



# ROUND TABLE PROCESS NEWSLETTER

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The Round Table Process Newsletter is a mechanism for sharing information on recent developments with our colleagues in the Government, partners in development and other stakeholders. We consider the active participation of all partners as essential to a successful Round Table Process. For this reason we would greatly appreciate your suggestions and comments. Please send your comments to Dr. Bountheuang Mounlasy, Director General, Department of International Cooperation, Ministry of Foreign Affairs, That Luang Road, Vientiane, Lao PDR. Tel. (856 21) 416500, Fax: (656 21) 416067, e-mail: [mounlasy@yahoo.com](mailto:mounlasy@yahoo.com)

## A. Ninth Round Table Meeting



The Ninth Round Table Meeting (RTM) held on the 28<sup>th</sup> and 29<sup>th</sup> of November 2006 at the Don Chan Palace Hotel, Vientiane, was a resounding success. This was a momentous event for the Lao PDR as it was the third time that the meeting was held in the country. As a part of the preparations for the Ninth RTM, two Government delegations visited Japan, some countries in Europe including the European Commission and India on sensitization missions to brief the



partners on the current Lao development situation, the Sixth Five-Year National Socio-Economic Development Plan (2006-2010) and the associated Public Investment Programme, exchange views and mobilize resources for supporting the implementation of the Plan.

The Ninth RTM was opened by H.E. Mr. Bouasone Bouphavanh, Prime Minister of the Lao PDR, and chaired by H.E. Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs. It was co-chaired by Dr. Hafiz Pasha, UN Assistant Secretary-General, and UNDP Assistant Administrator and Director, Regional Bureau for Asia and the Pacific. Members of the National Assembly, senior officials of the Government, other domestic stakeholders including the private sector, and high-level representatives of the international partners attended the meeting. Prior to the meeting, the participants were supplied with a number of informative background documents.

The first day of the Ninth RTM focused on Government presentations on the Sixth Five-Year Plan and discussion of Governance Measures to Implement the Plan; Measures to Promote Private Sector and Trade Development; Implementation of the FY 2005/06 Annual Plan and Proposals for the FY 2006/07 Annual Plan; as well as execution of the FY 2005/06 Budget and Proposals for the FY 2006/07 Budget. The presentations were followed by comments and suggestions. The Partners in development commended the Government for the impressive progress on all fronts since the Eighth Round Table Meeting in September 2003. They praised the highly participating process of formulation and substance of the Sixth Five-Year National Socio-Economic Development Plan (2006-2010). In particular, the emphasis of the Plan on poverty reduction and achieving the MDGs was applauded. The World Bank representative indicated that the Plan fulfils the requirements of a Poverty Reduction Strategy Paper.

The themes of the Meeting on the second day were “Resource Mobilization to Implement the Sixth Five-Year Plan to Reduce Poverty and Achieve the MDGs,” and “Improving Aid Effectiveness.” The first presentation focussed on the resource requirements for implementation of the Sixth Plan and the Public Investment Programme. It was followed by pledges of support by the Partners in Development including indications of future areas of support. The support indicated is assessed to meet the ODA requirements identified in the Sixth Plan. The second presentation was on the Vientiane Declaration on Aid Effectiveness, which localises the Paris Declaration on Aid Effectiveness. The Vientiane Declaration on Aid Effectiveness was adopted, with the Government and 22 Partner Countries and International Organisations signing the Declaration. (Also, see next item in this Newsletter for more details on the Vientiane Declaration). The formal sessions of the Ninth RTM concluded by lunchtime on the second day, with the Heads of Delegations paying a courtesy visit to H.E. Mr. Choummaly Xayasone, President of the Lao People’s Democratic Republic in the afternoon. Thereafter, some of the participants joined an optional one-day tour of the Unexploded Ordnance (UXO) sites and other projects in Xiengkhouang Province.

The Round Table Meeting (RTM) website ([www.rtm.org.la](http://www.rtm.org.la)) is now up and running and will continue for at least a year. All the documents relating to the Ninth RTM and the Round Table Process in the Lao PDR are (and will be) available on this website. The full Report of the Ninth RTM will be posted on the Website in January 2007.



