



A Desk Review Summary

The mid-term review of the implementation of the Vientiane Declaration Country Action Plan (2015-2025)

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I. Introduction

Lao PDR transitions its aid effectiveness agenda covering five principles (ownership, harmonization, alignment, managing for results and mutual accountability) (Vientiane Declaration on Aid Effective 2006) to a new partnership for effective development cooperation in 2015 by a formal adoption of a Vientiane Declaration on Partnership for Effective Development Cooperation (the Vientiane Declaration II or the Vientiane Partnership Declaration 2015-2025).

- The Vientiane Partnership Declaration modifies the five existing principles of the Vientiane Declaration (2006)
- It additionally captures three more principles of the 2015 Mexico High Level Meeting Communiqué.
- The new Declaration also reinforces the content of the Addis Ababa Action Agenda (AAAA) of the Third International Conference for financing the global sustainable development agenda adopted in July 2015.
- The Declaration represents a shared recognition between the Government and the Partners on enhancing the partnership for effective development cooperation in the Lao PDR.

In 2016, the VD Country Action Plan (CAP) was developed to guide the implementation of the Vientiane Declaration. The VDCAP identifies concrete 14 time-bound actions that will be reviewed and reported in line with that of the global monitoring survey on global partnership for effective development (monitoring against 10 global indicators) which is carried every two years.

While this Declaration and the CAP do not constitute legally binding instruments, they represent a shared recognition between the Government and the Partners to further strengthen partnerships for greater development results.

1.1 Vientiane Declaration on Aid Effectiveness

In 2006, the Government of Lao PDR (“the Government”) and its Development Partners (“the Partners”) signed the Vientiane Declaration on Aid Effectiveness (“VD”), Lao PDR’s localised version of the Paris Declaration.¹ Though not a legally binding instrument, this VD represented the shared recognition of the Government and the Partners of the importance of enhancing the effectiveness of Official Development Assistance (ODA) in Lao PDR. The VD reflected the ambitions and structure of the Paris Declaration and built on the unique circumstances and experiences of Lao PDR. The Declaration also laid the foundation for deepening a partnership between the Government and the Partners rooted in the core principles of aid effectiveness.

The Vientiane Declaration Country Action Plan (“VDCAP”) followed in 2007 and was subsequently revised in 2012. The VDCAP represented the practical articulation of the VD and laid out actions guided by the five underlying principles of the Paris Declaration: ownership, alignment, harmonisation, managing for results, and mutual accountability. The revised VDCAP’s targets and indicators also reflected subsequent international dialogue and agreements around good practices for development cooperation, including the Busan Partnership for Effective Development Cooperation.

1.2 From 2011 to 2014 - Transition period from aid effective to partnership for effective Development Cooperation: Busan Core Statement (2011) and Mexico Communiqué (2014)

At the global level, the transition was done in 2011 at the Fourth High-Level Forum on Aid Effectiveness (HLF-4), Busan – Republic of Korea where the Global Partnership for Effective

¹ The VD was signed by the Government and 22 development partners at the 9th High Level Round Table Meeting in November 2006 in Vientiane. It was subsequently signed by an additional 3 development partners in 2007.

Development Cooperation was launched. It embodies the shift from aid effectiveness (Paris Declaration 2005) to partnership for effective development cooperation.

Then in 2014, the Busan principles for effective development cooperation are reaffirmed at the First High-Level Meeting of the Global Partnership for Effective Development Cooperation, Mexico where the Mexico Communiqué was developed. The Communiqué contains actions which have been agreed on the priority themes of domestic resources mobilization, middle-income countries, business as a partner, South–South cooperation, triangular cooperation, and knowledge sharing.

1.3 From 2015 – now – initial start of mobilizing all sorts of finance and support: Addis Ababa Action Agenda (2015)

In July 2015, a global framework for financing development post-2015 (Addis Ababa Action Agenda (AAAA)) has been adopted in Addis Ababa, Ethiopia. This AAAA has marked an important shift in emphasis. The agenda has driven a paradigm shift in thinking about development finance, whereby official aid needs to be used strategically to catalyze public and private sector investments and to mobilize additional private capital.

1.4 Vientiane Declaration on Partnerships for Effective Development Cooperation

The Declaration, signed by the Government and more than 30 development partners after the Global Partnership for Effective Development Cooperation’s first high-level meeting in 2015, was a signal to renew commitments to effective co-operation principles and work towards the global 2030 Agenda. It reflected lessons learned from the previous partnership mechanism (2006 Declaration) and added the importance of working with emerging donors, private sector, civil society and Southern partners. Most importantly, it stressed a more diverse and equal partnership, over bilateral donor-recipient type of approaches, a core principle of effective development co-operation. The Declaration also aligned strongly with elements of the SDG 16 on building peaceful and inclusive societies and with SDG 17 on partnerships.² To guide the implementation of the

The Declaration as well as the design and implementation of subsequent national development plans and processes, such as 8th National Socio-Economic Development Plan (NSEDP 2016-2020) and 9th NSEDP (2021-2025), 10-year Socio-Economic Development Strategy (2016-2025) and the National Vision 2030, form a broad development framework to guide an inclusive dialogue mechanism Round Table Process.³ This structured partnership mechanism is coupled with Laos’ 10 Sector Working Groups have greatly contributed to development effectiveness.

The Government and its Development Partners adopted the VDCAP monitoring framework which supports the national accountability for making progress in the implementation of 14 commitments/actions highlighted in the VDCAP (2015-2025). Indicators and targets are formed to ensure that all stakeholders work together to advance partnerships for effective development cooperation in Lao PDR. This VDCAP monitoring framework’s aim is not to monitor development outcomes, but it places emphasis on behaviour change in development co-operation efforts, which is in turn expected to contribute to the achievement of results as defined in the 8th NSEDP and 9th NSEDP including the LDC graduation and Sustainable Development Goals and beyond. The monitoring framework pays great attention to the role of the National and the Provincial Peoples Assemblies who have been playing an increasingly important oversight function on the effectiveness and sustainability of development in all sectors. Similar to the global monitoring framework on effective development cooperation, participation in the VDCAP monitoring efforts is important to provide evidence of progress and signal opportunities as well as obstacles for further progress.

² Lao PDR case study: Aligning development finance and cooperation with national development results

³ [New Partnership Declaration to guide development action in Lao PDR to 2025](#)

1.5 Desk Review

This desk review aims to summarise the achievements and the lessons learnt since the adoption of the Declaration during the 12th High Level Round Table Meeting (20215). The primary purpose of the review is to reflect on the successes and challenges during the last five years (2015-2020) within the framework of the 8th NSEDP in order to identify what need to be done for further enhancing effective development cooperation in the country in light of the implementation of the new national socio-economic development plan (9th NSEDP 2021-2025). The key findings for the review are based on various monitoring and survey reports produced during the course of implementation, including the 2019 global survey on effective development cooperation, 2019 mutual accountability survey, and other relevant reports.

