



**Round Table Implementation Meeting (RTIM)**

**Vientiane, 23 November 2012**

**Final Report**

**Ministry of Planning and Investment  
Department of International Cooperation**

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## Introduction

The Round Table Implementation Meeting (RTIM) 2012 took place on Friday 23 November 2012 at Don Chan Palace in Vientiane, Lao PDR. Following the RTIM 2012, on 26 November 2012, a representative group of Development Partners who participated in the RTIM 2012 met with H.E. the Prime Minister Thongsing Thammavong to report on the outcomes of this year's RTIM.

This report provides an overview of the proceedings and outcome of this year's RTIM deliberations. In addition, it aims to yield a platform of engagement with clear areas of action for Government and Development Partners to enhance their collaboration in the interest of further improving the effective implementation of the 7<sup>th</sup> National Socio-Economic Development Plan (NSEDPP) and achieve the Millennium Development Goals (MDGs). Pending further consultations, this report will be complemented by a roadmap of interventions in support of the agenda contained herein.

Following this brief introduction, Part I presents the Executive Summary of the main points of discussion during the RTIM 2012. Part II outlines the proceedings of the RTIM 2012. Finally, Part III provides a summary of the RTIM 2012 follow-up meeting between Development Partners and the Prime Minister on Monday 26 November 2012. The RTIM 2012 agenda and presentations, together with full statements are provided as annexes to this report.

## Part I: Executive Summary

1. RTIM 2012 theme: “Partnership for more effective development results”.
2. The RTIM 2012 featured five high level presentations on the bases of Government’s excellent background document and draft Foreign Aid Implementation Report (FAIR), which led to a highly productive dialogue between Government and Development Partners. These discussions were enriched by a presentation by the Governor of Xieng Khouang Province, by interventions from the National Assembly, and the participation for the first time of national Not for Profit Associations (NPAs).
3. Development Partners were unanimous in congratulating Government on accession to the World Trade Organisation (WTO) and the successful hosting of the series of meetings and events associated with 9<sup>th</sup> Asia Europe Meeting (ASEM9). Further, Development Partners recommitted to support the implementation of the 7<sup>th</sup> NSEDP, and next year’s mid-term review of the Plan.
4. Government highlighted the importance of continuing to manage effectively the macro-economic parameters of the NSEDP and sustaining high levels of growth. To this end, Development Partners emphasised the importance of investing in **equitable growth** to mitigate the burden of poverty and inequality. Government agreed with the need to stimulate growth with equality, and diversification without relying solely on natural resources. Government further encouraged Development Partners to provide examples of good practices to ensure a more equitable distribution of the benefits from high economic growth.
5. Development Partners urged Government to focus on **quality investments** to ensure high economic returns without compromising environmental sustainability, and the well-being of potentially affected communities. Government responded by reassuring Development Partners on its commitment to the careful scrutiny of mega projects, which may have fiscal, environmental and/or socio-economic implications. Finally, Government and Development

Partners agreed to seek innovative avenues to create greater synergies between the FDI and ODA communities in the context of the RTP.

6. Government identified good governance, rule of law, and inclusive development as important dimensions of the development plan. The Sam Sang pilot on devolution of responsibility and the active involvement of civil society at the RTIM 2012 were presented as true testimonials of Government's commitment to deepen **Governance reform**.
7. Development Partners welcomed Government's efforts and further encouraged Government to build on the successful Governance reform. They especially welcomed the increasing new role of civil society in the Lao PDR. Development Partners congratulated Government for speeding up the registration of NPAs, and fostering their meaningful participation in the Round Table Process. Development Partners also indicated that they will continue to assist Non-Profit Associations (NPAs) and International Non-Governmental Organisations (INGOs), and noted the need to identify a more transparent mechanism to select civil society representatives to participate in the RTP and more generally in policy dialogue and design.
8. In the context of governance reform, Development Partners agreed to support: (i) The Lao Government to implement the new policy on devolution of responsibility, by providing support to facilitate the role of line ministries and their capacity enhancements at the three levels; and (ii) the Government's efforts to improve access to justice and the rule of law, by providing targeted support to build further the capacity of institutions dealing with transparency in the use of public funds and enhancing anti-corruption efforts.
9. The meeting identified **access to and usage of land** as one of the most important policy issues. Government's efforts to formulate a new policy, to update laws, to improve enforcement procedures and to strengthen conflict resolution under the rule of law were fully supported by Development Partners. In this respect, Development Partners advocated for further consultations to improve on current drafts in several aspects of land tenure rights by focusing efforts in the interest of greater participation by communities and the population in general on land use.