The Government of the Lao PDR would like to take this opportunity to once again deeply thank our Partners in Development for their active participation in the Ninth RTM and generous pledges of support to implement the Sixth Five-Year Plan (2006-2010) to help the country make adequate progress towards achieving the MDGs by 2015 and graduate out of the ranks of the Least Developed Countries by 2020.

## B. Vientiane Declaration on Aid Effectiveness

The finalised version of the Localised Paris Declaration, the “Vientiane Declaration on Aid Effectiveness” was presented on the second day of the Ninth RTM on 29 November 2006 and signed by 22 by Partners in Development. The Vientiane Declaration was drawn up through a participatory process, which included members from the Government of the Lao PDR and the donor community.



Prior to this, the draft Declaration known as the Joint Government-Partner Statement on Aid Effectiveness was circulated to the Partners in September 2006. It was first presented by the Government to the Partners in Development at the Pre-Round Table Meeting (Pre-RTM) on 30 October 2006, at the International Cooperation and Training Centre (ICTC) in Vientiane. Subsequently, two consultation meetings were held on the 15<sup>th</sup> and 23<sup>rd</sup> of November 2006, to



discuss the draft Declaration with the Partners, elicit their comments and suggestions and build consensus. The Declaration was finalized incorporating the comments and suggestions of the Partners and made ready for consideration and adoption at the Ninth RTM.

To implement the Vientiane Declaration, it was agreed that a Country Action Plan with clear monitorable indicators and time-bound targets will be prepared and adopted by 31 May 2007. Accordingly, a detailed schedule for formulation and adoption of the Action Plan was prepared. For this purpose, it was agreed that the existing taskforce to coordinate the Survey on Monitoring the Implementation of the Paris Declaration on Aid Effectiveness in the Lao PDR (the OECD-DAC Survey) will be expanded for participation by interested Partners and key Government agencies. The expanded taskforce will undertake the formulation and refinement of the Country Action Plan on Aid Effectiveness, and coordinate the OECD-DAC Survey. The Country Action Plan on Aid Effectiveness will build upon the draft Country Action Plan on Harmonisation and Alignment prepared in May 2006.

The Government of the Lao PDR has agreed to take appropriate monitorable actions to make aid more effective and assist the country in achieving the MDGs. It has been recognized that aid effectiveness must increase significantly to support the efforts of the Lao PDR in strengthening governance, improving development performance, and enhancing the development outcomes.

## **C. Sector Working Group Meetings**

Due to the movement of personnel within Government institutions, there have been some changes in the chairs and vice-chairs of some sector working groups including Education, Infrastructure and Drug Control.

### **1. First Meeting of the Sector Working Group on Governance**

The first meeting of the Sector Working Group on Governance was held on 12 October 2006. The Meeting was chaired by Mr. Khammoune Viphongxay, Deputy Chairperson, PACSA, and co-chaired by Mr. Jamshed Kazi, Assistant Resident Representative, UNDP. It was attended by Government Officials and representatives of the Partners in Development. The participants of the Meeting were briefed on the new Government Structure; the future directions on Governance and the revised Governance Policy Paper; the status report on Public Expenditure Management Strengthening Program (PEMSP); the next steps for the revised Governance Policy Paper (2006-2010); and the preparations for the Ninth RTM.

#### **a. Update on the new Government Structure**

The Chairman of the Meeting provided a presentation on the revised Government structure, outlining the key changes made, such as the creation of the New Ministry of Energy and Mines and the Ministry of Industry and Commerce, both previously part of the disbanded Ministry of



Industry and Handicraft. Additionally, changes have been made in the Prime Ministers Office (PMO), with the establishment of the Secretariat of the Government, the State Inspection Authority, the National Land Management Agency, the National Committee for Rural Development and Poverty Eradication and the National Social Science Institute (NSSI). The Secretariat of the Government will assist the Government and the Prime Minister through strengthened policy and legislative analysis. The State Inspection Authority will provide leadership and commitment to implement the Law on Anti-Corruption. The National Land Management Agency, which is an amalgamation of the Department of Land and the Department of Land Use Planning, will streamline coordination and land policy development. The establishment of the National Committee for Rural Development and Poverty Eradication will reduce duplication of two previous committees. The NSSI will carry out research on human rights, ethnic and religious research, linguistics and political science. The participants of the Meeting requested more information regarding the roles and responsibilities of each new ministry and the changes to the PMO.

