



**VIENTIANE DECLARATION
ON PARTNERSHIP
FOR
EFFECTIVE DEVELOPMENT COOPERATION**
*Accelerating Sustainable Development through
Enhanced Partnerships*
(2026-2035)

19th November 2025

Vientiane Declaration III (2025-2035)

Accelerating Sustainable Development through Enhanced Partnerships

I. Preamble

1. We, the Government of the Lao People's Democratic Republic and Development Partners, convening in Vientiane in 2025, affirm our shared commitment to strengthening development cooperation at this critical juncture in our nation's development journey.

2. As we reflect on two decades of partnership through the Vientiane Declaration framework, we recognize that Lao PDR stands at a transformative moment marked by three converging transitions. First, as we conclude the Vientiane Declaration on Partnerships for Effective Development Cooperation (2016-2025), we draw valuable lessons from our collective experience in enhancing development effectiveness. Second, we face fundamental shifts in the global development architecture that are reshaping traditional aid relationships and introducing new opportunities for cooperation. Third, our progress toward Least Developed Country (LDC) graduation signals both achievement and the need for careful management of new challenges.

3. The path from our first Vientiane Declaration on Aid Effectiveness in 2006 to 2015, which was the period preceding the second Vientiane Declaration on Partnerships for Effective Development Cooperation (2016-2025) focusing on partnership and mutual interests, has been one of continuous learning and adaptation. The 4th Global Partnership for Effective Development Cooperation (GPEDC) finalized in 2024 monitoring round provided critical insights into the effectiveness of development cooperation in Lao PDR, highlighting the necessity for a strategic approach that enhances stakeholder engagement, strengthens country ownership through greater parliamentary oversight, improves national development planning, and fosters a supportive environment for civil society. Concurrently, the findings from the Final Review of the VDCAP in 2024 underscore significant progress in development planning, partner alignment, and accountability mechanisms. To build upon these achievements, it is essential to address persistent challenges related to the predictability of different and dynamic sources of funding, the inclusivity of stakeholder engagement, and the strengthening of Public Financial Management (PFM) systems. By implementing these recommendations, Lao PDR can advance towards a more effective and inclusive development cooperation framework that better meets the needs of its people and aligns with global development goals.

4. Through the Round Table Process (RTP), we have fostered meaningful dialogue and strengthened coordination between the Government and development partners. Our second Declaration in 2015 broadened our vision to embrace more inclusive partnerships and diverse forms of development cooperation. This evolution reflects our growing understanding that effective development co-operation requires the active engagement of all stakeholders - government, development partners, civil society, the private sector, academia, and others. A key mechanism for achieving this inclusive approach has been the establishment of Sector Working Groups (SWGs) within the Round Table Process (RTP). These groups have enabled diverse stakeholders to collaborate more effectively on specific development challenges, ensuring that various perspectives and expertise are integrated into our planning and implementation processes.

Current Context and Challenges (2025)

5. As Lao PDR stands at this crucial juncture, we face a complex array of challenges and opportunities. The global landscape is characterized by increasing economic uncertainties and geopolitical tensions, particularly affecting developing economies. The OECD ODA projections

indicate a potential cut of 11-20% in ODA levels from 2024 to 2027, which necessitates revisiting our funding strategies. With this declining trend, Lao PDR's ODA review findings including the projection of 600 million per year will be revisited during the new period of development cooperation 2026-2035. Climate change has emerged as a critical concern, with Lao PDR experiencing frequent extreme weather events and their subsequent impacts on agriculture and infrastructure. The rapidly evolving technological landscape presents both opportunities for leapfrogging development challenges and risks of widening digital divides.

6. Domestically, Lao PDR is preparing for the significant milestone of LDC graduation, which brings both opportunities and challenges. A recent study by the International Trade Centre projected the country's exports to 2027 using the most recent data available. The model showed that Lao PDR would export \$10 billion in 2027 if it retained LDC status, but only \$9.3 billion if the country moved to the next-best alternative tariff – a loss of \$734 million. While the graduation represents progress in development, it also means the country will lose LDC-specific benefits, including certain types of Official Development Assistance (ODA). Lao PDR's graduation from LDC status is not expected to significantly alter the overall development cooperation the country receives. Most of Lao PDR's ODA comes from OECD-DAC members and South-South cooperation, which are unlikely to be greatly impacted by the graduation. However, certain changes are anticipated, particularly in the terms of concessional loans and access to LDC-specific funding windows.

7. The need for economic diversification beyond traditional sectors has become increasingly apparent, particularly in light of regional competition and changing global market dynamics. Infrastructure development remains a priority, especially in rural areas where accessibility continues to be a challenge. Human resource capacity constraints persist, particularly in specialized technical fields and public administration. Therefore, it is important to put greater efforts and more investment on human capital development. At the same time, to effectively attract sustainable investment while ensuring fair regulation, key measures that will be implemented during the period of this Vientiane Declaration include:

- creating a favorable business environment through a transparent and predictable regulatory framework, which includes simplifying business registration and offering tax incentives for sustainable practices;
- strengthening public-private partnerships (PPPs) can facilitate the development of infrastructure projects that address both economic and social needs, particularly in underserved rural areas, by sharing investment risks between public and private entities;
- enhancing investment promotion strategies through targeted marketing campaigns and dedicated agencies will support foreign direct investment (FDI) in high-growth sectors like technology and renewable energy;
- ensuring fair regulation involves engaging local communities in decision-making and strengthening regulatory bodies to monitor compliance with environmental and social standards; and
- developing human capital through targeted training programs and collaboration with educational institutions will equip the workforce with the skills necessary for emerging sectors, ultimately enhancing employability and attracting investment.