10. Government reiterated that land is a very important asset for a fast growing economy, and that the development of a comprehensive national land policy in full consultation with its direct beneficiaries represented a key priority. The 7<sup>th</sup> NSEDP advocates for allocating land and forests in a sustainable manner to producers that continue to practice shifting cultivation, by balancing utilization and protection of allocated land and forest. Women empowerment especially in terms of land management remains of paramount importance in the development process.
11. Development Partners committed to continue supporting Government's visible efforts to improve land governance and specifically to secure the handing out of one million land titles as wisely stipulated in the current NSEDP. Secure land titles are good for citizens and their rights, and they are good for development and the fight against poverty.
12. Notwithstanding such tremendous accomplishments, Government and Development Partners shared some concern over the findings that recent data shows **insufficient progress in improving the MDG indicators on food and nutrition security, primary school dropouts and literacy, maternal mortality, and loss of environmental resources.** Government expressed its commitment to improve these areas of policy intervention by increasing the share of the national budget going to social sectors such as health (17%) and education (9%) in FY 2012/13.
13. On MDG 1 on food and nutrition security, Government and Development Partners agreed to establish institutional frameworks under Government's leadership with a mandated lead institution to ensure a concerted and coordinated plan of action (as was done with tackling bird-flu) that Development Partners could jointly support.
14. For MDG 2 on education, Government and Development Partners agreed that to reduce dropouts at primary level requires more resources and support to replicate success in school feeding as an incentive to attendance, to expand access to new government school grants, as well as to replicate success in literacy campaigns.

15. On MDGs 5 on maternal health, in the context of the increasing overall budget for health, Government and Development Partners agreed that financial allocations should prioritise programmes that focus on low-cost interventions of proven effectiveness (e.g. child immunisation).
16. On MDG 7 on environment, some of the indicators, such as the proportion of forest coverage and use of improved sanitation, require better monitoring systems. Development Partners expressed their willingness to support Government in the necessary data collection activities to monitor MDG 7 more accurately.
17. On the local MDG 9 on reducing the impact of UXO, Government and Development Partners agreed on the need for more efficient planning and prioritization of clearance, the development of a more concrete monitoring framework, and the provision of increased resources to the sector. Development Partners committed to stand ready to assist this unique challenge that the country continues to face.
18. In view of such an ambitious agenda, Government expressed the need for sound **macro-economic management** and the effective implementation of key PFM reforms. To elaborate, Government reiterated the importance of analysing the fiscal implications of new loan agreements and mega projects. To this end, Government informed Development Partners that the Debt Management Decree is currently being drafted, and that with support from Development Partners Government is also developing a system to track debt and repayment schedules.
19. Development Partners welcomed Government's efforts, and stressed the importance to improve access to, and have transparency of, information on Government budgets and expenditures, especially on programmes supported by Development Partners. Development Partners also encouraged Government to create better linkages between planning and budgeting, while prioritising a healthy balance between capital and recurrent expenditures. On this note, Development Partners noted the importance of carefully evaluating the impact of Government salary increases on overall recurrent budget expenditure.

20. Government responded by saying that Government salary increases are expected to improve living conditions and incentives for civil servants. Government also noted that the impact on public expenditure is yet to be fully analysed, but not expected to be significant on the basis that part salary increases were already included in civil servants' benefit packages.
21. On **cooperation for effective development**, Development Partners welcomed Government's inclusion of a wider array of stakeholders in the Round Table Process, and especially at Sector Working Group (SWG) level. The growing participation from civil society and private sector representatives was highlighted as a positive step towards implementing the Busan platform.
22. Development Partners also welcomed Government's efforts to encourage the active involvement of emerging South-South Development Partners in the Round Table Process and SWGs, and the on-going processes to improve ODA management by fully implementing the Aid Management Platform (AMP), and the revision of the Vientiane Declaration Country Action Plan (VDCAP).
23. Government concluded by voicing a clear request for all Development Partners to fully embrace Government's efforts to improve ODA management by providing timely and accurate data in the Aid Management Platform (AMP) on-line system. On this note, Government and Development Partners agreed that the sharing of information and ideas among Government, Development Partners and the public is expected to contribute to Government and Development Partners' shared goal of effective assistance coordination and investment planning leading to better development results.
24. Table 1 below outlines key areas of **follow-up action** emerging from the RTIM 2012.