Currently, Department of International Cooperation/Ministry of Planning and Investment has integrated the 14 key VDCAP indicators into the Lao PDR Official Development Assistance Management Information System (ODAMIS). Data collection against these VDCAP indicators has been rolled out mid-2021. While statistical updates on the progress of the 14 action areas of the VDCAP will be available late 2022, the information in this mid-term desk review highlights progress on each principle of the Vientiane Declaration on Partnership for Effective Development Cooperation.

1.6 Supporting Documents

The key supporting documents reviewed for this assessment include:

- Foreign Aid Implementation Report (FAIR) – 2016, 2017, 2018, 2019
- Global monitoring survey on effective development cooperation (2019)
- Mutual accountability survey (2019)
- RTM Background Document 2015
- RTIM Background Documents (2016, 2017,2018 and 2019)
- Busan Partnership for Effective Development Cooperation (2011)
- Paris Declaration Monitoring Survey 2008 and 2011
- A Snapshot of the Implementation of the VDCAP (2012-2015)
- Vientiane Declaration on Aid Effectiveness (2006)

II. Key principles, evidence of progress, and challenges in implementing the VD and VDCAP

2.1 Ownership

2.1.1 Key progress

In the context of the VDCAP (2015-2025), high-quality, inclusive and results-oriented development strategies are critical for countries' ownership over their development and the implementation of the 2030 Agenda and the Sustainable Development Goals (SDGs).

The result of the 2019 Global Survey on Partnership for Effective Development Cooperation shows that the quality of national development planning in Lao PDR is high (87%) compared to 79% for all LDC countries. This global assessment on the national development strategy and results framework focuses on four key dimensions:

1. Lao PDR has defined priorities, targets and indicators as specified in the 8th NSEDP
2. The 8th NSEDP also includes budget/costing information
3. Goals and objectives of the 8th NSEDP align with SDGs and their indicators are linked
4. 8th NSEDP reporting has been done on a regular basis

Outcome and output plans. During the VDCAP timeframe, two NSEDP were prepared (8th NSEDP (2016-2020) and 9th NSEDP (2021-2025)). Both plans were prepared based on the Result Based practices focusing on outcomes and output. These form the national development agenda which has a clear link to SDGs, LDC graduation criteria, and Green Growth. An attempt to create a synergy across national, sectoral and provincial aspects. Both 8th and 9th NSEDPs have also been linked to the Government's long-term vision 2030 and are consolidated from sectoral strategies/plans developed with contributions from all 10 Sector Working Groups. The creation of the SWG mechanism has also helped improving collaboration between the Government and the Partners. Chaired by the relevant Government ministries, each SWG now plays a meaningful role in supporting the preparation of the sector development plans fed into 8th NSEDP and 9th NSEDP formulation, implementation and review, especially ensuring that sector priorities are reflected in national plans.

Adoption of M&E framework. Currently, around 80% of the SDG indicators are linked with the NSEDP M&E framework (60% under the 8th NSEDP (92 out of 160 indicators) and around 20% for the 9th NSEDP M&E framework (around 35 out of 170 indicators). Coordination of the Monitoring & Evaluation (M&E) framework has now been carried out in a more systematic manner, led by MPI. In particular, the national M&E system tracks NSEDP input, output and outcome indicators, which are a part of the sector ministries' work plans.

Reporting against indicators and targets. From the experience of the 8th NSEDP, reporting on key national development results has been done on a regular basis. For the first time, the mid-term of the 8th NSEDP focused on progress toward indicators and targets rather than descriptive analysis like it used to be under the previous development plans. As a follow-up from this mid-term review, MPI has been putting more efforts on collecting periodic reports (monthly, quarterly, semi-annual and annual) from line ministries, central and sub-national agencies (provinces, districts and villages) to gather information on progress. Summary reports are then produced for submission to the government and the National Assembly, as well as for discussion in the SWGs and presentation at the Round Table Meetings (RTMs) and the annual Round Table Implementation Meetings (RTIMs).

A priority-setting framework to create a better link between planning and budgetary process. During the 8th NSEDP implementation period, the Government undertook some key measures to strengthen the links between the plan and the development budget, and to improve coordination between the latter and the recurrent budget. This includes, for example, approving Budget

Preparation Instructions stipulating that public expenditure must adhere to the budget plan approved by the NA. This instruction represents Government's commitment to curb spending beyond the NA's approval parameters that may dilute the focus on national priorities. The Government also introduced regulations stipulating that sectors and local authorities are only allowed to implement public investment projects endorsed by the NA and for the provincial level up to a certain amount by the respective PPA. Meanwhile, at the operational level, the Government with support from partners has been reviewing the Government Finance Information System (GFIS) and developing the Financial Management Information System (FMIS). Businesses have also been encouraged to adhere to the VAT system. The government has also carried out Public Expenditure Financial Accountability Assessment (PEFA). At the strategic level, the Public Finance Development Strategy to 2025 is a critical plan to promote better budgeting and planning processes.

The development of the 9th NSEDP financing strategy. Based on the experience of the 8th NSEDP, an attempt by MPI has been on-going to cost 9th NSEDP and identify different financial options to ensure the implementation of the plan from 2021-2015. This has been considered as the right move toward fully adoption of result based planning (outcome-output based plans, and clear and practical implementation arrangement (M&E and financing strategy).

2.1.2 Implementation challenges and lessons learnt

Common understanding of M&E framework and result based planning across stakeholders at national, sectoral and provincial levels. To ensure that the Government and all stakeholders in Lao PDR work towards common development results, transparent national results frameworks and platforms will need to be adopted as a common tool among all concerned actors to assess performance. They should be based on a manageable number of output and outcome indicators drawn from country's development priorities and goals. In this regard, using additional frameworks and the introduction of performance indicators that are not consistent with national development strategies should be avoided. Digitalization of the M&E framework could also be carried out to facilitate real time data collection, analysis and reporting. At the same time, greater efforts are urgently needed to address issues of technical and human capacity for collating, processing and analyzing robust data. In particular, progress and implementation of the national development agenda will be scrutinized regularly by the NA /PPAs and its respective Committees.

While the 9th NSEDP provides an overall development framework, challenges remain for coordinating government-wide and sectoral plans and ensuring budget allocation to prioritized development priorities and programs in according to the 9th NSEDP financing strategy. Some of key actions identified during in moving forward include:

- Emphasis on greater integration between planning, financing, and monitoring and evaluation, building on ongoing PFM reform initiatives.
- Strengthening the consistency of ministerial annual development plans including those at the provincial level and their linkages with each other and the NSEDP, such as the possibility of standardizing annual plans that link activities to financing.
- Improving technical coordination and information sharing between ministries and the national and sub-national legislative and executive bodies for greater coherence at both national and provincial levels.
- Introduce better tracking of financial need, planned and approved budgets, and spending, taking advantage of good practices in selected ministries to model practices in a phased manner across government.