Emerging Priorities

8. Climate change and environmental sustainability have become central to Lao PDR's development agenda. As a country rich in natural resources and vulnerable to climate change impacts, we must strengthen our resilience while promoting green growth initiatives. The sustainable

management of our natural resources, particularly forests and water resources, is crucial for both environmental protection and economic development.

9. Economic transformation in Lao PDR requires a multi-faceted approach. Education and skills are fundamental to long-term socio-economic transformation and are critical for human capital development. To effectively harness this potential, it is essential to strengthen vocational training, higher education, and digital literacy. These areas of focus are particularly important in light of the significant youth migration in search of labor opportunities abroad. The development of the digital economy presents opportunities for innovation and efficiency gains across sectors. Strengthening the private sector, particularly SMEs, is essential for creating employment opportunities and driving economic growth. Deeper regional integration, especially through ASEAN frameworks, can enhance trade opportunities and knowledge exchange.

10. Social development remains at the heart of our development agenda. Investment in human capital development, particularly in education and healthcare, is crucial for building a skilled workforce capable of driving economic growth. The enhancement of right based approach through healthcare, education, and social protection systems is essential for ensuring inclusive development and protecting vulnerable populations. Gender equality and youth employment are critical focus areas for creating a more equitable and prosperous society. In particular, for effective poverty reduction, a strong emphasis will be on addressing inequalities especially in the context of LDC graduation while ensuring that no one is left behind.

Forward-Looking Commitment

11. Looking ahead, we recognize that sustainable development in Lao PDR requires both continuity and innovation. It is imperative to strengthen existing partnerships while also embracing new forms of cooperation that transition from an aid-driven approach to a more integrated financing model. This model should leverage diverse streams of financing, including domestic public finance, international public finance (Official Development Assistance (ODA)), domestic private finance, and international private finance (Foreign Direct Investment (FDI)). By diversifying our financing sources, we can create a more resilient and sustainable economic framework that supports long-term development goals. To this end, we must harness our collective efforts and transform our financing strategies. The work on the financing strategy for the 9th and 10th National Socio-Economic Development Plans (NSED 2021-2025 and 2026-2030) is grounded in this integrated approach, emphasizing the need to link financing strategies directly to our development objectives.

12. As the landscape of Official Development Assistance (ODA) evolves, there is an urgent need to harmonize and streamline administrative procedures for the effective management of ODA resources. With ODA resources shrinking, it is essential to explore how these funds can serve as a catalyst for leveraging larger volumes of financing, particularly through blended financing models that involve participation from the private sector. By optimizing the use of ODA, we can unlock additional financial resources that are critical for achieving sustainable development goals.

13. To facilitate this process, quick and efficient administrative procedures are paramount. Streamlining these processes will not only enhance the management of ODA flows but also improve the overall effectiveness of development initiatives. By reducing bureaucratic hurdles and ensuring that funds are allocated and utilized promptly, we can create a more responsive and accountable system that attracts private sector investment. This approach will enable Lao PDR to maximize the impact of ODA, fostering an environment where public and private financing can work in tandem to address pressing development challenges. Ultimately, by harmonizing administrative procedures and leveraging ODA as a strategic tool, we can build a more sustainable and inclusive economic future for the country.

14. We must balance the opportunities of LDC graduation with the need to maintain support for vulnerable populations. We must enhance domestic resource mobilization while ensuring development cooperation remains effective and aligned with national priorities. Through this third Vientiane Declaration, we commit to:

- strengthening country systems and institutional capacity with a focus on streamlining procedures to avoid complicated and overly bureaucratic processes;
- enhancing the predictability, transparency and accountability of development cooperation;
- promoting inclusive partnerships and mutual accountability that engage all development stakeholders;
- supporting evidence-based planning through improved data systems; and
- advancing domestic resource mobilization for sustainable development.

15. This Declaration builds on our shared experience while adapting to new challenges. It represents our collective determination to enhance development effectiveness through genuine partnership, mutual accountability, and focused action. Together, we move forward with renewed commitment to achieving sustainable development outcomes that benefit all people of Lao PDR.

16. Our commitment to strengthening country systems reflects our determination to enhance development effectiveness through improved public financial management and institutional capacity. The promotion of inclusive partnerships acknowledges the diverse range of stakeholders essential for sustainable development, including civil society, private sector, and international partners.

17. Results-based planning and implementation will guide our development initiatives, ensuring efficient resource allocation and measurable outcomes. Enhanced transparency and mutual accountability mechanisms will strengthen trust and cooperation between all partners. The predictability and harmonization of development cooperation will improve resource planning and implementation effectiveness.

18. This Declaration aligns seamlessly with both national priorities and international commitments, including the 2030 Agenda for Sustainable Development and various regional cooperation frameworks. It represents our collective vision for accelerating Lao PDR's development through enhanced partnerships, while acknowledging the complexities and challenges ahead.