**Table 1: RTIM 2012 Follow-up matrix**

Follow-up actions	Lead Agencies
<b>Focus area 1: Off-track MDGs</b>	
1. Identify and support a competent institution in leading an inter-sector <i>food security</i> working group to coordinate all interventions in the interest of the effective implementation of a common agenda and response programme, with support from Development Partners (MDG 1).	MOH; MAF; MOES
2. Continue prioritising strategies to increase school attendance, reduce drop-out rates, and expand access to new government school grants, and boost literacy campaigns (MDG 2).	MOES
3. Implement health sector reforms related strategies, including improvement of child and maternal health to ensure tangible results (MDGs 4-5) – e.g. further prioritise training and capacity strengthening for health personnel.	MOH
4. Issue, amend and effectively implement forestry, natural resource and environment related laws and regulations in more systematic ways (MDG 7).	MAF; MONRE
5. Develop a comprehensive M&E framework inclusive of clear targets to monitor progress in MDG 9.	UXO
<b>Focus area 2: Governance reform</b>	
6. Continue improving the Lao PDR Government’s Strategic Plan on Governance (2011-2020) and submit to the National Assembly for consideration and endorsement.	MOHA
<b>Focus area 3: FDI and ODA</b>	
7. Improve the business environment and competitiveness of the domestic industry, whilst focusing on quality foreign investment.	MPI; MOIC
8. Strengthen the mechanism of Lao Business Forum organisation in the context of the Round Table Process.	MPI; MOIC
<b>Focus area 4: Cooperation for effective development</b>	
9. Improve ODA management through expanding the Aid Management Platform (AMP) on-line system, linking with existing systems of other agencies.	MPI; MOF; MOFA, LMs
<b>Focus area 5: Budget management</b>	
10. Ensure sufficient budget is allocated to support the implementation of 7 <sup>th</sup> NSEDP priorities and MDGs related programmes/projects, especially reducing socio-economic inequalities and addressing the off-track MDGs.	MOF; MPI; LMs concerned
<b>Focus area 6: Land Management</b>	
11. Develop and amend national land policy, laws, regulations and other legal documents on land uses and management through wider consultations with all relevant stakeholders prior to finalisation.	MONRE

## Part II: RTIM 2012 proceedings

The RTIM 2012 was opened by H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister of the Lao PDR and Minister of Foreign Affairs, chaired by H.E. Somdy Douangdy, Minister of Planning and Investment, and co-chaired by H.E. Minh H. Pham, UN Resident Coordinator and UNDP Resident Representative. This section of the report presents a summarized version of the proceedings of the RTIM 2012.

The RTIM 2012 was attended by over 300 participants, including senior Government officials, ambassadors and senior dignitaries from 35 countries, and representatives of 42 international financial institutions and international organizations.

### OPENING

#### **Welcome remarks by H.E. Somdy Douangdy, Minister of Planning and Investment**

H.E. Somdy Douangdy, Minister of Planning and Investment welcomed His Excellency, Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs, to the meeting, and also welcomed the meeting's distinguished participants.

Speaking on behalf of Government, the Minister embraced the theme of the meeting "Partnership for More Effective Development Results", and explained how Government views this RTIM as an important opportunity to review and discuss key priorities and policy issues with a view to enhance the effective implementation of 7<sup>th</sup> National Socio-Economic Development Plan (NSEDP) and the achievement of the MDGs.

The Minister also outlined the following key achievements since last year's RTIM 2011:

- Greater depth and breadth of SWG involvement in the Round Table Process both at technical and executive level, resulting in a wider range of subjects covered during SWG meetings;
- Localized RTIM 2012 through a provincial consultation on the Northern region in Xieng Khouang;

- Clearly defined structures, mandates and ToR for all 10 SWGs;
- Revision of Vientiane Declaration Country Action Plan (VDCAP);
- Successful implementation of Government's ODA on-line database: The Aid Management Platform (AMP).

**Opening remarks by H.E. Minh H. Pham, UN Resident Coordinator and UNDP Resident Representative**

On behalf of the Development Partner Community, H.E. Minh Pham, UN Resident Coordinator and UNDP Resident Representative Lao PDR, expressed his sincere appreciation to the honourable Deputy Prime Minister for opening the RTIM 2012. He also expressed his gratitude to the honourable Minister of Planning and Investment for chairing the meeting.

H.E. Pham welcomed for the first time a number of participants from local Non Profit Associations (NPAs), and acknowledged the contribution that civil society, national and international, makes to the development process.