Greater consistency in ministerial sectoral plans – Although ministerial development plans are common place and there are linkages between them and the overall NSEDP, they are not uniform in nature, with some detailing an planned implementation framework of activities alongside costed estimates for development actors (e.g. National Agricultural Biodiversity Programme), other listing

activities and overall costed need (e.g. ministry of education) and other only listing planned activities (e.g. Ministry of Agriculture). Given sectoral plans importance not only to overall development planning, but also to guide financing allocations (budgetary and wider financing) the government may want to consider moving to standardise these plans towards best practise examples where activities are linked to financing.

2.2 Alignment

2.2.1 Key progress

Development partner alignment to country-led development priorities is at the heart of country ownership. Global Partnership monitoring assesses whether interventions:

- i. draw objectives from national development strategies;
- ii. draw indicators from country results frameworks;
- iii. use government data and statistics for monitoring;
- iv. involve government in evaluations.

The first three elements provide the official data to report on SDG indicator 17.15.1. In Lao PDR, development partners align to country priorities to a medium extent (65% - SDG indicator 17.15.1).

Table 2.2.1 - DPs' alignment with national development priorities

DPs' alignment with national development priorities	Global survey (Lao Scores)		Average LDCs
	2017	2019	2019
Objectives	95%	96%	83%
Indicators	63%	57%	63%
Data	56%	41%	52%
Joint evaluation	92%	94%	60%

To move this alignment agenda forward, two key actions (aid on budget and use of country systems) that needs to happen.

First, ODA and Other Official Flows are on budgets which are endorsed by the National Assembly. The share of development co-operation recorded on budgets subject to parliamentary scrutiny is 24% (2019 Global Survey) (19% - 2017 Global Survey).

Second, it envisioned that Government—with support from the Partners—would strengthen the country systems in four areas (i. budget execution, ii. financial reporting, iii. audit and iv. procurement) and that the Partners would increasingly use these strengthened regulations and procedures of the country systems. Development partners' use of these systems to deliver co-operation both lowers transaction costs but also helps to accelerate their strengthening. In Lao PDR, use of country PFM systems is at 42%. The breakdown of the use of country systems is highlighted as per the Table 2.2.2 below.

Table 2.2.2 – DP's use of country systems

DP's use of country systems	Global survey (Lao score)		Average LDCs
	2017	2019	2019
Use of country's public financial management systems	22%	42%	48%
• Use of country's budget execution procedures	27%	47%	49%
• Use of country's financial reporting procedures	22%	63%	46%
• Use of country's auditing procedures	19%	28%	52%
• Use of country's procurement systems	21%	31%	45%

High level of alignment at strategic level. There is evidence of the Partners aligning strategies and

programmes with the NSEDP. For example, all 38 respondents in the 2019 Global Survey stated that their strategies and programmes were aligned with the NSEDP.

The Public Expenditure and Financial Accountability (PEFA) Assessment. The Government is working toward the improvement of public sector management, initiatives that can help enhance Partner confidence in using national systems. Lao PDR with World Bank published PEFA report in 2019. recent update on this work which will be made available in 2021 will inform the annual report of the VDCAP implementation which will be carried out in 2022 . The PEFA exercise assesses various elements (Budget reliability; Transparency of Public Finance; Management of Assets and Liabilities; Policy-based fiscal strategy and budgeting; Predictability and Control in budget execution; Accounting, Recording & Reporting; and External Scrutiny & Audit) based on 31 indicators of core PFM performance. The PEFA highlights

- only 3 indicators scored either “A” or “B”, scores considered above the basic alignment with good practice (Budget reliability (1 indicator) and (predictability and control in budget execution (2 indicators)).
- 5 indicators scored “C” which meets basic alignment with the standards
- 23 indicators scored “D” which are considered weak performance

Table 2.2.3: Summary of PEFA scores by pillar

Core of PFM Performance	Performance Indicators	Score					Total Indicators
		NA	A	B/B+	C/C+	D/D+	
Budget reliability	PI-1 to PI-3		1			2	3
Transparency of Public Finance	PI-4 to PI-9	1			1	4	6
Management of Assets and Liabilities	PI-10 to PI-13					4	4
Policy-based fiscal strategy and budgeting	PI-14 to PI-18				1	4	5
Predictability and Control in budget execution	PI-19 to PI-26			2		6	8
Accounting, Recording and Reporting	PI-27 to PI-29				1	2	3
External Scrutiny and Audit	PI-31 to PI-31				1	1	2
Total		1	1	2	5	23	31

Source: WB PEFA 2019

Note – Update information on Lao performance will be made available late 2021 and it will be featured in the VDCAP annual report to be carried out in 2022.

2.2.2 Implementation challenges and lessons learnt related to alignment

With a low aid on budget sitting around 24%, more progress is needed to further strengthen implementation capacity and coordination mechanisms for the Public Finance Management Strengthening Programme (PFMSP). There is a need for further Government efforts to develop comprehensive and transparent reporting on aid/its use and the transparent national budget to help the Partners align aid flows with national development priorities. Progress on PFMSP has been slowed due to limited financial resources and implementation capacity. In particular, more effort is needed to accelerate the work to support the implementation of the 2030 vision and the strategic development plan for public finance until 2025 with a focus on reform to ensure the effectiveness of public finance management based on transparency, integrity and auditability. Efforts will also be made on improving revenue and budget systems for addressing the challenge of low levels of domestic revenue and the difficulties in aligning public expenditures with the national development plan and related limited capacity for implementation.

Aid management is crucial to achieving greater progress towards alignment. Different aid

modalities have different implications for putting aid on budget. However, limited management capacity for a central ODA database (ODAMIS) has made it difficult to predict, track and align ODA behind national priorities. Even though ODA report has been published by MPI on annual basis, data and figure is not going through rigorous validation with the global database managed by OECD. To ensure further effective development cooperation in this regard, it is important that the ODAMIS, and especially the quality of its data, is strengthened. In particular, if the usefulness of the ODAMIS is well articulated, relevant stakeholders are more likely to commit to provide accurate, standardised and regular inputs to the ODAMIS. The Government could commit to develop and implement quality assurance mechanisms. Therefore, more analytical work is required in this area, especially on the regulatory requirements to report on all ODA (irrespective of whether it passes through Government or through other channels). A full comprehensive study/review on the requirements of all stakeholders and the quality of information on aid flows would help. In particular, it is necessary that Development Partners report in detail about the overall committed funding including 'overhead' and other resources directly utilized by Development Partners. This will help ensure the transparent record of all ODA figures both directly implemented through the Government or via Partner's own mechanism.