19. The successful implementation of this Declaration requires unwavering commitment from all partners, adequate resource mobilization, and enhanced coordination mechanisms. Through these combined efforts, we strive to achieve Lao PDR's development aspirations while ensuring inclusive and sustainable growth that benefits all members of society. Therefore, we are committed to work together to review and reset the Round Table Process (RTP) to adapt to the emerging development context. We will embark on reviewing the design options of the Round Table Process (RTP) with recommendations to strengthen the institutional, financial and technical sustainability of the process.

II. Key principles to guide development cooperation from 2026 to 2035

20. The formulation of the six principles for the Vientiane Declaration III (VD III), intended for the period from 2026 to 2035, is based on a thorough analysis of past experiences, current challenges, and future aspirations within the context of Lao PDR. This process integrates stakeholder feedback, lessons learned from previous declarations, alignment with global frameworks, and a proactive response to emerging challenges, including the dynamics of development finance. The following outlines the logical and rational justifications for these principles:

21. The identification of the six principles was informed by extensive consultations with a diverse array of stakeholders, including government agencies, civil society organizations, the private sector, and development partners. This inclusive approach ensured that the perspectives of all relevant parties were taken into account, allowing for a nuanced understanding of the challenges and opportunities in the development landscape. Stakeholder feedback emphasized the necessity for principles that address not only traditional areas of aid effectiveness but also the aspirations of the Lao people for sustainable and equitable development.

22. The transition from Vientiane Declaration I (VD I) and Vientiane Declaration II (VD II) to VD III has been guided by critical lessons learned during their implementation. Key lessons from the Global Partnership for Effective Development Cooperation (GPEDC) survey and the final review of VD II highlighted the importance of enhancing mutual accountability and results management. Recommendations from these evaluations included the need for stronger mechanisms to track progress and ensure that development efforts align with local needs. Additionally, the reviews underscored the necessity of fostering greater inclusivity in decision-making processes, particularly involving groups living the marginalized situations, to ensure that development benefits are equitably distributed.

23. The principles for Vientiane Declaration III (VDIII) have been meticulously crafted to align with the Global Partnership for Effective Development Cooperation, ensuring that Lao PDR's development strategies are relevant both locally and globally. This alignment is essential for promoting coherence in development efforts and enhancing the country's credibility and attractiveness to foreign investments and partnerships. The Global Partnership emphasizes key effectiveness principles such as country ownership, focus on results, inclusive partnerships, and mutual accountability, which are integral to the implementation of the 2030 Agenda. By adopting these principles, Lao PDR can foster a whole-of-society approach to development, encouraging the participation of diverse stakeholders, including civil society organizations, the private sector, and national assembly. This inclusive engagement is vital for creating a supportive environment that enhances accountability and transparency in development cooperation. Ultimately, aligning VDIII with the Global Partnership not only strengthens Lao PDR's capacity to mobilize resources effectively but also positions the country to leverage international support in achieving sustainable development goals.

24. The identification of the six principles reflects a proactive approach to emerging challenges in the Lao context. These challenges include climate change, urbanization, economic diversification, and the evolving dynamics of development finance. The increasing complexity of development finance—characterized by a shift towards blended finance models, innovative financing mechanisms, and the need for sustainable investment—requires a responsive framework that emphasizes sustainability, resilience, and inclusivity. The principles are designed to directly address these challenges, with a focus on environmental sustainability and social equity, particularly in a country where natural resources play a significant role in economic development.

25. Recognizing the critical role of human capital in achieving sustainable development, the new principles prioritize investment in education, skills development, and capacity building. This focus is particularly relevant in the context of Lao PDR, where there is a pressing need to enhance the skills of the workforce to meet the demands of a rapidly changing economy. By emphasizing human capital, the principles aim to empower individuals and communities, fostering a skilled and adaptable population capable of driving the country’s development forward.

26. Finally, the principles are designed with a strong emphasis on effective implementation and monitoring mechanisms. This includes establishing clear benchmarks and accountability frameworks to ensure that commitments are met and that progress can be tracked over time. By prioritizing transparency and accountability, the principles aim to build trust among stakeholders and ensure that development cooperation efforts yield tangible results for the people of Lao PDR.

Principle 1: Country Ownership and Leadership

27. **Progress Review (2006-2025):** Over the past two decades, Lao PDR has demonstrated strengthened ownership through improved National Socio-Economic Development Plans that better reflect national priorities and sectoral strategies. The public financial management system has shown marked improvement, particularly in budget preparation and execution. Development cooperation management has become more systematic, with enhanced institutional mechanisms for coordinating external support.

28. **Forward Direction (2026-2035):** As Lao PDR transitions toward LDC graduation, country ownership will focus on strengthening domestic resource mobilization capabilities while enhancing systems to manage increasingly diverse financing streams. This includes improving tax administration, strengthening public investment management, and building robust frameworks for public-private partnerships. The Government will deepen sector-wide coordination mechanisms to ensure more efficient resource allocation and strengthen local governance systems to enhance service delivery. Particular emphasis will be placed on building institutional capacity to manage the challenges and opportunities of LDC graduation, ensuring sustainable development progress continues beyond this milestone.