**b. Future Directions on Governance: Revised Governance Policy Paper (2006-10)**

Mr. Singthavong Dalavong, Deputy Director-General, PACSA presented the revised Governance Policy Paper (2006-10). The Policy Paper focuses on three areas: improved service delivery; rule of law; and sound financial management. The participants were concerned as to how the enforcements will be carried out and the Legal Sector Master Plan. It was clarified that the Ministry of Justice (MOJ) will be responsible for enforcement and the Legal Sector Master Plan is in its final stages. A memorandum of understanding has been developed and signed by department representatives regarding the technical aspects of the Plan and this will be distributed once the Government has approved it. Singapore accepted the Government invitation to assist with the implementation of the Master Plan. The issue of increasing the salaries of public servants was raised. Budget constraints have restricted salary increases but the Government have indexed salaries for the last five years increased the index rate from 1,000 Kip to 2,000 Kip during this period.

**c. Status Report on Public Expenditure Management Strengthening Program (PEMSP)**

Mr. Saysamone Saysouline, Deputy Director-General, Fiscal Policy Department, provided a progress report on the PEMSP, which included program management goals and achievements, budget planning and execution, and capacity building. After the new Budget Law has been passed the Central Ministry will have control of the Lao PDR budget, and the budget will be allocated by sector, instead of province. The main objective of this change is to further align budget allocation of provinces with national priorities under the National Socio-Economic Development Plan (NSED 2006-10). Pilots will be conducted in three provinces.

**d. Next Steps for Revised Governance Policy Paper (2006-10)**

The Deputy Chairperson provided an update on the process of the Policy Paper (2006-10). The Policy Paper was distributed before the Ninth RTM and was discussed at the RTM. If necessary,



a workshop for donors to further discuss the Policy Paper will be organised after the RTM. Then the Policy Paper will be presented to the Government three months after the RTM for approval. A number of donors expressed concern about the amount of consultation they would have in the drafting of the Policy Paper as the RTM would not be sufficient for adequate consultation. Participants were invited to submit written comments on the Policy Paper.

#### **D. 2006 Asian Regional Forum on Aid Effectiveness: Implementation, Monitoring and Evaluation**

The Forum was held from 18-20 October 2006 in Manila, Philippines. Mr. Vixay Xaovana, Director General, Monitoring Department, Committee for Planning and Investment, Mrs. Thippakone Chanthavongsa, Deputy Director General, Department of External Relations, Ministry of Finance, and Mr. Houmphanh Soukprasith, Deputy Director General, Department of International Cooperation, Ministry of Foreign Affairs had attended the Forum.

#### **Moving the Paris Declaration forward in Asia**

*The Forum was an opportunity for constructive and open dialogue among a wide range of development practitioners and representing the principle of equal partnership.*

#### **Ownership**

*The Forum strongly asserted country ownership as the foundational principle for improved aid effectiveness.* The Forum welcomed the shift away from the use of externally imposed policy conditionality, and the development of more mature development partnerships in which donors support partner countries in the achievement of their national development goals. Participants recognized that country ownership must extend beyond government, to include parliaments and civil society.

*The Forum recognized that stronger government capacity is a precondition for effective country leadership of the development process.* It called for more systematic approaches to capacity development across all levels of government. More accurate, transparent, comprehensive and timely information on aid flows, reducing reliance on parallel project implementation units, and the development of national aid databases, would also facilitate stronger country leadership and the progressive integration of ODA within national development plans and budget frameworks. One area of concern noted by the Forum was weak country ownership of much technical assistance, which is not demand driven, and represents a large share of aid flows. The Forum emphasized the importance of demand-driven assistance that is sensitive to the national development process in each country context.