Concerns also remain among the Partners regarding the reliability of country PFM systems and have limited their use by the Partners. The Government is examining additional ways of establishing coordinated systems for procurement capacity building and the monitoring of procurement performance and outcomes. However, substantial reforms need to be undertaken in order to improve the quality of procurement systems to ultimately increase confidence in national systems. Reasons for slow adoption of country systems include weak capacity of line ministries in budget execution and financial reporting. In some cases, the Government systems are not fully functional and both Government and Partners lack confidence.

The use and strengthening of country systems should be placed within the overall context of national capacity development for sustainable outcomes. To ensure the use of country systems, the Government and the Partners will need to jointly assess key country systems, using mutually agreed diagnostic tools. Based on the results of these assessments, a decision could be made to decide on the extent to which the Partners can use country systems.

2.3 Harmonisation and Simplicity

2.3.1 Key progress

Harmonisation of aid delivery procedures and the adoption of common arrangements help reduce duplication of procedures and lower the transaction costs associated with aid management. To support harmonisation, the VD focused on the Government and the Partner efforts to increase the use of common arrangements, including through Programme Based Approaches (PBAs) and Sector Wide Approaches (SWAp); and the conduct of joint missions and coordination of analytical work.

Quantitative data on share of joint mission and other analytical work by Development Partners has not been systematically recorded. However, from the 2019 global survey, percentage of joint evaluation by DPs and the Government is very high compared to other LDC countries which is around 94%.

Table 2.3.1 – DPs's joint evaluation.

DPs' joint evaluation	Lao score	Average LDCs
Joint evaluation	94%	60%

Some of the basic building blocks of PBAs and SWAp are currently in place. For instance, comprehensive sector or programme strategies have been developed by various SWGs and others and progress has been made towards PBAs in sectors such as UXO, trade and private sector, education, health, agriculture and rural development, governance, food and nutrition security and

public financial management.

Efforts to coordinate and facilitate joint missions have mainly taken place within 'like-minded' groups of donors, for example within the European donors' group, IFIs or UN agencies. Co-ordination has been based around joint programming and joint portfolio review. Best practices are available in Lao PDR and they should be widely shared and exchanged across various partners. SWGs provide a good platform for this information sharing.

2.3.2 Implementation challenges and lessons learnt

There are many different approaches and modalities that can make more wide use of PBAs, and harmonization takes place at various levels. At one level, the partner country is responsible for defining clear, country owned programmes (e.g. a sector programme or strategy) and establishing a single budgetary framework that captures all resources (both domestic and external). At another level, the Partners are responsible for taking steps to use local systems for programme design and implementation, financial arrangement, monitoring and evaluation. Finally, the Partners and donors are jointly responsible for donor co-ordination and the harmonization of donor procedures.

Line ministries, the Partners and other stakeholders in Lao PDR do not share a common understanding of PBAs. Global survey carried out in 2016 on the implication of PBAs highlighted that rapid moves towards PBAs should not be attempted lightly, but that discrete steps can be taken to align donors' policies and financing behind nationally owned sector strategies. The key challenge, however, is to develop a broad common understanding of PBA principles and opportunities. In light of the modest increase in the use of PBAs in Lao PDR, further efforts will be needed. Specifically, clear and well-defined criteria for the development of PBAs and Sector Wide Approaches (SWAs) based on the OECD-DAC guidelines need to be documented and tailored to the Lao conditions in order to ensure the common understanding across stakeholders. SWG could be a platform to promote PBAs and SWAs.

Complementarity and a division of labour. In order to reduce aid fragmentation, the Government recognises the benefits of more joined-up programming, co-financing and delegated cooperation arrangements - including the benefit of PBAs. However, actively promoting complementarity and a division of labour approach across sectors has not yet been done in a coordinated manner. The SWG secretariats are also insufficiently resourced in terms of their ability to further facilitate this work.

The SWGs are an appropriate mechanism to ensure relevance and coordination of analytical work. Therefore, one of the indicators/outputs of each SWG should be contributing to the efforts of joint analytical work in support the implementation of the 8th NSEDP. The use of a web-based information exchange portal may be used to facilitate the joint analytical work and research. It is recommended to consider loose and tight structure of SWG in order to deal with completing and emerging issues of the sector. In the time of COVID19 and other emergencies, loose structure will be more appropriate. The discussion about this will be carried out in coming year months.

Delegation of power from HQ to country offices. In term of joint programming and joint efforts, at strategic level, most national and international partners at the sector level have strong commitment to create synergies across various issues and have joint work plan and objectives. However, when it comes down to implementation, it is a challenging task due to reporting requirements imposed by HQs and donor requirements.

2.4 Inclusive Partnership for Development Results

2.4.1 Key progress

Recognising that successful development efforts require the inclusive and equitable participation of all actors and the 2030 Agenda calls for collective action by the whole of society. The VDCAP explicitly highlight three key actions which contribute to the inclusive partnership for development results.

1. Enhancing capacities of the National Assembly (NA) including the newly established Provincial People's Assembly (PPA) to approve and monitor national development plans and budget for greater development results
2. Advancement of the Round Table Process including SWGs - moving towards greater partnership for effective development cooperation
3. Reviewing legal and regulatory frameworks for NPAs and INGOs as necessary and improving engagement of NPAs and INGOs in national and provincial development planning and coordination, including the implementation and reporting of development results in accordance to the national legal and regulatory framework

The integration of the 2030 Sustainable Development and Multi-Stakeholder Partnership (MSP). The integration of the 2030 agenda and NSEDP has also meant changes for the latter, since the planning process (formulation, implementation and monitoring) has now to be based on SDG Multi-Stakeholder Partnership (MSP) framework.

- First, the planning process is now more transparent. The Government now shares with donors, provinces and the public information on how the NSEDP is formulated, implemented and monitored. Annual and mid-term progress reports are also publicly available and there is media coverage of what the Government annually reports to the National Assembly. Selected donors are also invited to be observers during this National Assembly sessions.
- Second, the planning process is now more participatory. During the preparation of the most recent plans – 8th NSEDP 2016-2020 and 9th NSEDP 2021-2025, three regional consultations (one for the north, one for the south and another one for the central provinces) were organized to come up with a first draft. Most participants for these regional consultations were representatives from national line ministries and provincial offices. This draft was shared with the sector working groups for comments and inputs. This gives not only donors, but also line ministries, provinces, and selected international and national NGOs an opportunity to comment.
- Third, the planning process is now managed by a national taskforce, rather than by the Department of Planning within Ministry of Planning and Investment (MPI) as it used to be. Led by MPI, 'the national taskforce for the preparation of the national five-year plan' consists of all line Ministries, the Ministry of Finance, and the Ministry of Foreign Affairs. Fourth, the content of the plan also changed. The new plan (9th NSEDP] took on the poverty reduction metric of the growth strategy, shifting from a traditional input-output framework to an outcome-oriented, policy-based approach.