Period	Focus Areas	Key Features
VD I (2006-2015)	<ul style="list-style-type: none"> Basic country ownership National development plans Initial PFM reforms 	<ul style="list-style-type: none"> NSEDP as main framework Basic aid coordination Early sector strategies
VD II (2016-2025)	<ul style="list-style-type: none"> Strengthened planning systems Enhanced PFM Aid effectiveness 	<ul style="list-style-type: none"> Sector-wide approaches Improved aid management Better alignment with SDGs
VD III (2026-2035)	<ul style="list-style-type: none"> Integrated National Financing Framework: Official Development Assistance, domestic private finance, and international private finance LDC graduation management Climate finance integration 	<ul style="list-style-type: none"> Advanced PFM systems and accelerated tax reforms Multiple finance streams including private sector participation and investment promotion Local governance focus

Period	Focus Areas	Key Features
		<ul style="list-style-type: none"> Climate and sustainable finance hub

Principle 2: Quality and Inclusive Partnerships

29. **Progress Review (2006-2025):** The partnership landscape in Lao PDR has evolved significantly, with the Round Table Process maturing into an effective platform for policy dialogue. Private sector engagement has increased, though challenges remain in creating meaningful participation. Civil society organizations have gained more space for contribution, while south-south cooperation has emerged as an important complement to traditional development partnerships.

30. **Forward Direction (2026-2035):** The focus will shift toward deepening the quality of partnerships rather than just expanding their scope. This includes creating more structured mechanisms for domestic private sector engagement in development planning and implementation, particularly in priority sectors such as agriculture, tourism, and clean energy. The operating environment for civil society will be enhanced through clearer guidelines and more regular dialogue mechanisms. South-south and triangular cooperation will be strengthened through systematic knowledge exchange and capacity building programs. Regional partnerships will be prioritized to address cross-border challenges such as climate change, trade facilitation, and environmental protection.

31. With ODA resources shrinking, the focus for the next 10 years is to explore how these funds can serve as a catalyst for leveraging larger volumes of financing, particularly through blended financing models that involve participation from the private sector. To facilitate this process, quick and efficient administrative procedures are paramount. Streamlining these processes will not only enhance the management of ODA flows but also improve the overall effectiveness of development initiatives.

Period	Focus Areas	Key Features
VD I (2006-2015)	<ul style="list-style-type: none"> Basic donor coordination Initial private sector dialogue Limited CSO engagement 	<ul style="list-style-type: none"> Round Table Meetings Basic consultation processes Donor-focused partnerships
VD II (2016-2025)	<ul style="list-style-type: none"> Multi-stakeholder engagement Enhanced private sector role Expanded CSO participation 	<ul style="list-style-type: none"> Sector Working Groups Public-private dialogue South-south cooperation
VD III (2026-2035)	<ul style="list-style-type: none"> Quality of partnerships Regional integration Cross-border cooperation ODA as a catalyst for leveraging larger volumes of financing 	<ul style="list-style-type: none"> Reset of the Round Table Process Structured private sector engagement including linking the Round Table Process to the Lao Business Forum Enhanced CSO environment

Period	Focus Areas	Key Features
		<ul style="list-style-type: none"> • Regional partnership frameworks • Quick and efficient administrative procedures as streamlining these processes will not only enhance the management of ODA flows but also improve the overall effectiveness of development initiatives.

Principle 3: Results-Based Planning and Implementation

32. **Progress Review (2006-2025):** Lao PDR has made significant strides in developing results frameworks and enhancing its statistical capacity from 2006 to 2025. This evaluation draws insights from the Global Partnership for Effective Development Co-operation (GPEDC) monitoring efforts, which indicate notable improvements in the country’s monitoring systems, particularly at the national level. These advancements have led to better data collection and reporting mechanisms for key indicators, contributing to more informed decision-making processes.

33. However, despite these positive developments, challenges remain, particularly in the realm of data quality and timeliness. While the national statistical system provides reliable data for certain indicators, there is a critical need for disaggregated data to support the analysis of “Leaving No One Behind” (LNOB), as emphasized in the Sustainable Development Goals (SDG) Voluntary National Review (VNR 3). The lack of disaggregated data limits the ability to monitor progress effectively across different demographic groups, hindering efforts to identify and address inequalities that may exist within the population.

34. Moreover, while evaluation practices have become more systematic, fostering evidence-based decision-making, the ongoing gaps in disaggregated data present a significant barrier to fully understanding the impacts of development initiatives. Without comprehensive data that reflects the diverse experiences of various segments of society, it becomes challenging to formulate targeted policies that address the specific needs of marginalized groups.

35. **Forward Direction (2026-2035):** The next decade will focus on institutionalizing evidence-based policy making across all government levels. This includes strengthening the national statistical system to produce reliable, timely data for decision-making, with particular emphasis on disaggregated data to ensure no one is left behind as stated in the SDG VNR 3 prepared in 2024 by the Government of Lao PDR. Climate considerations will be integrated into results frameworks to better track resilience and adaptation progress. The Government will enhance its monitoring and evaluation systems, focusing on outcome-level results rather than just outputs. Digital solutions will be leveraged to improve data collection, analysis, and dissemination.