H.E. Pham proceeded to highlight the following five key policy issues as potential determinants for further development to enhance the effective implementation of the 7<sup>th</sup> NSEDP, as well as Government's efforts to graduate from LDC status by 2020:

- The need to diversify the economy and assure increased benefits to the people from foreign investments and trade;
- Land management, especially in relation to the impact of FDI on vulnerable communities;
- Achieving the MDGs – whilst there continues to be solid and steady progress against a number of important indicators, a number of off-track indicators already discussed last year, as well as some new ones, do not appear to have moved enough in a positive direction. This is reflective also of widening inequalities across the country.
- Government's successful establishment of high level coordination arrangements for Governance reform;

- Government's effective leadership and intense efforts to incorporate the results from the Busan High Level Forum (2011) into national mechanisms of cooperation focused on development results.

Finally, Mr. Pham congratulated Government for the progress in enhancing the quality of consultation through the Round Table Process, and its successful endeavours to further improve this platform by integrating the outcomes of the Busan High Level Forum on Aid Effectiveness.

**Opening address by H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister of the Lao PDR and Minister of Foreign Affairs**

The opening address of this year's RTIM was delivered by His Excellency, Dr. Thongloun Sisoulith, Deputy Prime Minister of the Lao PDR and Minister of Foreign Affairs. The Deputy Prime Minister highlighted the following key achievements:

- Successful ASEM summit;
- WTO accession;
- Political stability;
- Sound macro-economic management;
- Governance reform (more autonomy in local authorities);
- Poverty reduction;
- Localization of MDG 9.

The Deputy Prime Minister also identified off-track MDGs (especially in social sectors), and the effectiveness of FDI in terms of promoting sustainable development as key challenges currently being addressed by Government.

Finally, in welcoming the transition from 'aid effectiveness' to 'partnerships for more effective development results' (and in line with last year's guidance), His Excellency called for frank and open discussions with a view to identify concrete measures to support Government's development efforts.

## **SESSION 1: The Implementation of the 7<sup>th</sup> National Socio-Economic Development Plan (NSEDP) – Progress and Priorities**

**Presentation 1:** Key achievements in the second year of implementation of the 7<sup>th</sup> NSEDP – Priorities and targets for the annual NSEDP 2012/13 (by H.E. Dr Khamlien Pholsena, Deputy Minister of Planning and Investment)

**Presentation 2:** The implementation of the second year of the 7<sup>th</sup> SEDP – Priorities and targets for the annual SEDP 2012/13 of Xieng Khouang province (by H.E. Dr Somkot Mangnomek, Governor of Xieng Khouang province)

### **Summary of key discussion points**

#### **Good Governance and the Rule of Law**

##### ***Suggestions from Development Partners***

- Build on the successful governance reform (e.g. NGPAR) to support the National Assembly in the approval of legislation, and to exercise effective oversight over public expenditure (Switzerland);
- Law enforcement, and not the mere existence of laws, stands as a fundamental prerequisite for the country's development (Singapore);
- Enhance the role of civil society in policy deliberations (INGOs; UNESCO), and develop a more transparent mechanism to identify civil society (i.e. NPAs and INGOs) participation in the RTP and more generally in policy dialogue, design and implementation (Switzerland). Notwithstanding limited financial resources and capacity, NPAs stand firmly committed to contribute meaningfully in the national development process by supporting Government's implementation of the NSEDP (NPAs);
- Law enforcement and good governance to curb illegal activities, especially in view of increased drug use and cultivation along national borders (UNODC).

##### ***Response from the Government***

- Government is working to deepen Governance reform. Among other key milestones, the FY 2012/13 witnessed the launch of the Sam Sang pilot on devolution of responsibility (MPI; MoHA).
- Government agrees that good governance, rule of law, and the active involvement of civil society organisations represent important dimensions of sustainable development (MPI);
- Since the RTIM 2011 nearly 100 new NPAs were registered. NPAs we also represented at the RTIM 2012 (MoHA).

## **Inclusive Economic Growth**

### ***Suggestions from Development Partners***

- Long term economic growth requires opening the economy to allow for international competition to stimulate innovations and equitable growth to mitigate the burden of poverty (Japan; INGOs);
- Develop good statistical and analytical tools to measure, and ensure inclusive growth as well as sound macro-economic management (Singapore; IMF);
- Develop accurate and up to date statistics on labour market dynamics, and reform the vocational education system to keep up with labour market demands, with a focus on rural development to alleviate economic imbalances (Switzerland).