Development cooperation in Lao PDR is evolving toward greater and more diverse partnerships as the Government has advanced and enlarged the space for stakeholders. There are various channels and forums for participation, which range from indirect channels through representative institutions such as the National Assembly to the mass organizations and formal business associations.

- Participation also takes place through other interest groups, including CSOs, the media, and other forms of communication.
- At the national level, Round Table Process is a platform for an engagement of all national, sectoral, provincial and international stakeholders including private sector, CSOs, academia, and others to engage in the policy dialogues which have implications for the SDG implementation in the country.
- At sectoral level, 10 Sector Working Groups (SWGs) have been formulated to ensure participation of all stakeholders in sectoral consultations to take SDG based national development agenda forward. Through these arrangements, the National SDG Secretariat has been able to seek contribution, inputs, and feedbacks from various types of partners at different levels for the preparation of the VNR and the SDG implementation.

Governments and civil society have diverging views on the enabling environment for CSOs. Enabling environment for civil society organisations was reported during the 2019 Global Survey as basic by government representatives and moderate by civil society organisations show (Figure 2.4.1) commonality is the areas of space for CSO dialogue and legal and regulatory framework but different views on CSO development effectiveness and development cooperation with CSO.

Figure 2.4.1 – Perceptions on enabling environment for civil society engagement in Lao PDR



2.4.2 Implementation challenges and lessons learnt

While there have been numerous positive developments related to the planning process, challenges remain in instituting broad-based and robust consultation mechanisms. Co-ordination structures and processes will need to be made more effective, including through further efforts to widen stakeholder participation to include INGOs, NPAs, south-south partners and the private sector. While these partners are invited to participate in and contribute to cooperation and planning initiatives and many report good cooperation with Government, especially at the local level, more space can be given to make sure these groups can make a more meaningful contribution to Lao’s national development planning. There is also a difference in the level of involvement and participation of the different stakeholders, with INGOs having been more involved throughout the VD period in national development planning and NPAs more recently and moving toward systematic engagement.

Consultations with INGOs and NPAs have been carried out more often than in a few years back, but these consultations could be more effective. More partners from INGOs and NPAs have participated in the national planning process at national (RTP), sectoral (SWGs) and provincial level (provincial DIC units). Their engagement has been providing useful contributions to further advance of the national development agenda. However, more could be done in term of monitoring and reporting on outputs and outcomes of contributions from these partners. In addition, the MOU approval process is an area that need further attention and to be streamlined in order to ensure maximization of contributions made by both INGOs and NPAs.

Round Table Process has been evolving with the changing development co-operation landscape. The ambition of the 2030 Agenda has ignited a shift from a whole-of-government to a whole-of society approach to development. The Government is leading development efforts, complemented by support from an increasingly diverse set of development partners. With a wider variety of development financing also available and a wider range of stakeholders engaged in development activities, it is necessary that are rethinking and adapting traditional development

cooperation/coordination mechanism to be more inclusive – moving from representation way of cooperation to more active engagement and providing constructive feedbacks by not only traditional partners but also those who are not part of the OECD DAC.

For development cooperation at sectoral and provincial level, there is a recognition from various partners that **there is an under-investment in the core capacity of ministries to manage SWGs effectively**. In particular, the role of national SWG secretariat needs to be strengthened to ensure that information flow between chairs and co-chairs of SWGs is systematically managed to facilitate common understanding across members. Resources from partner supported projects and programmes could be reallocated to ensure that the overall coherence and coordination functions are adequately maintained. Those SWGs where there has been higher investment in staff and finance are seen as having been most effective such as health, education, governance, and UXO. In this regard, a recommendation is to carry out capacity assessment for all SWGs and Sub-Sector Working Groups. This assessment could then be feed into the overall national mechanism of the effective development cooperation. Increased attention is also needed to further expand decentralisation and to develop aid coordination processes and mechanisms at the local level. Therefore, structural shifts will be made and they will take time.

In addition to resource allocation, **there are other improvements that can help make SWGs more effective tools of collaboration**. For example, there is scope to improve coordination between Ministry of Planning and Investment (MPI) and line ministries to help ensure sector level inputs are systematically reflected in the NSEDPs. SWGs have also not always submitted timely sectoral progress reports. For example, the 2019 and 2020 implementation review found that none of the 10 SWGs submitted progress reports by the DIC/MPI deadline. There are a few reasons why this is the case. One of them is about clear communication that is much needed. More individual technical meetings with SWG secretariat are recommended as a good exercise to explain various aspects of the RTM/RTIM and expectations needed from SWGs. Monitoring at the sector level can also be improved as there the quality and consistency of SWG monitoring processes varies. Participation of other stakeholders such as INGOs, NPAs, South-South partners and private sector in SWGs also remains limited in some cases. More regular SWG meetings could be organised, for instance, quarterly SWG meetings, and monthly DP coordination meetings.

2.5 Predictability, Transparency and Mutual Accountability

2.5.1 Key progress

High-quality and timely information on development co-operation helps governments in planning and managing resources for results and can guide development partners in coordinating their support with other providers, as to avoid fragmentation and duplication of efforts. In Lao PDR, **annual predictability of development co-operation is regarded as still low** as only 70% of co-operation disbursed as scheduled in 2019 (average for LDCs is 84%). For **the medium-term predictability is too low**, with 32% of co-operation (average for LDCs 66%) available in forward looking expenditure plans for the next three years.

In recent years, more data and figures on various sources of development finance are available through websites and official accounts of ministries concerned. The publication of the DFAA report in 2017 and the upcoming one (to be published early 2022) highlight a commitment of the Government toward greater transparency of development finance. Specifically, on ODA and Other Official Flows, homegrown database “ODAMIS” has been established and it generates basic information on development cooperation (ODA figures from development partners in simple term and allocation by sector in accordance to SDGs) which is highlighted in the Government annual ODA report. There is also an attempt, building on experience of LaoInfo and SDG open platform, to create a centralised platform to consolidate various sources of data on national, sectoral and provincial development data.

On mutual accountability mechanisms, Lao PDR has four out of five components in place as reported during the 2019 Mutual Accountability Survey: i) Comprehensive policy framework for development co-operation, ii) Country-level targets for government and development partners, iii) Assessments are inclusive and involve non-state actors and iv) Timely, publicly available results of assessments. The component that Lao PDR seems lacking is a regular joint assessment of progress. The Vientiane Partnership Declaration is the main vehicle for mutual accountability, which is further operationalized through the round table process and sector working groups. If implemented well, it might also accelerate progress toward those indicators requiring most attention, especially the use of country systems and predictability. These elements are already stressed by the Vientiane Partnership Declaration and might further benefit from the increasing inclusiveness towards non-traditional actors such as South-South partners, CSOs and the private sector.

