

**REVIEW OF UNCTS' ENGAGEMENT WITH THE POVERTY  
REDUCTION/NATIONAL DEVELOPMENT STRATEGY  
PROCESS**

**Lao PDR Country Study**

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## EXECUTIVE SUMMARY

*“In most countries, the World Bank runs with the PRSP. This has not happened in Laos.”<sup>1</sup>*

### Key Findings

#### Process

1. Support to high-level policy dialogue, provision of technical advisors, capacity development, coordination and advocacy constitute the key entry points for UNCT’s participation in Lao PDR’s national planning process.
2. UN’s effective leadership of the RTM process and making it inclusive, participatory and transparent has greatly enhanced both the prospects of improved aid effectiveness in Laos and UN’s reputation as a neutral, flexible and trusted partner.
3. The RC has strengthened coordination within the UNCT considerably in recent years. The focus on specific outcomes in UNDAF (2007-11) enables the UNCT to position itself more strategically and increase its credibility with the Government and donors. UNDP, UNFPA and UNICEF have harmonised their Country Programme Action Plans with the UNDAF and FAO’s planned interventions are in line with UNDAF priorities.
4. The UN Country Team now includes the World Bank and ADB which is a major strength of the UNCT. While it cannot neutralize competition between UNDP and the World Bank, or among other donors, it (i) contributes to better mutual understanding, (ii) provides access to a larger pool of intellectual resources of the IFIs for technical assistance when required, and (iii) can lead to more coherent multilateral assistance.

#### Content

5. UNDP’s support to the consultations and participatory planning is widely recognized and acknowledged by the government. The Chief Technical Advisor placed within CPI by UNDP to assist in NSEDP preparation quickly earned the trust and confidence of the government. All the same, UNCT’s involvement in the Plan preparation process has been more about making the process inclusive than about ensuring full integration of UN concerns into the NSEDP. Key UN concerns, such as human rights, social exclusion, and malnutrition have received insufficient attention.
6. NSEDP is MDG-oriented though not MDG-centric as might be expected of a document emerging as a result of intensive participation and leadership by the UN RC of the formulation process. Process seems to have overtaken substance whereby an emphasis on leadership of the process and the attempt to make it inclusive may have made UNDP reluctant to challenge the government and push its agenda.

#### Outcomes

7. UN’s leadership of the donor coordination success story in Laos may be interpreted as being a consequence of having the right personnel in the right places at the right time. But it is also

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<sup>1</sup> Remark made by Jeffrey Nugent, ADB Country Director in personal communication to the author on 25 April 2007.

clear that UN's mandate and stature predisposes it to be perceived as an honest broker and play a central convening role which enabled the UN RC to lead on the aid-effectiveness agenda.

8. The budgetary support mechanism encouraged by the World Bank may progressively marginalize UNCT's non-monetary contributions. The current size of World Bank support for programmatic budget support through the PRSO is relatively small and many donors are skeptical of Lao PDR's capacity to effectively manage its revenues. Still, the existence of two parallel donor coordination mechanisms - the RTM and the PRSO - both trying to monitor and influence NSEDP implementation, can adversely affect aid coordination in the long-term.

## **Recommendations**

1. UNCT has a wonderful opportunity to build on UN's strong profile and goodwill with government and donors for continued leadership and leverage on key issues such as a rights-based approach to development.
2. UNCT should explore ways to enhance aid coordination by ensuring closer inter-linkage between RTM and the PRSO processes through (i) recognition of the emerging global trend towards budgetary support as an aid instrument of the future; (ii) participation in budgetary support and policy dialogue mechanisms; (iii) advocating for participation of non-PRSO contributors as members of the PRSO monitoring mechanism, and (iv) support and advocacy for the development of a single monitoring framework that integrates UNDAF, NSEDP and PRSO monitoring requirements so as not to excessively burden the government's limited monitoring capacity.
3. In line with the Country Action Plan of the Vientiane Declaration, UNDP should explore the opportunity for a multi-donor pooled funding mechanism to support NSEDP implementation. This is because (i) many donors are reluctant to put money for direct budgetary support just yet; since (ii) government implementation capacity is still limited; even as (iii) many government departments are overwhelmed with different reporting requirements of different donors.
4. In the immediate-term, UNDP and other UN agencies should work with donors to support the government in (i) costing the NSEDP; and (ii) setting up an effective M&E system for monitoring NSEDP implementation.
5. UNCT expects to have, and would like, to provide high-level policy advice to the government and contribute to research and policy discussions. It has considerable implementation experience but seems to currently lack the instruments/tools to do so. UNCT may consider developing a joint annual research agenda which is in line with the new UNDAF guidelines that allow a move away from the CCA to a more continuous UN contribution to national analytical work. Benefiting from the example of neighbouring Viet Nam, the possibility of setting up a Chief Economist's Unit within UNDP may be explored.
6. The position of the UN Resident Coordinator is particularly sensitive as it has to be perceived as neutral vis-à-vis other UN agencies and not appear partial to UNDP. Other donors and IFIs often perceive the UN RC to belong to a particular UN agency rather than coordinating the UN system as a whole. Since in Laos the UNCT includes the IFIs, it may be necessary to introduce reforms in the RC system that enable the RC to both ensure UN system coordination as well as UN's leadership of the aid effectiveness agenda with the government and donors.