### ***Response from the Government***

- Government agrees with the importance of focusing on the quality of economic growth to ensure inclusiveness (MPI; MoHA), and diversification without relying solely on natural resources (MPI);
- Government encourages DPs to provide examples of good practices to ensure equitable distribution of the benefits from national investments (MPI);
- Capital investments have traditionally been concentrated in urban areas. Government policy on the devolution of responsibilities (Sam Sang) is expected to contribute to poverty reduction, especially in rural areas by reducing socio-economic inequalities (NA; MoHA).

## Trade/Quality Investment/ODA

### ***Suggestions from Development Partners***

- WTO represents a key milestone to attract quality FDI (EU, France), and an important platform to integrate women and the youth in the productive sectors of the economy (UNFPA).
- WTO and ASEAN to provide unprecedented opportunities for responsible economic expansion. Notably, however, in the short-run employment may suffer as a result of increased competition/international exposure (Switzerland);
- Focus on quality investment projects (i) to ensure high economic returns without compromising environmental sustainability, and the wellbeing of potentially affected communities (World Bank), and (ii) to create additional employment opportunities by assigning dedicated manpower to attract foreign capital investments (Singapore);
- Develop greater synergies between the ODA and FDI communities in the context of the RTP (EU; France; Germany).

### ***Response from the Government***

- Private investment and FDI play a very important role in GoL's efforts to achieve the MDGs, and graduate from LDC status by 2020 (MPI);
- Government agrees with the importance of focusing on the quality of investments by committing to the careful scrutiny of mega projects (MPI);
- Government appreciates the importance to ensure that investment driven economic growth does not compromise environmental sustainability and the well-being of potentially affected communities (MPI);
- Government encourages DPs to carry out background checks in order to identify/nominate quality foreign investors from their respective countries (MPI);
- On integrating FDI with ODA, traditionally the RTP has served as the platform to discuss ODA, while FDI has been addressed in the Lao Business Forum through the Chamber of Commerce and Industry. Government agrees to explore innovative avenues to create better synergies between the ODA and FDI communities in the context of the RTP (MPI).

- In view of next year's mid-term review of the 7<sup>th</sup> NSEDP implementation, greater ODA and FDI resources are required to boost progress especially with a view to reach the MDGs by 2015 (MPI).

## Land Management

### ***Suggestions from Development Partners***

- Recent analysis shows that the number of people with access to land is declining – not just in upland areas. Land is a national asset. As such it needs to be safeguarded, and Government should focus on promoting upland agriculture and crop plantation (Switzerland);
- Utilise the moratorium on new land concessions as an important opportunity to undertake inclusive and highly consultative discussions on land management (Switzerland), in order to encourage greater dialogue among all key stakeholders to improve policies and laws related to land management (EU, France);
- Strengthen the capacity of communities to participate in the process of issuing land titles/concessions (Germany);

### ***Response from the Government***

- Land is a very important asset for a fast growing economy. The development of a comprehensive national land policy in full consultation with its direct beneficiaries represents a key priority (NA, MoNRE);
- Government is determined to improve the management of agricultural land concessions, whilst equitably promoting investment in priority and remote upland areas. Further, the development of the national land policy and associated laws and regulations are expected to prevent undesirable social and environmental repercussions on vulnerable communities (MoNRE);
- The 7<sup>th</sup> NSEDP advocates for allocating land and forests in a sustainable manner to producers that continue to practice shifting cultivation, by balancing utilization and protection of allocated land and forest (MoNRE). Women empowerment especially in terms of land management remains of paramount importance in the development process (NA).



## SESSION 2: Accelerating progress towards the MDGs

**Presentation 3:** Progress towards achieving the off-track MDG targets (by H.E. Mr. Alounkeo Kittikhoun, Deputy Minister of Foreign Affairs)

**Presentation 4:** Budget allocation to support the 7th NSEDP priorities and fulfilment of the MDGs (by H.E. Mr. Santiphab Phomvihane, Deputy Minister of Finance)

### Summary of key discussion points

#### Progress towards achieving the MDGs

##### *Suggestions from Development Partners*

- Intensify efforts to address off-track MDG indicators by increasing support for MDG related programmes, and investing in human capacity to improve the quality of service delivery (EU, France, USA, Japan);
- Place small scale farmers at the centre of the national development strategy (INGOs);
- Protect natural resources from economic exploitation (ADB; INGOs);
- Explore growing opportunities for effective public-private partnerships to improve service delivery at all levels and reduce urban vs. rural disparities (ADB; UNFPA);
- Increase allocations to social sectors (Australia, Japan), whilst reducing inequalities in service provision between urban and rural centres (Japan, UNICEF);
- Higher financial allocations to sectors will not necessarily translate into sustained improvements in MDG targets without greater efforts to foster transparency and efficiency. The key remains targeting specific intervention within sector budgets to ensure sustained outcome improvements, e.g. immunisation (UNICEF);
- Complement quantitative analysis of poverty and other key MDG indicators with qualitative assessments (INGOs).