2.5.2 Implementation challenges and lessons learnt

Mutual accountability for results should be at the centre of the shared agenda where clearly defined commitments on both sides (the Government and the Partners), the rules of engagement and how progress will be monitored can be included. In this regard, to hold each other accountable, vision and priorities for aid management and how aid fits into its broader development efforts should be clearly spelt out. This could be contained in an aid policy document, a joint assistance strategy or another tool that identifies the Government's priorities on how donors should engage.

To ensure greater mutual accountability, the Government and its stakeholders will need to work together to increase the predictability and transparency of development financing. To this effect, there is a need to rethink what aid should be spent on and how, in ways that are consistent with agreed international rights, norms and standards, so that aid catalyses development. Both the Partners and the Government recognise that aid is only part of the solution to development. The shift from aid effectiveness to the challenges of effective development calls for a framework and predictable plans for not only aid but other forms of cooperation.

Improving the transparency and quality of budgetary information leading up to greater mutual accountability – Whilst the government is currently undertaking a number of reforms in regard to public financial management, both within the Ministry of Finance and at the ministerial level, development partners have outlined the difficulty in accessing budgetary information and having a detailed understanding about what programs and activities the government is prioritising over the short and medium. To facilitate greater dialogue and aid development partner planning, the government should continue its reform processes and ensure that public finance information is available and accessible in a timely manner. On the Partner side, providing regular, accurate and timely information on aid activities is an important step to contribute to transparency and mutual accountability.

It is important to assure that mutual accountability supports rather than undercuts domestic accountability institutions. But domestic accountability and mutual accountability can reinforce each other. For instance, one way of linking mutual and domestic accountability is to support meaningful and adequate involvement, as appropriate, of domestic stakeholders in joint technical working groups, budget support reviews, sector reviews, and monitoring of national development strategies and aid policies. Despite progress in widening participation to a broader group of stakeholders, there is still room to enhance substantive engagement by diverse stakeholders—including in the RTP.

Mutual accountability is unlikely to be achieved through one mechanism or forum but instead requires an integrated network of relationships, commitments and accountability systems. Country performances are often scrutinised extensively in various sector and budget review processes where there is little or no room to discuss donor performance and behaviour. Partners can engage at different levels to make the partnership more mutual. There is a perception among some key stakeholders that parallel PIUs ensure a stable mechanism for accountability, provide greater

flexibility and enable government project officials to take risks and be innovative, which would not otherwise be possible within a Government structure.

Regarding the predictability of assistance, it is important to ensure accuracy of ODA dataset. This requires major efforts to collect, analyse and report on overall aid picture in the country. Bearing in mind that accurate ODA figures can actually lead to higher level of aid predictability. Digitalization of ODAMIS could be considered in order to facilitate easy access and validation.

2.6 Domestic Resource Mobilization

Domestic resource mobilization within the VD framework refers to ensuring adequate mobilization of government revenues which is required for leveraging development cooperation funds for investments in various development activities.

The reduced government fiscal space has meant that mainly social sectors important to leaving no-one behind have seen levels of planning government expenditure drop. Therefore, action on government contribution to leverage development cooperation face a huge challenge. There is an on-going discussion over a mechanism to quantify government contribution (percentage) for development activities funded by providers of development cooperation. However, a plan on this work will be developed at a later stage.

While most Government contribution to development projects/programmes is in kind, initial discussion with the Government has been made to identify if Government's contribution could be at minimal level in cash. The current programme that the Government's contribution is in cash is the support from the Global Fund. Some other key programmes that are on final discussions are those relating to environmental and natural resource management, transportation and public work. The discussion has also been made on the support of partners could also be linked to the Government's Public Investment Programme (PIP) which will help ensure greater ownership and service delivery at local levels.

2.7 South-South Cooperation, Triangular Cooperation and Knowledge Sharing

2.7.1 Key progress

Within the context of Vientiane Declaration, the Government and Partners have agreed to work together on improving understanding on the nature and modalities of south-south cooperation partners and their significant participation in development cooperation management through a clear coordination and reporting mechanism. Therefore, efforts for the last few years since the VD adoption have been on sharing information and current thinking on South-South and Triangular Cooperation.

On the information sharing, ODA figures from south-south partners like China, Vietnam, Thailand and India are recently available even though the information is not standardised in accordance to those reported by traditional development partners and is recorded in various forms by different counterparts. However, efforts have been made by MPI to consolidate and configure information from South-South partners through the recently established ODAMIS.

In term of common understanding of the South-South Cooperation (SSC) and Triangular Cooperation (TrC), the history of SSC in Lao PDR dated back to the 1970s when Laos engaged in SSC with Vietnam and subsequently joined sub-regional economic cooperation in the Greater Mekong and ASEAN region. Laos has seen more engagement with SS partners particularly China, Thailand, Vietnam and India. The main coordinators for SSC and TrC currently are the Ministry of Investment and Planning and Ministry of Foreign Affairs. Capacity building is ongoing to further enhance SSC and TrC and to ensure a comprehensive national approach, national ownership, learning and sustainability, information management and inclusive partnership. The country is in the process of building and strengthening an institutional arrangement and monitoring mechanism for SSC and TrC. This will be achieved through

exploring key strategic action areas and initiatives for SSC and TrC, strengthening of institution and coordination between entities, and development of national capacity.

2.7.2 Implementation challenges and lessons learnt

There is no one-size-fits-all approach. A **comprehensive national approach to South-South and Triangular Cooperation**, including a clear process and content, is crucial. This should be guided and supported by a comprehensive national roadmap, a strong institutional setup and clear arrangements. It is also important to ensure all partners understand the core concepts and modalities, particularly on how to implement, monitor, and assess development impacts. At provincial level, full participation and engagement of local authorities is important to ensure South-South and Triangular Cooperation benefits the local level as well.

National ownership is key for enhancing the effectiveness of South-South and Triangular Cooperation programmes and initiatives. Lao PDR will need to ensure alignment to national systems and development priorities. South-South and Triangular Cooperation has to be demand-driven.

Horizontality and solidarity. South-South and Triangular Cooperation requires that countries collaborate with each other as equal partners. This means that, irrespective of their different levels of development, collaboration is established voluntarily without any party linking its participation to the setting of conditions. South-South Cooperation is based on consensus between all partners involved, within a common negotiation framework, and through mixed commissions or their equivalent. It is important the benefits are distributed equitably among partners.

Capacity development, learning and sustainability. Engaging in South-South and Triangular Cooperation required enhanced capacities to help establish supply and demand, improve modalities of cooperation, and better seize opportunities for knowledge and technology transfer. Where possible, local systems, expertise and resources should be used, to ensure sustainability.