## ABBREVIATIONS

ADB	Asian Development Bank
CCA	Common Country Assessment
CG	Consultative Group
CPI	Committee for Planning and Investment
CTA	Chief Technical Advisor
DBS	Direct Budget Support
DIC	Department of International Cooperation
FAO	Food and Agricultural Organisation
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFIs	International Financial Institutions
IMF	International Monetary Fund
INGOs	International Non-Governmental Organisations
JSA	Joint Staff Assessment
LDCs	Least Developed Countries
MCTPC	Ministry of Communication, Transport, Post and Construction
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
NSEDP	National Socio Economic Development Plan
NGPES	National Growth and Poverty Eradication Strategy
ODA	Official Development Assistance
PRSO	Poverty Reduction Support Operations
PRSP	Poverty Reduction Strategy Paper
RTM	Round Table Meeting
SWAp	Sector Wide Approaches
SWG	Sector Working Groups
UNAIDS	United Nations AIDS Program
UNDAF	United Nations Development Assistance Framework
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children Fund
UN RC	United Nations Resident Coordinator
WB	World Bank
WFP	World Food Programme
WHO	World Health Organisation

## 1. INTRODUCTION

1. The Laos country study is part of the global review commissioned by the UNDG Working Group on MDGs and PRSP to: (i) assess the effectiveness of the involvement of UN agencies, collectively and individually, in the poverty reduction strategy (PRS) process, and (ii) identify lessons learned/constraints in integrating the UN development agenda, particularly the MDGs in the PRS process. It is expected that review results will inform revision of the UNDG Guidance Note on UNCT engagement in PRSPs.

2. The study reviewed a large amount of secondary information in the form of documents produced by the Laotian government, UN agencies, Bretton Woods institutions and others. In addition, senior government officials, UN agency representatives, members of IFIs, bilateral agencies and the international NGOs were interviewed in Vientiane during 23-27 April 2007.<sup>2</sup> A list of people interviewed is provided in Annex 1.

3. In line with the overall structure of the larger study, and to meet the twin objectives of the global review, this country study focuses on three key concerns of the process, content and outcomes in relation to the preparation of Lao PDR's National Socio-Economic Development Plan (2006-10).

## 2. BACKGROUND

4. As directed by the Sixth Party Congress in 1996, the government's main goal is to exit the country from the group of least developed countries (LDCs) by 2020 through a strategy of sustained and equitable economic growth and the eradication of basic poverty by 2010.<sup>3</sup> In pursuance of these national objectives and as part of the Poverty Reduction Strategy Paper (PRSP) process, the government launched its Poverty Reduction Strategy Paper, known locally as the National Growth and Poverty Eradication Strategy (NGPES) in 2003, which provides the framework for the country's future growth and poverty eradication programmes, with the overall aim of freeing the Lao PDR from the status of a least developed country by 2020. The NGPES was prepared in a highly participatory manner with the involvement of the localities (provinces, districts and villages), central ministries and agencies, the partners in development and other stakeholders.

5. The UN system and donor partners established working groups<sup>4</sup> to support its implementation and operationalization. MDG goals and targets were localized to fit with the NGPES priorities. The NGPES aimed to promote sustainable growth and alleviate poverty,

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<sup>2</sup> The Laos country mission was led by Saurabh Sinha and included Christoph Merdes, Policy Analyst at UNDG, New York whose contribution during the mission and later in providing detailed comments on an earlier draft is gratefully acknowledged. Comments on an earlier draft were also received from the Laos country offices of UNDP, UNICEF, and UNFPA.

<sup>3</sup> The government's short term targets and objectives are specified in the Five-year Socio-Economic Development Plans (current 2006-10). The medium term targets are specified in the 10 year plans (current 2001-10) and the long term objectives are specified in the Vision 2020.

<sup>4</sup> Donor Working Groups were established in the sectors of health, gender and HIV/AIDS; education and gender; infrastructure; macroeconomic issues and private sector development; agriculture, rural development and natural resources management; governance; drug prevention; and mine action.

particularly in the 72 poorest districts (from which 47 are priority districts) within four main sectors of agriculture, health, education and infrastructure.

6. While there was a lack of strategic and transparent monitoring mechanisms for implementation, the NGPES provided a framework around which donors could coordinate their efforts especially for achieving the outcomes. In 2005 the Government of Lao PDR prepared its 6<sup>th</sup> five year national socio-economic development plan – NSEDP (2006-10) that subsumed the principles and operationalization of the NGPES and the MDGs. Such commitment was accompanied by a clear reflection of priorities in annual budget allocations.

7. As part of the emphasis on coordination, the government shared the draft NSEDP with donors, mass organizations and the private sector. Thematic working groups are able to start focusing on concrete, productive coordination, to the increased satisfaction of both government and donors. Areas where most success has been made include Education and Transport, where there is early discussion of the possibilities of a SWAp. The World Bank and the IMF also plan to submit the NSEDP to a Joint Staff Assessment (JSA) so that it can serve as the second generation PRSP for the country.

The chronology of key events is presented in Table 1.