#### **Alignment**

*The Forum noted the progress that has been achieved in aligning external assistance with national development policies. However, alignment with country systems has proved a much more difficult challenge.* Participants recognized that channeling assistance through



strengthened country systems is the most effective way of engaging with their development. It also recognized that donors face accountability requirements that constrain their use of country systems. The Forum noted the importance of finding ways to increase the use of country systems, while at the same time directing sustained efforts at strengthening those systems and addressing corruption. A good example was found in the five Banks' initiative in Viet Nam.

***Programme-based approaches (PBAs) have generally proved their value as an effective platform for advancing both policy and systems alignment, as well as harmonization among donors.*** PBAs are a flexible approach, able to accommodate different funding modalities, provided that they fit within a country-led planning framework, and rely on common arrangements.

### **Harmonization**

***The Forum recognized the importance of harmonization among donors, at strategic, programming and process level.*** Harmonization initiatives among groups of donors have helped to initiate progress towards greater aid effectiveness in many countries. The Forum noted that harmonization should be seen as a progressive step towards alignment and effective country leadership. Effective harmonization was also recognized as critical in responding to natural disasters and conflict. During emergency response, when speed is essential, achieving good division of labor among donors has been one effective approach. For reconstruction, multi-donor trust funds have proved a useful tool for harmonization, and for strengthening mutual accountability.

***The Forum recognized that greater aid coordination including improving the division of labor among donors, based on their comparative advantage, strengthens aid effectiveness.*** Greater selectivity or use of delegated cooperation helps to streamline assistance and reduce transaction costs. It enables donors to engage more intensively in their areas of specialization. The Forum noted some good examples of joint country planning and analysis initiatives, which have helped to improve complementarity among donors.

### **Managing for results**

***The Forum recognized the importance of evaluation in supporting policy making and aid management, and ensuring that assistance remains focused on achieving development results.*** A culture of evaluation needs to be developed across the region, together with substantial investments in developing evaluation capacity. Participants discussed the options of a global evaluation framework for the Paris Declaration, to help partner countries assess their progress and capture emerging lessons and good practices as we move towards the next High-Level Forum in 2008 in Ghana. The Forum was pleased to note the partnership efforts by partner countries and donors on establishing systems to monitor aid flows, and as seen in certain cases, monitor implementation on the Paris indicators, thus providing a foundation of useable information for better results management. A mechanism of more south-south learning in this respect is important for disseminating good practices and strengthening ongoing activities in the region as we move towards the Third Roundtable on Managing for Development Results to be held in Hanoi in February 2007.



## **Mutual accountability**

*A shared commitment by partner countries and donors towards improving development results is the basis of mutual accountability.* This can be achieved through developing shared objectives and strategies, learning from good development examples from other countries in the region, greater transparency on aid flows and practices, setting baselines, and establishing joint monitoring and evaluation processes. Government's first line of accountability should be to citizens, through parliaments and civil society, who should be active participants at all stages of the development process. Where they are effective, policy dialogue including consultative groups work to advance the Paris Declaration and aid effectiveness. Each partner country and donor should consider how best to respond to trends in progress on Partnership Commitments and Indicators of Progress as these emerge overtime in the lead up to the next High-Level Forum in Ghana in 2008, and beyond.

## **Moving forward**

The Forum noted a number of measures that could enhance implementation of the Paris Declaration across Asia.

*There is a need for sustained and systematic capacity development across government on aid management and project implementation.*

*Donors need to address a series of institutional issues in order to enhance their efforts to implement the Paris Declaration.*

*The Forum encouraged partner countries to take a more structured approach to implementing the Paris Declaration.*

*Donors need to improve the quality and effectiveness of technical assistance by ensuring that it is demand driven and under country leadership.*

*Donors should explore ways of developing country systems by using them more for aid delivery.*

*Greater aid coordination including better division of labor and selectivity within donor programs is important for improving aid effectiveness.*

*There is a need for sustained investment by partner countries and donors in developing monitoring and evaluation capacity.*