Period	Focus Areas	Key Features
VD I (2006-2015)	<ul style="list-style-type: none"> • Basic M&E systems 	<ul style="list-style-type: none"> • Basic statistics

Period	Focus Areas	Key Features
	<ul style="list-style-type: none"> • Output-focused reporting • Initial results frameworks 	<ul style="list-style-type: none"> • Project-level monitoring • Limited evaluation
VD II (2016-2025)	<ul style="list-style-type: none"> • Enhanced results frameworks • Improved monitoring systems • Better statistical capacity 	<ul style="list-style-type: none"> • Sector-level results • National M&E framework • Regular reporting systems
VD III (2025-2035)	<ul style="list-style-type: none"> • Evidence-based policy making • Digital M&E systems • Climate-sensitive frameworks 	<ul style="list-style-type: none"> • Outcome focus • Integrated data systems including leveraging the FMIS • Advanced analytics

Principle 4: Transparency and Mutual Accountability

36. **Progress Review (2006-2025):** The implementation of aid information management systems has significantly improved transparency in development cooperation. Mutual accountability frameworks have evolved from basic reporting to more comprehensive review mechanisms. However, the mutual accountability frameworks do not have country level targets for the Government and Development Partners for regular joint assessments of progress, inclusive assessment or timely and public availability of assessment results. Lao PDR has made notable strides in enhancing its public financial management (PFM) systems, particularly in the areas of auditing and procurement processes. Recent reforms have strengthened audit mechanisms, leading to improved effectiveness in both internal and external audits. These efforts have contributed to greater scrutiny of public spending and enhanced accountability within government institutions. Additionally, the procurement process has seen reforms aimed at increasing efficiency and transparency, which are crucial for ensuring that public resources are utilized effectively. These positive developments demonstrate a commitment to improving governance and fostering a more accountable financial environment.

37. Despite these notable advancements, significant challenges persist that hinder their overall effectiveness. The budgeting process remains top-down, which restricts flexibility and responsiveness to changing economic conditions, resulting in budget allocations that may not align with national priorities. Additionally, the limited capacity for medium-term budgeting undermines strategic planning and resource allocation. In financial reporting, while some improvements have been made, inconsistencies, delays in report preparation, and a limitation of adherence to international standards are still the issues. The auditing landscape, although strengthened, faces challenges related to the independence and capacity of audit institutions, with limited follow-up on recommendations and restricted public access to audit reports affecting accountability. Similarly, procurement reforms are undermined by inconsistent regulation application, limited capacity among procurement officials, and insufficient public access to procurement information, which increases the risk of inefficiencies. Addressing these interconnected challenges is essential for enhancing accountability, transparency, and the effective utilization of public resources in Lao PDR.

38. **Forward Direction (2026-2035):** Transparency and accountability mechanisms will be modernized through digital transformation, with the aid management platform being upgraded to capture all forms of development finance, including climate finance and private investments. Anti-corruption frameworks will be strengthened through enhanced verification systems and public

oversight mechanisms. Procurement processes will be digitalized to improve efficiency and reduce corruption risks. Public financial reporting will be enhanced through regular publication of accessible reports and strengthened audit functions.

39. In particular, mutual accountability in development cooperation is essential for fostering transparency and ensuring that all stakeholders are actively engaged in the decision-making process. Systematic, inclusive, and joint reviews of development cooperation results will involve a diverse array of stakeholders, each contributing unique perspectives and expertise.

- Government institutions, including national and local officials as well as parliamentarians, play a crucial role by providing insights into policy alignment and resource allocation, ensuring that development initiatives meet the needs of their constituents.
- Development partners, such as bilateral and multilateral donors, alongside non-governmental organizations (NGOs), offer valuable evaluations of funding effectiveness and ground-level insights into program implementation.
- Engaging private sector representatives can further enhance these reviews, as businesses bring resources and innovative solutions that can drive sustainable development.
- Community-based organizations and grassroots movements are vital for representing the voices of those directly affected by development initiatives, ensuring local needs and priorities are addressed.
- Additionally, academic and research institutions contribute evidence-based analysis that informs decision-making, while direct beneficiaries provide critical feedback on the impacts of development programs.
- The involvement of media outlets is also significant, as they help disseminate information and foster public awareness, thereby promoting accountability.
- Lastly, international organizations, such as UN agencies, can facilitate best practices in monitoring and evaluation.

By incorporating these diverse stakeholders into the review process, mutual accountability can be significantly strengthened, leading to more effective and sustainable development outcomes that are aligned with the needs and priorities of all parties involved.

Period	Focus Areas	Key Features
VD I (2006-2015)	<ul style="list-style-type: none"> • Basic reporting systems • Initial accountability measures • Limited transparency 	<ul style="list-style-type: none"> • Basic aid database • Annual reviews • Donor reporting
VD II (2016-2025)	<ul style="list-style-type: none"> • Aid information management • Enhanced mutual reviews • Improved audit systems 	<ul style="list-style-type: none"> • Digital reporting • Joint reviews • Public disclosure
VD III (2026-2035)	<ul style="list-style-type: none"> • Digital transparency systems • Comprehensive accountability • Anti-corruption focus 	<ul style="list-style-type: none"> • Integrated platforms • Public oversight • Real-time reporting

Principle 5: Predictability and Harmonization

40. **Progress Review (2006-2025):** Aid predictability in Lao PDR has shown mixed progress, with improvements noted in annual predictability due to better coordination and communication from development partners. However, challenges remain, particularly in mid-term predictability and the provision of forward-looking expenditure plans, which have declined. Enhanced national planning processes have contributed to some improvements, but the inconsistency in the information provided by development partners complicates long-term financial planning. Donor coordination has strengthened, especially through sector working groups, yet fragmentation persists as a challenge, hindering the overall effectiveness of aid delivery. Program-based approaches have also yielded positive results in several sectors, notably in education and health, demonstrating the potential for more integrated and effective aid strategies. Addressing the gaps in mid-term predictability and ensuring that development partners provide comprehensive forward-looking expenditure plans will be crucial for enhancing the overall predictability and effectiveness of aid in Lao PDR.