**Table 1: Chronology of events**

Year	Party	Government	UN agencies	Donors
1996	6 <sup>th</sup> Party Congress directs the government to exit the country from the group of LDCs by 2020			
2000			CCA	7 <sup>th</sup> RTM
2001	7 <sup>th</sup> Party Congress specifies poverty reduction targets for 2005, 2010 and 2020	5 <sup>th</sup> Five Year Plan (2001-05)	I-PRSP; NPEP approved in March	
2002			UNDAF (2002-06)	
2003			NGPES (= PRSP)	8 <sup>th</sup> RTM  NGPES endorsed
2004		Mid-term evaluation of the 5 <sup>th</sup> Five Year Plan	UNDAF Mid-term Review	Donor working groups established to support NGPES implementation
2005			CCA	
2006	8 <sup>th</sup> Party Congress considers revised draft of the 6 <sup>th</sup> Five-Year Plan - later approved by the National Assembly	6 <sup>th</sup> Five Year Plan (NSEDP 2006-10)	Joint govt- donor Sector Working Groups established	9 <sup>th</sup> RTM  Vientiane Declaration
2007			UNDAF (2007-11)	

→ Influences on the UNDAF

### **3. PROCESS**

#### **3.1. Entry points for, and nature and extent of, UNCT participation**

8. In line with its overarching goal to graduate from its Least Developed Country status by 2020 and to achieve Millennium Development Goals (MDGs) by 2015, the government of the Lao PDR, with support from the UN and other agencies, focuses on creating an environment conducive to high and sustainable economic growth and eradicating mass poverty.

9. Although not a major financial contributor, UN agencies are responsible for promoting the effective use of national and international resources to help meet the MDGs and related internationally agreed commitments and priorities. In financial terms, the UNDAF resource allocation matrix estimates that US\$ 190 million will be necessary to implement the UNDAF. UNDP in Lao PDR supports the government in achieving the MDGs by improving socio-economic planning and promoting pro-poor policies. High-level dialogue, provision of technical advisors, capacity development of public institutions to support research, data gathering and public dialogue constitute the key entry points for UNCT's participation.

10. UNDP supported the formulation of the latest PRSP, also known as the National Growth and Poverty Eradication Strategy (NGPES). The first PRSP was initially developed for the donor community. The government took ownership of the process over the years between the initial PRSP (in 2001) and the NGPES (in 2003), and used this process for national planning.

11. The development of the NGPES in 2003 provided a solid framework for the UN system to plan and coordinate its assistance. UNDP, along with the World Bank and other donors, supported the Government in the preparation of the NGPES and its implementation in the 47 poorest districts (including 10 pilot districts) that were poorest and in need of coordinated development assistance and a planned response, to: (i) strengthen capacity and dialogue for NGPES implementation within different line ministries and across the central, provincial and district levels; (ii) incorporate of the NGPES into appropriate National Plans and Strategies; and (iii) undertake effective monitoring of NGPES implementation.

12. A series of workshops was held in October 2004 and June 2005, with technical assistance from UNDP and World Bank, on "Prioritization and Costing of the NGPES", focusing on the four priority areas as identified by NGPES. In addition, there was strengthened dialogue and capacity for NGPES implementation undertaken by the Committee for Planning and Investment (CPI), and costing and prioritization of sectoral plans were incorporated within the NGPES by relevant line ministries, in close coordination with the Ministry of Finance and CPI.

13. An initial implementation phase involved a comprehensive 'costing and prioritization' exercise, which sought to cost and prioritize the sector plans of 4 core Ministries: Health, Education, Agriculture and Infrastructure. Following this a rationalization and iterative process was undertaken with the Ministry of Finance in aligning the costings within the scope of the Government's Medium Term Expenditure Framework (MTEF). Such an exercise was

embarked upon for the first time by the Lao Government and contributed to the full integration of the NGPES into the NSEDP, developed in 2006.

14. NSEDP incorporates the NGPES and the MDGs and aims to create an enabling environment for economic growth, poverty eradication and macroeconomic stabilisation. It was drafted in open consultation with international development partners and domestic and foreign business sectors. This is in contrast to earlier NSEDPs which were confidential government documents not open to the public. In this sense, the public and broadly consultative process of development of the NSDEP is an important step towards more transparency and participation. This development of the NSEDP involved concerted efforts by the whole UN system both at the policy advocacy and development planning levels, including sector development, prioritisation and budgeting for MDGs, and monitoring and evaluation.

15. UNCT Laos' engagement in the development of the NSEDP is analysed along five major ways — advocacy, policy dialogue, coordination, technical assistance, and capacity development. This is summarized in Table 2.

16. As evident from Table 2, the UNCT contributed significantly at the analysis/planning stage and through promotion of dialogue and broad-based participation; advising government counterparts on policy issues; fostering policy dialogue; integrating the MDGs into national plans; its support to the RTM process; identifying opportunities for implementation and programme formation; and supporting the development of national capacities.

17. The UNDP, along with other key donors such as the World Bank, the ADB and Sida, provided technical support to the government. UNDP helped facilitate dialogue both through the round table meeting (RTM) and by helping the government disseminate the country's draft NSEDP through workshops and consultations. This set a precedent and has importantly signalled a trend of growing trust and constructive dialogue between the government of Lao and the development partners.

18. UNDP, UNICEF, and UNFPA are also working with the National Statistics Centre (NSC) under the CPI to collect and disseminate data on MDG achievement through an electronic database called LaoInfo that monitors local MDG targets and other national development indicators. Gender concerns were also incorporated through the support of UNDP and other donors for a gender workshop organized by the NGPES committee and the Lao Women's Union prior to the preparation of the document. UNDP supported the CPI in planning this process as well as more specific planning for the 47 identified poorest districts, and in the development of participatory planning approaches. This included a detailed and costed plan for 10 targeted districts.