##### **MDG 1**

- Off-track MDG 1 closely linked to natural resource (e.g. land) management, affecting food and nutrition security (FAO);

- Develop a jointly coordinated response, with an institutional home to improve food and nutrition security (IFAD);
- Focus on inter-sectoral cooperation to address malnutrition problems – e.g. utilise the bird flu response as a model to address malnutrition and stunting (WFP);

### **MDG 3**

- Eliminate gender based violence, and institutionalise gender mainstreaming and women empowerment to achieve the MDGs (UNFPA);

### **MDG 9**

- Intensify (financial) support for the local MDG 9 on UXO (UNDP);

### ***Response from the Government***

- Notable progress in terms of achieving the MDGs to play an important role in Government's vision to graduate from LDC status. Both vertical and horizontal cross-sector coordination is required to achieve the MDGs by 2015 (PMO);
- Government's commitment to increase financial allocations to social sectors is visible in FY 2012/13 with health and education receiving 17% and 9% of the national budget, respectively (MPI).

### **MDG 1**

- Government fully recognises the cross-sectoral nature of food and malnutrition security under MDG 1. Government also agrees with the recommendation to identify a lead institution with the clear mandate to take this agenda forward (MAF).

### **MDG 2**

- High drop-out rate remains the primary concern in terms of achieving MDG 2 [Key causes of high drop-out rates: Poverty, and early marriages]. Government is fully committed to promote programmes to retain children in schools (e.g. school meals), and advocates for increased financial assistance from DPs to scale up such

interventions, invest in capacity development in rural areas, and further develop course materials and teaching quality (MoES).

#### **MDG5**

- Improving child and maternal health represents a persistent challenge requiring a wide range stakeholders and actions. Deeply rooted interconnection between different MDGs and their associated interventions demand a more coordinated approach to tackle all aspects of the well-being of the population as a whole. To this end, greater coordination mechanisms and the development of a consolidated response stands as a pre-requisite for success. Government advocates for increased financial assistance from DPs to continue improving health related outcomes (MoH).

#### **MDG 9**

- UXO continues to represent a significant challenge to the country's development – additional support from DPs required (NA).

### **Macro-Economic Management**

#### ***Suggestions from Development Partners***

- Vigorous economic growth is the result of sound macro-economic management and successful PFM reforms (World Bank, UNESCO);
- Strengthen the link between planning and budgeting (ADB, Japan);
- Prioritise a healthy balance between capital and recurrent expenditures to ensure regular assets maintenance (ADB);
- Carefully evaluate the impact of Government salary increases on overall recurrent budget expenditure (World Bank);
- Further analyse commodity price shocks, understand the drivers of macro-economic stability (IMF), and undertake rigorous debt sustainability analysis when assessing the financial implications of new loans or mega projects (Australia; IMF);
- Consider contingent liabilities, and prioritise reforms in the banking and financial systems (IMF);

### ***Response from the Government***

- Government fully recognises that importance of sound macro-economic management and the effective implementation of key PFM reforms (MPI);
- Government salary increases expected to improve living conditions of civil servants – impact on public expenditure yet to be fully analysed but not expected to be significant on the basis that part salary increases were already included in civil servants’ benefit packages (MoF);
- Government agrees on the importance to analyse the fiscal implications of new loans and mega projects. To support such endeavours, Government is drafting the Debt Management Decree. With support from DPs, Government is also developing a system to track debt and repayment schedules (MoF).

## **SESSION 3: From aid effectiveness to cooperation for effective development**

**Presentation 5:** Strengthening Cooperation for Effective Development: Integrating the Busan HLF (2011) outcomes into the VDCAP (by H.E. Somchith Inthamith, Deputy Minister of Planning and Investment)

### **Summary of key discussion points**

#### **Cooperation for Effective Development**

##### ***Suggestions from Development Partners***

- DPs to focus on joint programming aligned with GoL priorities, and more systematic division of labour/responsibilities to ensure a more effective utilisation of development resources (EU);
- Government to publish and adhere to counter-part funding commitments (Japan);
- In a decisive effort to support Government’s implementation of the AMP as an important tool for transparency, all DPs (including emerging partners) ought to provide timely and accurate information in the Aid Management Platform (AMP) on-line database (Japan);

##### ***Response from the Government***

- DPs' commitment to support Government represents a fundamental ingredient for the documented progress in deepening the cooperation for effective development agenda (MPI);
- In terms of Government's efforts to improve ODA management and promote greater transparency, Government strongly encourages all DPs to comply with MPI's regular requests for timely and accurate updates into the Aid Management Platform (AMP). Looking ahead, the AMP public portal is expected to avail ODA data to the public (MPI).