41. The use of country systems in Lao PDR has gradually increased, particularly in the areas of public financial management (PFM) and procurement. Recent data indicates a rise in the use of PFM systems, with 47% reported in the 4th GPEDC survey compared to 42% in the 2018 round. However, despite this progress, the overall utilization of these country systems by development partners remains limited, as evidenced by the same 47% figure from the latest results. This reflects a mixed picture regarding both aid predictability and the adoption of PFM systems. While annual predictability has improved, challenges persist in mid-term predictability and the provision of forward-looking expenditure plans, which have declined. Consequently, it is important to acknowledge these mixed results when discussing development partner behavior in Lao PDR. Enhancing the predictability of aid and increasing the use of country systems will be crucial for fostering more effective and sustainable development cooperation in the country.

42. **Forward Direction (2026-2035):** Medium-term financing frameworks in Lao PDR will be strengthened to better align with national planning cycles and sector strategies, ensuring that development efforts are cohesive and responsive to the country's priorities. An essential element of this process is enhancing parliamentary oversight, which currently remains limited according to the latest Global Partnership for Effective Development Cooperation (GPEDC) Monitoring Exercise results. This includes the regular provision of development cooperation information to parliament and the proportion of development cooperation funding recorded in the national budget, both of which are critical for effective governance and accountability. Harmonization efforts will focus on reducing transaction costs through common arrangements for planning, funding, monitoring, and reporting, thereby streamlining processes and enhancing efficiency. Additionally, climate finance will be integrated into existing coordination mechanisms to avoid the establishment of parallel structures, ensuring a unified approach to environmental challenges. Development partners will be encouraged to provide more predictable multi-year commitments that align with national priorities, fostering stability and long-term planning. Joint programming will be promoted to reduce fragmentation and enhance development effectiveness, with particular attention given to harmonizing approaches in climate change response, disaster risk reduction, and environmental protection. Strengthening these areas will contribute to a more effective and accountable development cooperation framework in Lao PDR.

Period	Focus Areas	Key Features
VD I (2006-2015)	<ul style="list-style-type: none"> • Basic aid coordination • Initial harmonization efforts • Project-based approaches 	<ul style="list-style-type: none"> • Annual commitments • Parallel systems • Limited coordination
VD II (2016-2025)	<ul style="list-style-type: none"> • Improved predictability • Enhanced coordination • Use of country systems 	<ul style="list-style-type: none"> • Multi-year planning • Joint programming • Sector approaches
VD III (2026-2035)	<ul style="list-style-type: none"> • Medium-term frameworks • Climate finance integration • Systematic harmonization 	<ul style="list-style-type: none"> • Integrated planning • Enhancing parliamentary oversight • Common procedures

Principle 6: Capacity Development for Sustainability

43. **Progress Review (2006-2025):** Institutional capacity development in Lao PDR has evolved significantly, transitioning from individual training programs to a more comprehensive focus on strengthening entire institutions. This shift has been facilitated by long-term embedded technical assistance, which has enhanced the transfer of technical skills and fostered a deeper integration of expertise within government systems. As a result, institutional frameworks, particularly in planning and financial management, have seen marked improvements, enabling more effective governance and resource allocation. However, as Lao PDR prepares for the next phase of development cooperation, it is essential to address the ongoing challenges that threaten the sustainability of these advancements.

44. A critical issue is the retention of skilled personnel, as many trained professionals often migrate to better opportunities elsewhere, leading to a depletion of institutional knowledge and expertise. Additionally, the sustainability of capacity-building initiatives is jeopardized without ongoing support and adequate funding, which are essential for maintaining and expanding the gains achieved. To enhance institutional capacity development over the next decade, development cooperation in Lao PDR should prioritize several strategic initiatives.

45. First, creating a conducive environment for retaining skilled staff is vital. This can be achieved through competitive compensation, professional growth opportunities, and a supportive workplace culture. Furthermore, integrating human capital development into capacity-building efforts is crucial, as investing in education and training for the workforce will ensure a pipeline of skilled individuals ready to contribute to institutional goals. Second, embedding capacity development within national development strategies and ensuring alignment with sector priorities will enhance the relevance and impact of these initiatives. This requires a collaborative approach where development partners work closely with the Government of Lao PDR to tailor programs that meet specific institutional needs.

46. Additionally, fostering a culture of continuous learning and knowledge sharing within institutions will be crucial for sustaining the skills acquired through training programs. Development partners will focus on strengthening local ownership of capacity-building efforts, empowering Lao institutions to take the lead in their development processes. By balancing the positive progress made with targeted actions to overcome existing challenges, including a strong emphasis on human capital development, Lao PDR can effectively enhance its institutional capacity, paving the way for more robust governance and improved development outcomes in the future.

47. **Forward Direction (2026-2035):** Capacity development in Lao PDR will prioritize building resilient institutions that are equipped to manage complex development challenges effectively. This strategic focus is crucial in a context where the country faces pressing issues such as climate change, rapid urbanization, and the need for sustainable economic growth. A significant emphasis will be placed on strengthening climate resilience capabilities across various sectors and levels of government. By enhancing the ability of institutions to adapt to and mitigate the impacts of climate change, Lao PDR can safeguard its development gains and ensure the sustainability of its natural resources.