**Table 2: UNCT Support to the Lao PDR National Planning Process**

ROLES	STAGE			
	Analysis/Planning	Policy formulation	Strategy definition /budget allocation	M&E
<b>Advocacy</b>	UNCT advocated for the integration of MDGs, human rights, food security and gender issues in the NSEDP.			
<b>Dialogue/ Participation</b>	UNDP helped facilitate dialogue both through the RTM and by helping the government disseminate the draft NSEDP through workshops and consultations.	UNDP helped broaden the dialogue around NSEDP to move beyond macro-economic stability and include human development issues.		LaoInfo was developed to encourage dialogue among development partners by providing access to data across sectors for planning, implementation, and M&E at national and sub-national levels.
<b>Convening/ Coordination</b>	The UN system provided high-level support both substantively and operationally to the Round Table mechanism.  Included the INGOs and civil society.		UNDP supported the CPI in planning for the 47 identified poorest districts, and in the development of participatory planning approaches. This included a detailed and costed plan for 10 targeted districts.	
<b>Technical Support</b>	UNDP provided TA to CPI for NSEDP preparation which helped government to form, articulate and consult on national development and poverty reduction issues.			LaoInfo database provides key statistics for monitoring the MDGs, the NSEDP and other important national policy frameworks.
<b>Capacity Development</b>		UNDP support to the establishment and strengthening of the Gender Resource and Information Centres programme is expected to build capacity in gender analysis and training and incorporate and mainstream gender issues in NSEDP.		Launched in November 2005 with the support of UNDP, UNICEF and UNFPA, LaoInfo has greatly improved capacity for monitoring local MDG targets and other national development indicators.

Note: This table has been adapted from the table on page 16 in UNDG, 2006, "UN Country Coordination: Putting National Priorities First – Synthesis of RC Annual Reports 2005".

### 3.2. Donor coordination

19. With a large number and variety of donors, external aid is critical for Lao PDR's development. Most donor assistance is concentrated in the economic sectors such as agriculture, forestry, communication, and transport and infrastructure. The need for effective coordination and management of foreign aid is increasingly recognized by both donors and the government as failure to maximize the full potential of official development assistance (ODA) may lead to a loss of resources.

20. There is common agreement among the majority of donors to align their work programmes with the national priority sectors as specified in the NGPES and the NSEDP (2006-10). Prior to 2003, a large part of ODA focused on facilitating economic growth while a smaller amount targeted social sectors.<sup>5</sup> In recent years, allocations to education and health have increased slightly to 20 percent. The majority of current disbursements focus on the transport and development administration, education and social development. Approximately 65 percent of aid disbursements go to national-level projects, with the remaining 35 percent for provincial levels. The challenge for the Government and its partners is to balance distribution of ODA and secure basic social services for the people, whilst planning for a future less dependent on aid.

21. A high level of external financial and technical support is crucial to allow the government to implement its reform agenda and achieve its long-term development goals. Lao PDR is actively seeking international help and is looking at ways to increase the impact of aid. Efforts are currently underway to clarify further the governmental roles and responsibilities in donor coordination. These efforts will increase effective planning and follow-up, reporting and approval processes in partnerships with donors.

22. The government has improved its mechanisms for streamlining aid coordination. It made institutional adjustments for aid coordination in 2004, transferring the function to the Ministry of Foreign Affairs.<sup>6</sup> A joint review was conducted by the Government with the ADB, World Bank and Sida<sup>7</sup> and a Country Action Plan on Harmonization and Alignment was prepared.<sup>8</sup> The government is also more effectively incorporating global commitments such as the MDGs in its own planning.

23. The round table process with the associated sector working groups is the major channel of donor coordination in Laos. An emerging alternative coordination mechanism is the poverty reduction support operation (PRSO). These are discussed below.

24. ***Round Table process*** – The round table meeting (RTM) is the highest level of donor coordination between the Government of Lao PDR and its development partners. Initially organized in Geneva as pledging meetings for donors, the RTMs were moved to Vientiane to ensure broader participation, increase national ownership, ensure the presence of the local donor community, and enable donors to better understand development needs. In May 1998, the government supported by UNDP, organized three issue-oriented RTM meetings in

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<sup>5</sup> The foreign aid reports do not separate technical assistance from the rest of the ODA.

<sup>6</sup> The Department of International Cooperation (DIC) is now in the process of being transferred back to CPI.

<sup>7</sup> The Joint Portfolio Effectiveness Review was conducted in November 2005.

<sup>8</sup> Government of the Lao PDR, 'Background Document, Round Table Process Information Meeting, 19 January 2006', Vientiane, January 2006.

Vientiane which initiated a long-term partnership between the government and the donor community to build support for the target of poverty eradication by 2020.

25. Organised every three years, the RTM process has helped improve the quality of dialogue and the RTM has emerged as a forum where real issues pertaining to development trajectories and policies are often discussed in an atmosphere of collaboration. The Round Table process continues to foster important partnership building and policy dialogue between government and development partners. However, the RTMs have not always met donor expectations of providing an opportunity for open and frank discussions.