Transparency, accountability and information management. South-South and Triangular Cooperation works best when all partners involved have the right information and data. This will prevent overlaps, facilitate greater complementary and reduce transaction costs. Information-sharing thus needs to be improved to ensure better quality and results.

Inclusive partnerships. It has been demonstrated that South-South and Triangular Cooperation leads to good development results when the cooperation is based on long-term relations, and the willingness to scale up and diversity partnerships. Multi-stakeholder participation is desirable, including not only traditional OECD donors but also regional and emerging partners. These should be engaged in the Round Table Process and Sector Working Groups, complementing the strong bilateral relations. In addition, greater efforts are needed to further involve local authorities in the implementation, monitoring and reporting of development outcomes of South-South and Triangular Cooperation.

South-South Cooperation in the Global Arena. To further enhance South-South and Triangular Cooperation, it is important that country-level action is strategically linked to regional and global initiatives, including in particular the engagement in regional and international platforms for experience-sharing. Coalition building, learning exchanges, secondments, and international peer learning and networking will be increasingly important.

2.8 Business as Partner in Development

2.8.1 Key progress

Two key aspects that the Vientiane Declaration tries to achieve on this principle:

- i) maximising contributions of private sector to development requires a conducive operating environment for business, and
- ii) improving engagement of private sector in national and provincial development planning and

coordination, including the implementation, reporting and oversight of development results and outcomes through a proper analytical framework/mechanism.

In recent years, the Government has been putting greater efforts to establish effective public-private dialogue (PPD) to leverage the full potential of the private sector’s contribution to sustainable development. **Therefore, measuring the quality of PPD has been the core focus of the Global Survey on Effective Development Cooperation and the VD as well.** Based on the results of the global survey published in 2017 and 2019, scores of the quality of PPD in Lao PDR are summarised as per the Table 2.81.

The assessment of the quality of PPD is based on 3 building blocks (enabling context, meaningful dialogue and effective engagement) and 6 quality elements (mutual trust, readiness, relevance, inclusiveness, organisational effectiveness, and joint actions). Based on government assessment, the score for Lao PDR was 55.59% in 2019 decreased from 60% reported in 2017. The views between the Government and private sector were the same in 2017. This suggested that the Government and the private sector demonstrate promising mutual trust and a willingness to engage with each other. Governments express sincere interest in engaging the private sector. Private sector stakeholders demonstrate shared optimism in this area. However, the assessments by large and small/medium firms were not done in 2019 but they did so in 2017 survey. Therefore, it is not known whether the views have been converged or diverged.

Table 2.8.1. Assessment of public-private dialogue

Global survey	2017	2019
Government's assessment of public-private dialogue	60%	55.59%
Large firms' assessment of public-private dialogue	60%	NA
Small/medium firms' assessment of public-private dialogue	60%	NA
Trade unions' assessment of public-private dialogue	60%	NA

Note - a revised methodology asked governments and private sector stakeholders (large private sector firms, small and medium-sized enterprises [SMEs], and trade unions) individually to rate the quality of dialogue based on four levels which were then converted to a scale of 0 to 100, with 100 representing the highest possible quality.

2.8.2 Implementation and lessons learnt

With the score of PPD quality around 55% declined from what reported in 2017 and private sector stakeholders’ views concerning PPD quality were not obtained in the Global Survey published in 2019, more work is needed to exploit the potential of dialogue to maximise the private sector’s contribution.

As reported in the Global Survey 2019, **the most frequently reported areas that require further attention in order to increase stakeholders’ readiness and ability to engage with one another is governments’ internal co-ordination and access to financial and technical resources for both public and private stakeholders.** For the private sector, such resources are required to strengthen capacity to co-ordinate and assess the collective needs and views of the sector as a whole. For governments, such resources are required to strengthen capacity to analyse and formulate policy proposals and communicate effectively with relevant stakeholders in PPD.

Ensuring that PPD focuses on issues relevant to all stakeholders remains a challenge. Good-quality PPD addresses concerns of both public and private stakeholders. It also is inclusive, enabling the participation of all types of actors, of all sizes. Therefore, it is important that both the Government

and private sector will need to put more efforts on finding common ground on the issues that are considered of mutual interests.

The Government and development partners need to make a concerted effort for PPD to include the full range of private sector actors. The biggest difference in the views of public and private stakeholders on PPD relates to inclusiveness. Redouble efforts are needed to include the full diversity of private sector stakeholders in dialogue such as Lao Business Forum which needs to have a clearer link to the Round Table Process and that development partners should help to ensure governments have the capacity and resources to do so.

Long-term commitment to PPD (Lao Business Forum and its link to RTP likely depends on whether arrangements are institutionalised and organised towards achieving concrete results and whether dialogue leads to increased collaboration. Currently, most recommendations from the LSB have been addressed and resolved. However, it needs time to witness concrete results.

Last but not least, **to harness the full potential of PPD to contribute to sustainable development, the Government can engage the private sector beyond the mechanism of PPD.** Even when delivering joint action and concrete results, PPD is only a means to an end, rather than the end in itself. For instance, there is a suggestion of Triangular Cooperation (Public Private Citizen Dialogue). This could be the areas of interest during the remaining period of VDCAP.

III. Conclusion

In conclusion, Lao PDR has made much progress towards a number of its national goals to increase effective development cooperation. The VD and VDCAP can be seen as having, overall, made an important contribution to the development effectiveness agenda in Lao PDR across each of the guiding principles.

Significant progress in strengthening national development planning, including through the integration of the 2030 Agenda. However, continued effort is needed to embed SDG targets and indicators to ensure national development planning charts a clear and measurable path to SDG implementation. This requires common understand and utilization of the national M&E framework of the 9th NSEDP over the remaining period of the VDCAP.

The enabling environment is a key for inclusive partnerships, transparency/predictability of ODA data, and harmonization and simplification of the development cooperation. In particular, to reap the full benefits of strengthened development planning, strategies must be linked with implementation resources and matched with robust monitoring and evaluation. There is a need to step up efforts in support of strengthening national systems and capacity to ensure that better development planning translates into effective implementation and monitoring, enabling the necessary feedback loop to further strengthen development policies and practices.

More could be done to ensure quality of consultation with all partners (development partners (traditional and south-south partners), private sector, civil society and other stakeholders) rather than representative type of consultation. Round Table Process and Sector Working Groups are evolving and they need to be adapted to the changing landscape of the development cooperation. The quality of dialogue depends on various factors and there is a need to look at how the dialogues at national, sectoral and provincial levels have been implemented and convened. Maximising contributions from all partners to inclusive growth and sustainable development requires a conducive operating environment to which quality dialogue is critical.