48. In addition to climate resilience, enhancing digital transformation competencies is essential for modernizing public service delivery and improving overall efficiency. As the world increasingly shifts towards digital solutions, equipping government officials with the necessary skills in digital technologies will streamline processes, enhance transparency, and improve citizen engagement. This transformation is particularly relevant in Lao PDR, where digital literacy is still developing, and there is significant potential for technology to improve service delivery in education, health, and public administration.

49. Moreover, developing sustainable infrastructure management skills is critical to ensuring the long-term maintenance and effectiveness of public investments. As Lao PDR continues to invest in infrastructure projects, it is vital that institutions possess the knowledge and capabilities to manage these assets sustainably. This includes training personnel in project management, maintenance planning, and resource allocation to maximize the benefits of infrastructure investments while minimizing environmental impacts.

50. To support these initiatives, new financing mechanisms, including climate finance and blended finance, will be essential. These financing models require dedicated capacity-building programs to ensure that government institutions can effectively access, manage, and utilize these funds. By developing the necessary competencies to engage with these innovative financing options, Lao PDR can mobilize additional resources for development projects that align with national priorities.

51. Addressing the challenges posed by staff turnover is another critical aspect of capacity development. Emphasis will be placed on institutional memory and knowledge management to mitigate the impacts of losing experienced personnel. Implementing systems for knowledge sharing, documentation, and mentorship will help preserve valuable insights and expertise within institutions, ensuring continuity and stability in governance and service delivery.

Period	Focus Areas	Key Features
VD I (2006-2015)	<ul style="list-style-type: none"> Individual training Basic skills transfer Project-based capacity building 	<ul style="list-style-type: none"> Short-term training Technical assistance Limited sustainability
VD II (2016-2025)	<ul style="list-style-type: none"> Institutional strengthening Systems development Knowledge transfer 	<ul style="list-style-type: none"> Long-term approaches Organizational focus Better retention
VD III (2026-2035)	<ul style="list-style-type: none"> Climate resilience capacity Digital transformation New financing mechanisms 	<ul style="list-style-type: none"> Institutional resilience Sustainable systems

III. Coordination Architecture

52. The evolution of development cooperation in Lao PDR necessitates a fundamental transformation of our coordination mechanisms. While the Round Table Process (RTP) has served as the primary platform for development dialogue over the past two decades, implementation reviews of the Vientiane Declaration Country Action Plan (VDCAP) (2016-2025) carried out in 2024 reveal the need for a more dynamic, results-oriented approach that responds to the changing development landscape. This transformation is particularly critical given the diversification of development finance sources, which now extend well beyond traditional Official Development Assistance (ODA).

53. **Functional Challenges:** To enhance the RTP in Lao PDR, it is essential to make stakeholder engagement more meaningful and valuable. Improving the procedural framework for setting up and coordinating meetings is vital to ensure that the results from informal and ad hoc gatherings—such as decisions, ideas, or insights—are treated with the same integrity as those emerging from formal settings. Integrating hybrid meeting formats that combine virtual attendance with in-person options can promote consistent participation and reduce scheduling irregularities, making it easier for stakeholders to engage. Moreover, adopting less formal meeting structures can foster open and dynamic interactions between development partners and sector ministries, allowing for innovative discussions and collaborative problem-solving.

54. Standardized practices for handling and reporting outcomes from informal meetings are crucial. Ensuring that key points, insights, or action items are documented and incorporated into official Sector Working Group (SWG) meeting reports will invite broader input and ensure that outcomes reflect the collective goals of all stakeholders involved. Leveraging technology tools—such as shared calendars, scheduling platforms, task management systems, and AI applications—can significantly ease administrative burdens and streamline coordination processes. For instance, shared calendars can help avoid conflicts, task managers can ensure action items are tracked, and AI-powered applications can automate minute-taking and transcription, enhancing communication efficiency.

55. Furthermore, recommendations should be adjusted based on the perceptions of SWG chairs and co-chairs regarding the new provisions in the revised Prime Ministerial Decree on the Establishment of the National Committee for RTP. This decree outlines the composition of the SWG Secretariat and relieves the RTP Secretariat of certain oversight responsibilities. Assessing whether these changes resolve functional deficiencies within the SWGs, particularly in terms of efficiency versus added bureaucratic complexity, is crucial. Encouraging policy-to-action mapping through matrices that link SWG activities to specific policy objectives or higher-level commitments will enhance accountability. Regular policy-activity reviews should be conducted to assess whether existing SWG activities are fulfilling high-level policy commitments, utilizing refined, results-based performance indicators to identify quick wins that offer low-cost, high-value interventions.

56. Strengthening cross-sectoral coordination is vital to reducing fragmentation and promoting synergy among development partners and government sectors. By leveraging technology tools, such as shared digital platforms for document sharing and real-time communication, intersectoral coordination can be facilitated more effectively. Additionally, introducing practices that encourage data sharing between and across SWGs will support evidence-based collaboration, while adopting protocols for consistent and secure data-sharing practices will enhance trust and efficiency among stakeholders.