26. The 9<sup>th</sup> Round Table Meeting (RTM) held in November 2006 provided a forum for the Government to present the finalised NSEDP which received considerable donor support. At the RTM, participants of 36 countries, the European Community (EC), 4 IFIs and 22 NGOs, adopted the localised Paris Declaration on Aid Effectiveness (the Vientiane Declaration).

27. The Vientiane Declaration provides a framework for cooperation for government and donors to increase the impact of ODA and better measure results. Specifically, it focuses on five main areas of strengthening government ownership of the development process; aligning donors to national policies and increasing their use of national institutions; harmonizing donors' actions, making them transparent and simple; better managing results; and improving accountability.

28. At the 9<sup>th</sup> RTM the development partners reiterated their commitment for the implementation of the NSEDP (2006-10). Total indicative commitments amounted to between US\$ 417.4 million and US\$ 433.4 million per year - well above the US\$ 357 million per annum required for implementation of the NSEDP (2006-10).<sup>9</sup>

29. A Country Action Plan was formalized in May 2007 between the Lao Government and the development community to implement the Vientiane Declaration and measure progress. There are three key aspects to the Country Action Plan: (i) it is a more coordinated approach to programming in the key sectors of the NSEDP as well as strengthened use of national systems; (ii) more donors using common procedures and harmonizing activities such as reporting and evaluating procedures; and (iii) making ODA more transparent, predictable and better integrated into national and sectoral plans and budgets. The UN system provided high-level support both substantively and operationally to the Round Table mechanism.

30. As co-chair of the RTM, and with the Resident Coordinator Office, UNDP has advanced the process of donor coordination among the international community and in the UN system by creating an effective forum for dialogue between the government and the international community. This has (i) encouraged greater dialogue and harmonization with Lao government priorities, (ii) helped mobilize resources for priority areas identified through NGPES and the NSEDP, and (iii) aligned the priorities of the UN system and donors with those of the government.

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<sup>9</sup> This does not include the support from China, USA, Korea, Thailand and New Zealand and the International NGOs, who did not mention specific amounts in their statements. However, it was estimated that the contributions of these partners would amount to about US\$ 100 million per year, which would bring the total amount pledged to more than US\$ 500 million per year.

31. The RTM process, with active participation of the major donors has contributed substantially to aid effectiveness and to the alignment of donor and government priorities as expressed in the NSEDP. ***The government retains a strong commitment to maintaining the current arrangement for the RTMs under UNDP's leadership even though the IFIs (the World Bank and the IMF) would like to shift to a Consultative Group (CG) mechanism.***<sup>10</sup>

32. Sector Working Groups – As part of the RTM process, and in parallel to the donor working groups, the government established eight Sector Working Groups (SWGs) in June 2005 to facilitate aid coordination at sector and thematic area levels, and to enter into direct dialogue with the donors. Chaired and led by the Government, and with broad participation from various government and other agencies,<sup>11</sup> these working groups reflect the jointly identified development priorities:

- \* Education and gender
- \* Health and HIV/AIDS
- \* Infrastructure
- \* Macro-economic issues and private sector development
- \* Agriculture, rural development and natural resources management
- \* Governance
- \* Drug prevention
- \* Mine action

Apart from the UN agencies, international financial institutions (IFIs), most donors, and international NGOs have nominated representatives to the SWGs.

33. Overall, the structure and substance of the SWGs is varied. In recent times, concern has been expressed about the groups losing momentum, lacking a clear mandate and a work plan. A recent review of the SWGs<sup>12</sup> observed that the current system was not meeting the needs of either the government or partners as reflected in the very small number of SWG meetings that took place over the previous 12 months period. This suggested (i) line ministry dissatisfaction with a “blueprint” approach; (ii) a lack of understanding of the potential benefits of vigorous SWGs; and (iii) lack of or ad hoc technical support to make it possible for Chair Ministries to organize SWGs effectively and follow-up.

34. A central outcome of these attempts at improved coordination is the alignment of the UN system and donor support with the government priorities.<sup>13</sup> The NSEDP (2006-10) articulates a poverty reduction strategy that incorporates the priorities identified in the NGPES and the MDGs. It also includes crosscutting issues, such as good governance, gender, and the environment. UNDP's policy dialogue with the government has contributed significantly to this outcome, and the new UNDAF is designed to support the implementation of the NSEDP.

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<sup>10</sup> The IMF Representative mentioned to the author that IMF would prefer Laos to be a CG country (Personal communication, 23 April 2007).

<sup>11</sup> Such as the National Assembly, Bank of Lao PDR, Lao Women's Union, National Regulatory Authority for UXO.

<sup>12</sup> 'The Sectoral Working Group Mechanism in Laos: How well is it working and how can it be strengthened?', Zero Draft, 4 April 2007.

<sup>13</sup> Ministry of Foreign Affairs of Lao People's Democratic Republic, 'Report of the Round Table Process Annual Information Meeting, Vientiane, 19 January 2006', Vientiane, February 2006.

35. An important achievement of the UN RC has been the ability to bring most bilateral donors, including the five largest ones (Japan, France, Sweden, Germany and Australia), to coordinate their plans and support through the thematic working groups. In addition, UNDP has helped ensure participation in the donor coordination process of the international NGOs, which have generally had a low profile. International NGOs have established their own coordination group, with working groups reflecting the donor working groups. This has helped legitimize and protect international NGO work in the field, as well as to strengthen the civil society agenda to a government that is extremely suspicious of it.