## CLOSING

### **Closing remarks by H.E. Minh H. Pham, UN Resident Coordinator and UNDP Resident Representative**

H.E. Pham thanked all of the participants for their fruitful and constructive deliberations, and provided the following summary of the main points to facilitate the development of a subsequent roadmap of interventions:

#### Progress and Priorities in the implementation of the NSEDP

1. Importance of addressing inclusiveness and reducing inequities in the context of high growth, whilst ensuring a balanced approach to long-term sustainable development. This includes reliance on robust statistical measures to guide more targeted spending, finding new opportunities to reduce disparities including devolving investments and budgets to rural areas, and empowering communities through education and participation to take more integrated approaches;
2. Further improvements to the business environment to foster a competitive and diversified domestic industry. This will require more specific investment promotion efforts, reform of the technical and vocational training policies and programmes, and more effective labour market analysis to guide specific investments in skills;
3. More active cooperation in the Round Table Process between government, development partners and the private sector to articulate clearer linkages and coordination mechanisms between FDI and ODA. Greater collaboration with the Lao

Business Forum could yield significant improvements in terms of screening of investors and FDI projects, including the rigorous application of social and environmental safeguards;

4. In this context Development Partners welcomed the review of existing land concessions for rubber, eucalyptus and mining, and the moratorium until 2015 on new projects, but highlighted also the need to improve management of resettlements and assure adequate livelihoods and integration of those families into new communities;
5. There should be full public consultations on the land policy and plans for a new law and enforcement strategy, even at the cost of additional time requirements. This is especially so on the basis of the fundamental importance of this issue for the citizens of Lao PDR, and as it represents a source of conflict at the local level. Enhancing the capacities of institutions to enforce the law would be essential, and the decision to adopt international guidelines on land tenure is welcomed. More support is needed to adopt and implement a sound approach to stabilized upland rotational cultivation;
6. In the context of Government's success in speeding up the registration of NPAs, the need to institute a more transparent selection criteria for civil society participation in the RTP, as well as to recognize their role in policy dialogue and service delivery, remains of paramount importance. Civil society capacities and access to development funding should be enhanced;
7. Approval of the draft national strategic plan on Governance and a more specific road map to continue the progress in implementing governance reform was recommended. This includes further developing the role of the National Assembly, improving access to justice and legal sector development, and reinforcing anti-corruption efforts;
8. The implementation of the 'three builds' pilot on devolution of responsibilities is important for reaching the goals of the 7<sup>th</sup> NSEDP, as does improving development cooperation at the local level. Government is encouraged to continue the dialogue with Development Partners on the results of the pilot and plans to implement the new policy, including implications for the role of line ministries and capacity enhancements at the three levels.

### Accelerating progress towards the MDGs

9. To tackle MDG 1 on food and nutrition security, the office of the Prime Minister should support a lead institution in coordinating actions across government to confirm and implement a common agenda (as was done with tackling bird flu), with coordinated support from development partners;
10. Improvements in MDG 2 on education to reduce dropouts at primary level requires more resources and support to replicate success in school feeding as an incentive to attendance, to expand access to new government school grants, as well as to replicate success in literacy campaigns;
11. In respect of MDGs 4/5/6 on health Development Partners congratulated Government on initiating health sector reforms. Development Partners also encouraged Government to fast track these reforms. In the context of the increasing overall budget for health, budget allocations to key MDG related interventions should be prioritised, while also focusing on low-cost proven interventions in targeted areas (e.g. immunisation). Management information systems should be enhanced and steps taken to improve project management;
12. On gender, while MDG 3 is on track, more work is needed on disaggregating data and mainstreaming gender considerations in all aspects of development as reflected in the newly approved National Strategy for Women's Advancement. This includes higher integration of women in the productive sectors, and doing more to deal with gender based violence;
13. The local MDG on UXO is to receive government funds for the first time to support the new national strategy. Development Partners are encouraged to provide further support given the importance of freeing land for development purposes and reducing loss of lives and injuries.