57. Recognizing that rigid, centralized, or uniform processes can be both advantageous and restrictive, further consultations are necessary to understand what development partners can expect regarding potential easing of these procedures within the new government structure and the Ministry

of Finance (MOF). This balance will help streamline processes while ensuring accountability and oversight. To enhance the effectiveness of the RTP, it is essential to strengthen monitoring and evaluation (M&E) systems and institutional capacity, including increasing staffing levels. Utilizing well-defined and robust M&E indicators that accurately capture economic realities and ODA trends is critical. Ensuring appropriate budgetary provisions to support effective M&E systems and staffing requirements will enhance the RTP's ability to track progress and adapt strategies as needed. The RTP website should provide transparent access to information, while a dedicated budget should be allocated to revive and sustain the ODA Management Information System (ODAMIS), making it more robust to effectively track ODA fluctuations.

58. **Structural Challenges:** To address structural challenges within the RTP and SWGs, introducing more flexibility into administrative processes is essential. Streamlining approval procedures for grant ODAs will facilitate quicker responses to development needs and enhance operational efficiency. This flexibility can help development partners navigate the complexities of funding while ensuring that resources are allocated effectively to meet pressing challenges in the country.

59. Fostering inclusive engagement is also critical, but it must be balanced with operational efficiency. Identifying key areas where inclusive inputs are most needed will help focus efforts on the most critical issues. Recognizing appropriate situations for inclusive engagement will ensure that all relevant voices are heard without slowing down decision-making processes. This approach will not only enhance the quality of discussions but also build a sense of ownership among stakeholders, fostering a collaborative environment for development.

60. **Implementing a Roll-Out Strategy for a New Operating Model for Round Table Process (RTP):** The Government of Lao PDR will plan for and implement a roll-out strategy for a new operating model for the RTP. This process begins with appropriating a budget for the current operations of the National Committee for RTP, as outlined in the revised Prime Ministerial Decree. The subsequent phase will involve modifications to the RTP, primarily focusing on the formats of Round Table Meeting (RTM)-related forums and meetings, the configuration and mandate of SWGs, the workflows of the National Secretariat for RTP, and the implementation of the VDCAP.

61. Additionally, capacity building within the Ministry of Finance (MOF) will be crucial to ensure that the new operating model is effectively implemented and sustained. By investing in the skills and capabilities of personnel within the MOF and other relevant institutions, the Government can enhance the overall effectiveness of the RTP. Ultimately, these efforts will lead to a more efficient and responsive development cooperation framework in Lao PDR, enabling the country to better address its development challenges and achieve its national goals.

62. The Round Table Process must evolve beyond its traditional role as a consultative forum to become an action-driven platform that delivers measurable results. This transformation is particularly crucial as Lao PDR approaches LDC graduation and faces increasingly complex development challenges. The renewed process will emphasize strategic results monitoring through systematic tracking of development outcomes against specific targets. This shift directly responds to the identified weaknesses in our current system, where dialogue often fails to translate into concrete actions and measurable progress.

63. To achieve this transformation, we will establish a robust monitoring and evaluation framework that enables evidence-based policy discussions. This framework will track not only financial inputs but also development outcomes, addressing a key gap identified in previous implementation reviews. Regular assessments of progress against commitments will ensure

accountability and enable timely adjustments when needed. This approach directly responds to the challenge of limited follow-through on policy discussions, which has been a persistent issue in our development cooperation.

64. The renewed Round Table Process must embrace a comprehensive approach to development financing anchored in the Integrated National Financing Framework (INFF) process and aligned with the emerging policy priorities of the 10th National Socio-Economic Development Plan (NSED) Financing Strategy. This includes:

Traditional Development Cooperation:

- Official Development Assistance (ODA) from bilateral and multilateral partners.
- Technical cooperation and capacity development support.
- Grant-based assistance for social sectors and vulnerable populations.

Emerging Development Partners:

- South-South Cooperation initiatives.
- Triangular cooperation arrangements.
- Regional development mechanisms, particularly within ASEAN frameworks.
- Climate finance and environmental funds.

Private Sector Engagement:

- Foreign Direct Investment (FDI).
- Public-Private Partnerships (PPPs).
- Private sector development initiatives.
- Blended finance mechanisms.

Domestic Resource Mobilization:

- Tax revenue enhancement.
- Non-tax revenue streams.
- Public debt management.
- State-owned enterprise reforms.

Alternative Financing Mechanisms:

- Green bonds and carbon finance.
- Digital finance initiatives.
- Impact investment.
- Sustainable development bonds.

65. This expanded scope, as embedded in this Declaration, reflects the reality that Lao PDR's development financing landscape has become increasingly complex and diverse. The RTP must evolve to effectively coordinate and monitor these various financing streams, ensuring they align with national development priorities and contribute to sustainable development outcomes. This transformation is

particularly crucial as we approach LDC graduation and need to manage the transition in our financing landscape.

66. The coordination of these diverse financing sources requires enhanced monitoring systems that track both financial flows and development outcomes, strengthened alignment mechanisms to ensure all financing supports national priorities, improved risk management frameworks for different financing modalities, better coordination between public and private investment, and clear frameworks for measuring development impact across different financing types.

67. This comprehensive approach to development financing within the Round Table Process will help ensure more effective resource mobilization and utilization while maintaining a focus on sustainable development outcomes. It acknowledges both the opportunities and challenges presented by diverse financing sources while working to maximize their collective impact on national development goals.

IV. Signature

Signed at this 14th High Level Round Table Meeting on 19th November 2025, in Vientiane Capital, Lao People's Democratic Republic.

For the Government of the Lao PDR

His Excellency Mr. Thongsavanh Phomvihane
Minister of Foreign Affairs

For Development Partners

Mr. Bakhodir Burkhanov
UN Resident Coordinator