36. The UN has established a reputation of being a neutral, flexible and trusted partner for the government and the previous resident coordinator's achievements are widely recognized by the government and donors. These contributions have had the longer term effect of improving aid coordination, better targeting of ODA and government support to agreed priorities, greater national ownership of development projects, and better monitoring and evaluation of development efforts. Together they hold the promise of increased aid effectiveness.

37. Improved donor coordination is critical for Lao PDR given its reliance on aid, and has been one of UNDP's major achievements. Lao PDR is one of only three Asian countries where the RTM is the principal mechanism for aid coordination, rather than the Consultative Group Meetings organized by the World Bank. On the donor side, there are more effective structures for dialogue and communication, including eight thematic groups that facilitate concrete planning. This has improved coordination with the government, which has recently formed its own thematic working groups to work with the donor ones. One of the significant development results is the increasing alignment of donor activities with national priorities. UNDP is highly respected for its lead role and all the major donors participate in the RTM, although some of the new donors in the region are not yet incorporated. International NGOs have also been invited to participate through appropriate mechanisms. Within the UN system, the UN RC provided leadership for a more focused, realistic UNDAF.

38. ***Poverty Reduction Support Operations*** – According to the World Bank, while the working groups bring together various development partners, more careful and sustained collaboration is required. It is felt that the development partners need to deepen the dialogue and tighten the alignment between ODA and national development strategies. Given the significance of ODA flows to the Lao PDR, and its limited capacity for dealing with multiple donors effectively, multilateral channels such as IDA are seen to provide a useful vehicle for delivering assistance. Adequate levels of financial support—preferably on grant terms—are expected to facilitate better donor engagement and dialogue.

39. In this context, Poverty Reduction Support Operations (PRSOs) provide programmatic budget support and are promoted by the Bank as an alternative vehicle of donor coordination and harmonization. The three Poverty Reduction Support Operations (PRSOs), as well as individual IDA projects and multi-donor trust funds, are expected to contribute towards harmonized donor support and alignment with government policies. The program of PRSOs (Box 1) focuses on three broad policy areas: public resource management; public expenditure policy reforms; and sustainable growth and enhanced revenue generation. They support Government's objective to maintain a sound macroeconomic environment and accelerate growth by providing external resources for the execution of the budget. The policy reform program articulated in the operation and program focuses in a selective fashion on key areas of the NGPES, and in particular aims to improve the efficiency, effectiveness and

transparency of the national budget process as the central mechanism for channeling public resources toward poverty reduction.

**Box 1: The PRSO programmes**

The PRSO programme is an integral component of World Bank's Country Assistance Strategy (CAS), supporting the key policy and institutional reforms targeted in both the NGPES and the CAS. As programmatic budget support, the PRSO series is aimed at sharper policy prioritization and strengthened donor coordination through (i) providing predictable financial assistance directly to the government's budget on a regular basis; (ii) use of the Lao PDR's own financial management systems and budget procedures; and (iii) providing rapidly disbursing financing which is policy rather than project based.

Building on the NGPES and the 5<sup>th</sup> Five Year Plan, Lao PDR's PRSO1 and PRSO2 laid out a policy reform matrix and performance assessment framework for a series of three annual Poverty Reduction Support Operations (PRSOs). PRSO1, with a credit amount of US\$ 4.5 million and grant amount of US\$ 5.5 million was approved by the World Bank's Board in 2005, and PRSO2 with a grant amount of US\$ 8.0 million, in 2006.

Subject to maintenance of an adequate macroeconomic framework, satisfactory implementation of the NGPES and satisfactory progress against actions agreed in the policy matrix, PRSO3 provides further budgetary support to Lao PDR in the grant amount of US\$7 million to assist the Government in making monitorable progress in realizing the NGPES.

- World Bank, 2007, "Third Lao PDR Poverty Reduction Support Operation Grant – Program Information Document".

40. The policy reforms undertaken by the Government under the PRSO3 were for faster and deeper poverty reduction; accelerating growth; and guarding against fiduciary risks through a broad based public financial management reforms. Budget support instruments and the accompanying assistance will contribute to improved predictability of funding, reduced transaction costs, and greater results orientation.

41. A US \$10 million grant as PRSO IV is currently under preparation by the World Bank co-financed by Japan and the EU to improve institutional arrangements and governance in key sectors. *Some donors (such as France) feel that while cutting out volatility of funds is desirable, Laos has serious capacity limitations and is not yet ready for general budget support.* It would like to wait and see how the government manages its revenues and may contribute towards general budget support by 2010, if satisfied with the government's performance. Sweden is committed to budget support, in principle, but is not yet certain about its long-term position in Laos.

42. **Issues** – There are early signs of an emerging tension between the RT mechanism and the PRSO in aid harmonization. Much of this may have to do with turf competition as the UN and the World Bank are unable to agree on who should lead the aid effectiveness agenda. Critically, this tension is likely to manifest itself in the monitoring of NSEDP implementation.

43. **Monitoring of PRSO program implementation** is undertaken with reference to the PRSO Program Matrix, updated annually as part of PRSO negotiations to reflect evolving policies and the pace of implementation of the NGPES and NSEDP and the current status of

progress. In addition to monitoring of progress against policy actions, there is close monitoring of macroeconomic developments, as well as poverty and social indicators.

