to development partner or Minister or Vice-Minister	Head reports to Director General of relevant department/unit	Functional Manager in line department (or Project Manager/Director fitting into the existing organizational structure of the Government) and responsible for reporting to relevant manager and development partners.

* In this situation the term parallel implementation structure loses its sense as the work is done by the relevant Government departments.

Performance Milestones	Specific annual time-bound steps (or outputs) needed to be done to achieve targets.
Programme-based approach (PBA)	Programme-based approaches (PBA) are a way of engaging in development cooperation based on the principles of coordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation. Programme based approaches share all four of the following features: • Leadership by the host country or organisation. • A single comprehensive programme and budget framework; noting however, that PBAs allow for a variety of ODA funding modalities including, but not limited to, pooled funding. • A formalised process for development partner co-ordination and harmonisation of development partner procedures for reporting, budgeting, financial management and procurement. • Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation.
Sector Working Group (SWG)	SWGs are the main mechanisms for coordination and dialogue between the Government and the partners in development at the sectoral and thematic area levels They are expected to convene regular meetings with their development partner counterparts at least once each Quarter; discuss priority issues; and submit reports on the proceedings to the participants

	and concerned higher authorities.
Targets	Targets are the desired, yet realistic, outcomes in achieving the goals. The targets should be linked to Baselines for comparison purposes
Technical cooperation	Technical cooperation (also referred to as technical assistance) is the provision of know-how in the form of personnel, training, research and associated costs. It comprises development partner-financed: • Activities that augment the level of knowledge, skills, technical know-how or productive aptitudes of people in developing countries; and • Services such as consultancies, technical support or the provision of know-how that contribute to the execution of a capital project. Technical cooperation includes both free standing technical cooperation and technical cooperation that is embedded in investment programmes (or included in programme-based approaches).
UN (United Nations)	For purposes of the CAP, individual agencies of the UN are also highlighted to clarify specific Development Partner Focal Points. For purposes of the CAP the International Financial Institutions (IFI) are reported separately as DP Focal Points in line with their separate signature of the Vientiane Declaration on Aid Effectiveness
Untied Aid	Official Development Assistance for which the associated goods and services may be fully and freely procured in substantially all countries (OECD definition).

Annex 3: LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AI	Avian Influenza
AIDS	Acquired Immune Deficiency Syndrome
AP	Action Plan
CAP	Country Action Plan
CAW	Country Analytic Work
CDF	Capacity Development Framework
CPI	Committee for Planning and Investment
DAC	Development Assistance Committee
DIC	Department of International Cooperation (MoFA)
DP	Development Partner
DSA	Daily Subsistence Allowance
EC	European Commission
FAO	Food and Agriculture Organisation
FY	Fiscal Year
FW	Framework
GoL	Government of Lao PDR
HIV	Human Immunodeficiency Virus
INTOSAI	International Organisation of Supreme Audit Institution
Lao NCAW	Lao National Commission for the Advancement of Women
LWU	Lao Women's Union
MAF	Ministry of Agriculture and Forestry
MCTPC	Ministry of Construction, Transport, Post and Communications
MDG	Millennium Development Goals
MoE	Ministry of Education
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NGO	Non Government Organisation
NSEDP	National Socio-Economic Development Plan
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PACSA	Public Administration and Civil Service Authority
PBA	Programme Based Approach
PEMSP	Public Expenditure Management Strengthening Programme
PFM	Public Financial Management
PIP	Public Investment Programme
PIU	Project Implementation Unit
PMU	Project Management Unit
PrMO	Procurement Monitoring Office
RTIM	Round Table Information/Implementation Meeting
RTM	Round Table Meeting

SIDA	Swedish International Development Agency
STEA	Science, Technology and Environment Association
SWG	Sector Working Group
TC	Technical Cooperation
TSA	Treasury Single Account
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNFPA	United National Population Fund
UXO	Unexploded Ordinance
VD	Vientiane Declaration (on Aid Effectiveness)
WB	World Bank
WHO	World Health Organisation