### Budget allocation to support the NSEDP priorities and fulfilment of the MDGs

14. Managing risks is fundamental for sound macro-economic management and growth, especially avoiding potential stress to public debt. Such fiscal stress could arise from mega projects. Development Partners encouraged Government to carry out careful scrutiny of new and especially mega projects, and reaffirmed the importance of

taking a medium to long-term view with different scenarios about risks associated with various categories of debt);

15. Importance of ensuring that civil service costs do not crowd out non-wage elements of recurrent budgets in the implementation of priority programmes;
16. More transparency in accessing information on Government budgets and expenditures, especially in terms of contributions to programmes supported by Development Partners.

#### From Aid Effectiveness to cooperation for effective development

17. Build on success of AMP by expanding to use new features and including other partners, especially emerging partners from the South, and potentially civil society and the private sector;
18. Finalise the VDCAP revision in consultation with all partners;
19. Promote coordination capacities and activities at the local level using also SWGs;
20. Consider proposals for increased use of national systems in development cooperation.

Mr. Pham concluded by expressing his heartfelt appreciation to the Government for organizing the RTIM 2012, and the Honourable Minister of MPI and Chair of the RTIM for his able management of the meeting.

Mr. Pham also thanked all participants, the staff of MPI, the chairs and co-chairs of the SWGs, and all those involved in setting up and managing the exhibition booths.

#### **Closing address by H.E. Somdy Douangdy, Minister of Planning and Investment**

H.E. Mr. Douangdy closed the meeting by thanking His Excellency, Dr. Thongloun Sisoulith, Deputy-Prime Minister and Minister of Foreign Affairs, for his opening remarks. He also thanked H.E. Mr. Pham for his continued support as Co-Chair.

Reaffirming last year's recommendations, His Excellency identified the following four benchmarks to yield better development results:



- The goal of national development is to improve the livelihoods of all Lao multi-ethnic people, with community participation and gender balance firmly at the centre of the development process;
- Government is keen to ensure that all resources are effectively utilized in a transparent manner, with clear benchmarks and indicators to enable regular joint monitoring of sector strategies and programmes at all levels;
- Government's commitment to continue establishing an enabling environment with adequate mechanisms to ensure aid effectiveness;
- Government's commitment to expand the scope of work of the Round Table Process.

The Minister thanked all Government Agencies and Development Partners for their continued support, and officially closed the meeting.

### **Part III: Debriefing with His Excellency the Prime Minister of the Lao PDR**

On 26 November 2012, H.E. Somdy Douangdy, Minister of Planning and Investment, H. E. Mr. Minh H. Pham, UN Resident Coordinator and UNDP Resident Representative, as Chair and Co-Chair of the RTP, accompanied by a representative group of Development Partners who participated in the annual RTIM, met with H.E. Prime Minister Thongsing Thammavong to present the results of the RTIM 2012. During this meeting, the Development Partners delivered a statement on behalf of the development community – the statement is included as an annex to this report. The remainder of this section provides a summary of the meeting.

After expressing his sincere appreciation to all Development Partners for their support in making the 9<sup>th</sup> ASEM a great success, the Prime Minister of the Lao PDR, H.E Thongsing Thammavong, thanked all Development Partners for actively participating in the RTIM 2012 and providing constructive feedback, comments and recommendations on the way forward.

H.E. the Prime Minister voiced Government's appreciation for Development Partners' tireless efforts in support of the implementation of the National Socio-Economic Development Plan (NSEDP) and the achievement of the MDGs by 2015. In doing so, H.E. the Prime Minister recognised that notwithstanding great strides forward a number of challenges remain, and emphasised the need for Government and Development Partners to continue working together. These challenges include:

- Further developing and effectively implementing the draft policy (and associated laws and regulations) on land management and utilisation;
- Accelerating progress to achieve the off-track MDGs (namely, MDGs 1, 2, 5, and 7);
- Analysing the fiscal implications, and assessing the socio-economic and environmental impacts of mega projects to ensure full benefits for the Lao people.

H.E. the Prime Minister also expressed Government's appreciation for Development Partners' valuable contributions to enhance the inclusive nature of the national development process, and their commitment to continue investing in the country's

endowment of adequately trained and skilled human resources working in both public and private sectors. In this respect, H.E. the Prime Minister stressed the importance of the private sector and local communities in Government's endeavours to reduce geographic and social inequalities.

Finally, in embracing the RTIM 2012's theme of partnership for more effective development results, the Prime Minister wished all Development Partners well and expressed his hope that with continued cooperation and support from all stakeholders, the Lao PDR will continue to capitalise on the positive achievements and key recommendations as identified during the RTIM 2012.

## Annexes