44. M&E activities within the PRSO are coordinated by the PRSO Steering Committee and Technical Secretariat, supported by the National Statistical Center (NSC), with participation of other development partners. However, the World Bank and other donors monitor progress through continuous dialogue throughout the year, including periodic supervision missions. The IMF continues to conduct enhanced supervision, supplementing annual Article IV missions with mid-year assessments. Regular discussions take place with the donor community within the Macroeconomic, Private Sector Development and Trade Working Group as part of the RTM process, as well as separate and more detailed discussions on each part of the PRSO in other RTM working groups.

45. Monitoring of the NSEDP requires the development of a comprehensive M&E system for the government to track progress and use the information for policy making. However, the M&E function is currently divided amongst four principal actors within the government with inadequate coordination (Box 2).

#### **Box 2: The current state of M&E in Laos**

There are four principal actors within the government with varied M&E responsibilities and with little coordination. CPI monitors the overall implementation of the NSEDP and reports to the National Assembly on a bimonthly basis. It also prepares and presents an annual performance report on plan implementation. The information collected from the line ministries, agencies and provinces is largely descriptive and incomplete, posing a major challenge for NSC operating under CPI to compile adequate monitoring data.

The Department of International Cooperation (DIC) in the Ministry of Foreign Affairs is charged with monitoring ODA projects, capturing the commitments of donors, and reporting on disbursements. However, this reporting is based on the plans at the central level, rather than the actual disbursements at the project and programme levels. There is also a difference in the understanding of what is meant by disbursement by the government and its various development partners.

The Ministry of Finance monitors all loans as well as technical assistance that is tied to loans. The Bank of Laos monitors debt and debt repayment. In addition, the Department of International Organizations of MoFA is in charge of monitoring projects and programmes by international NGOs. For the new UNDAF, the UNCT and the government have jointly agreed upon a series of realistic indicators to measure the results of each of the specified outcomes. The responsibility for overall monitoring of these indicators for the UNDAF is assigned to the UNCT.

At the development outcome level, NSC captures trends in development indicators through surveys and censuses. It undertakes a small sample survey annually as well as a full income and expenditure survey every five years. The results are incorporated into the LaoInfo database, which is intended to provide key statistics for monitoring the MDGs, the NSEDP and other important national policy frameworks, and M&E at national and sub-national levels.

*- UN Evaluation Office, 2007, "Assessment of Development Results, Lao PDR, Evaluation of UNDP's contribution", New York*

46. In general, M&E of the NSEDP is bedeviled by (i) lack of reliable data; (ii) little coordination between line ministries and agencies; (iii) inadequate human and financial resources for data collection and analysis; (iv) insufficient appreciation of M&E as a

management tool, especially at the provincial level; and (v) uncoordinated and cumbersome M&E requirements often presented by donors in connection with their projects.

47. There are two issues here: One, monitoring of PRSO programme implementation takes place with reference to the PRSO Program Matrix which has its own set of indicators some of which may overlap with the NSEDP monitoring framework. In light of the numerous constraints highlighted above, this can be a possible source of confusion that may further reduce the effectiveness of an already weak system. Two, the primary monitoring and data collection will have to be undertaken by the NSC and it is not clear whether NSC has sufficient capacity to undertake two separate monitoring exercises. ***UNCT should urgently consider supporting the NSC and line ministries to strengthen the M&E system for effective monitoring of progress on NSEDP implementation.***<sup>14</sup>

48. The UN RC should be alert to the possibility that the PRSO Steering Committee, supported by an effective monitoring system, may emerge as an alternative forum for policy dialogue with the government to influence NSEDP implementation, relegating the RTM process to a marginal role. Consequently, ***UNCT should urgently explore ways to build linkages with the PRSO process.***

### **3.3. UN system coordination**

49. The RC has strengthened coordination within the UN Country Team (UNCT)<sup>15</sup> considerably in recent years. In addition to the UN agencies, UNCT now also includes the World Bank and ADB. This is a major strength of the UNCT, which can thus draw upon the intellectual resources of the IFIs for technical and document assistance in the preparatory processes for the RTM. As of 2007, the IFIs participate once in a month in an extended UNCT meeting.

50. In 2005, the UN in collaboration with the government, and based on the first one developed in 2000, prepared a second Common Country Assessment (CCA) to identify the most important development challenges, along with their root causes, within the framework of the MDGs and national priorities.<sup>16</sup> A number of gaps were identified but a steady improvement in development indicators in recent years was also acknowledged.

51. Drawing upon the analysis in the CCA of 2005, and the outcome of the mid-term review in 2004, the current UNDAF (2007-11) is structured around three outcomes around

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<sup>14</sup> UNDP is currently supporting NSEDP on this through the project (“Support to the Five -Year Plan”) and an M&E consultant is under recruitment to work with CPI (Elsa Morandat, Personal communication, 11 July 2007).

<sup>15</sup> The UN Country Team in the Lao PDR comprises 10 resident UN agencies (UNDP, UNICEF, WFP, UNFPA, ILO, FAO, WHO, UNODC, UNAIDS, UNIDO), the ADB, World Bank, and IMF as full participating members of the UNCT, 9 non-resident agencies (OCHA, UNESCO, UNHCHR, UNHCR, IOM, UNIFEM, IFAD, UNCTAD, UNCRD) and the UNESCAP Regional Commission.