Vientiane Declaration is a mutual accountability which is evolving together with rapidly changing development co-operation modalities and co-ordination structures. Traditional mutual accountability structures are more prevalent, and have strengthened. Amidst this flux in development co-operation,

to ensure that over a decade's experience and lessons on effective partnering are able to benefit new co-ordination approaches and structures taking shape, it is essential to embed the effectiveness principles, including mutual accountability, in these new frameworks, and ensure that these changes do not result in a loss of transparency and accountability.

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A summary of key action areas of the VDCAP (2015-2025)

Principles and action areas	Key Indicators	Targets	Key stakeholders
I. Ownership & II. Alignment			
4. Greater aligning and tailoring development finance to the national development agenda and context through results-based planning practices	<p>(a) Extent of adaptation of results based planning practices by line ministries and provinces</p> <p>(b) Extent of alignment and use of country results framework by providers of development cooperation</p>	<p>By 2020, evaluation of the application of the result based practices through a review of the 8th NSEDP implementation.</p> <p>By 2025, adoption of results based planning practices by all line ministries & provinces and villages including Sector Working Groups (SWGs)</p> <p>100% in all four dimensions by 2025</p>	All SWGs
5. Strengthening linkages between national budget and national planning processes	Effective and practical application of Medium-Term Expenditure Framework (MTEF) for the achievement of 8 th NSEDP including SDGs	<p>MTEF available by 2018</p> <p>MTEF application (2019-2020)</p> <p>Review and adjustment of MTEF (2020)</p>	MOF, BOL, MPI and supporting partners
6. Ensuring ODA and Other Official Flows are on budgets which are endorsed by the National Assembly	% of ODA and Other Official Flows scheduled for disbursement are recorded in the annual budgets approved and endorsed by the national and provincial Assembly	Not less than 59.5% by 2025 (Year on Year % increase by 4.05%)	MOF and MPI

Principles and action areas	Key Indicators	Targets	Key stakeholders
7. Within the national regulatory framework, strengthening country systems which are used by providers of development cooperation to extent possible: budget execution, financial reporting, audit and Procurement	Percentage of development cooperation using the country Public Financial Management and procurement systems building on regular assessments of the systems within the national regulatory framework.	Not less than 48%	MPI and MOF
III. Harmonisation & Simplification			
8. Adopting Programme-Based Approaches (PBAs) and Sector Wide Approaches (SWAp) to support the implementation of the NSEDPs including SDGs	Extend of adoption of PBAs and SWAp in key development sectors as per NSEDP framework including SDGs: Education, Health, Agriculture, UXO, and others as appropriate	National PBAs and SWAp guidelines adopted by 2018 By 2019, TBA By 2022, TBA By 2025, TBA	All SWGs
9. Under Government leadership, providers of development cooperation coordinate their strategies and actions, simplify procedures vis-à-vis the Government and enhance collaboration to avoid duplication.	Joint programming of providers of development cooperation	Great use of joint programming within PBAs/SWAp	All SWGs
IV. Inclusive Partnership for Development Results			
10. Enhancing capacities of the National Assembly (NA) including the newly established Provincial People's Assembly (PPA) to approve and monitor national development plans and budget for greater development results	NA and PPA exercise more effectively oversight functions over development policies/strategies, regulations and budgets at national and provincial levels	By 2018, finalisation of capacity development plan By 2019 - 2021, operationalization of the capacity development plan By 2022, capacity assessment of NA and PPA	MPI, MOHA and Governance SWG
11. Advancement of the Round Table Process - moving towards greater partnership for effective development cooperation	Greater partnership for effective development cooperation with clear outcome indicators	From 2017-2020, transition toward effective partnership cooperation process From 2021-2025, greater participation of various stakeholders in the effective partnership cooperation process	MPI in collaboration with SWGs

Principles and action areas	Key Indicators	Targets	Key stakeholders
		focusing on specific/thematic development issues.	
12. Reviewing legal and regulatory frameworks for NPAs and INGOs as necessary and improving engagement of NPAs and INGOs in national and provincial development planning and coordination, including the implementation and reporting of development results in accordance to the national legal and regulatory framework	<p>(a) Improved legal and regulatory frameworks for NPAs and INGOs and enhanced engagement of NPAs and INGOs in the formulation, consultation and implementation of national development policies and programmes</p> <p>(b) Extent to which development effectiveness principles implemented by NPAs and INGOs</p>	<p>Over time, increased in effectiveness of enforcement/implementation of improved legal and regulatory environment that enable effective registration and operation of different INGOs and NPAs</p> <p>Systematic process and publically available information on the involvement in development of both INGOs and NPAs</p> <p>All INGOs and NPAs are adhered to development effectiveness principles</p>	MPI, MOHA, MOFA and Governance SWG
V. Transparency, Predictability, and Mutual Accountability			
13. Ensuring a more predictable and accountable national budget that becomes the principle tool of effective development cooperation	More predictable and accountable national budget produced and annual report of budget execution systematic issued, including increasing amounts of 'ODA and Other Official Flows on budget'	By 2019, systematic release of the national budget and availability for public use	MPI and MOF

Principles and action areas	Key Indicators	Targets	Key stakeholders
14.Ensuring availability and public accessibility of information on development cooperation and other development resources (commitments, actual disbursements and results)	On line availability of reports on development cooperation and other development resources (commitments, actual disbursements and results) via functionality of a national ODA database	By 2018, national ODA database established based on AMP experience By 2019, systematic process in place for high quality of data on development cooperation From 2020 onwards, public availability of high quality relevant information on development cooperation	MPI
VI. Domestic Resource Mobilization			
15.To the extent possible, ensuring adequate mobilization of government revenues which is required for leveraging development cooperation funds for investments in various development activities	To the extent possible, percentage of government contribution to development activities funded by providers of development cooperation	By 2025, to the extend possible, a mechanism is in place to quantify government contribution (percentage) for development activities funded by providers of development cooperation	MPI and MOF
VII. South-South Cooperation, Triangular Cooperation, and Knowledge Sharing			
16.Improving understanding on the nature and modalities of south-south cooperation partners and their significant participation in development cooperation management through a clear coordination and reporting mechanism	Extent of engagement of south-south partners in national development policy and programme consultations, including extent of support for implementation through a clear coordination and reporting mechanism	Over time, the profile of the development partnership with south-south partners has clear coordination and reporting mechanism	All SWGs
VIII. Business as a Partner in Development			

Principles and action areas	Key Indicators	Targets	Key stakeholders
17.Improving engagement of private sector in national and provincial development planning and coordination, including the implementation, reporting and oversight of development results and outcomes through a proper analytical framework/mechanism.	Extent of coordinated engagement of private sector in national and provincial development policy processes through a proper analytical framework/mechanism (linkage between RTP and Trade & Private Sector Working and Lao Business Forum)	Strong mechanisms and coordination process reflecting a effective partnership with private sector (Strong linkage between RTP and Trade & Private Sector Working and Lao Business Forum)	All SWGs

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