<sup>16</sup> The CCA identifies major development challenges faced by the country and their root causes. In doing so it indicates who are the most vulnerable, disaggregating where possible to capture the extent and location of need, and to highlight gaps in capacity at various levels. This analysis is then used by the UN system (and other partners) to define the strategic cooperation framework over a five year period, known as the UNDAF. It provides a collective, coherent, and integrated UN response to national needs and priorities, including enhancing national capacity and ownership to implement national development priorities.

which all UN agencies coordinate their action programmes: poverty, food security and livelihoods; increased and equitable access to and utilization of social services; and good governance. This focused approach has allowed the UNCT to position itself more strategically and increased the credibility of the UNCT with other donors and the Government. The RC played a key role in the new UNDAF (2007-11) in finding the right balance in focus and inclusiveness.

52. Although a new concept to the government, the CCA incorporated a rights-based approach which required a lengthy process of dialogue. Thus continuous efforts are required to embrace a rights framework and strengthen capacity for application of a rights based approach to development. As a signatory to the Millennium Declaration (and various other instruments incorporating human rights frameworks) Lao PDR is strongly committed to participate in and contribute to rights-based discussions.

53. The second UNDAF 2007–11 was developed in an inclusive and participatory manner, and assisted in bringing together different arms of the UN system, including non-resident agencies. The UNCT is also working towards harmonising programmes and procedures. In particular, *UNDP, UNFPA and UNICEF harmonised their respective Country Programme Action Plans*. These agencies have also made good progress on the roll-out of the Harmonised Approach to Cash Transfers (HACT), with the establishment of an inter-agency working group, development of a work plan, finalisation of the macro assessment of the public financial management system, and micro assessments of six joint implementing partners.

54. FAO's National Medium-Term Priority Framework (NMTPF) for 2006-10 prioritizes its interventions in Laos in support of the development objectives set out in NSEDP (2006-10). It builds on and elaborates FAO's Programme Priorities Framework in Lao PDR for 2006-10 and estimates indicative financial resources required. The priorities identified by the NMTPF reflect those singled out in the CCA and included in the UNDAF (2007-11). To ensure FAO's comparative advantage, maximize synergy and increase aid effectiveness the NMTPF is in line with the relevant strategies and priorities identified by the partner agencies, such as the World Bank's CAS and ADB's Country Strategy and Programme 2007-11.

55. HIV/AIDS was recognised as a critical issue for the Lao PDR in terms of meeting its MDG obligations and as such, was included as a critical pillar of both the NSEDP and the UNDAF 2007-11. As part of the Country Team's ongoing joint programming efforts, the inter-agency avian and human influenza coordination project was particularly successful and has recently been reconfirmed as a global good practice example.

**56. *UN agencies made significant contributions to the formulation of the NSEDP (2006-10). Specifically, they provided written comments on the draft document; elements of CCA analysis and UNDAF discussions were used incorporated in the NSEDP; and UN agencies actively participated in mini-Roundtable discussions.***

57. More recently, the Lao PDR has been designated as a Joint Office UN country, along with Mongolia and Papua New Guinea (in the Asia and Pacific Region) for 2007–08. In early 2007, a three day UN Country Team retreat facilitated formal dialogue between the agencies on possible Joint Office models and strategies for moving the initiative forward in the Lao PDR. The UNCT's preliminary thinking revolves around the adoption of a two-pronged strategy for UN Office reform. This would involve building upon the existing reform

momentum among ExCom agencies, while at the same time facilitating inclusion and partnerships among all agencies through joint programmes and joint programming around common issues of importance, such as HIV-AIDS, food security, maternal and child health, sustainable livelihoods, governance and avian influenza.

58. Coordination to establish joint programmes and activities enjoys strong support among UNCT members. The adoption of LaoInfo by the National Statistics Centre as a tool to monitor the MDGs is an important step towards joint programming activities. Details of currently on-going joint programmes within the UNCT are provided in Annex 2.

59. To support joint programming efforts, the UNCT intends to prepare a joint resource mobilisation strategy and a joint advocacy and communication plan that draws upon the extensive knowledge of the UN system, contributes towards policy and programme developments, and benefits Government, civil society, the private sector and other communities throughout the country.

#### **4. CONTENT**

60. The NSEDP (2006-10) is an extremely comprehensive, and well-drafted, document. It covers all the areas relevant to the development of the country and specifically, incorporates the NGPES which encapsulates the vision for meeting the poverty reduction targets.

61. The ultimate goal of both the CCA and the UNDAF (2007-11) is to support the Lao PDR towards:

- Realizing the values of the Millennium Declaration,
- Achieving the Millennium Development Goals (MDGs) by 2015,
- Reaching national development goals and strategies and, ultimately
- Exiting Least Developed Country Status by 2020.

62. In Laos the UNDAF is organized around three core pillars of governance, poverty and food security, and the social sector. These were identified by the UN system in 2004 as being critical sectors for the country to reach the MDGs and as such formed a realignment of UNDAF 1 (2002-2006) during its mid-term review. The three outcome areas are:

- By 2011, the livelihoods of poor, vulnerable and food insecure populations are enhanced through sustainable development;
- By 2011, increased and more equitable access to and utilization of quality and prioritized social services; and
- By 2011, strengthened capacities of public and private institutions to fulfill their duties and greater people's participation in governance and advocacy for the promotion of human rights in conformity with the Millennium Declaration.

63. These broad expected outcomes are then elaborated by specific outputs under each core area, and will be measured by clear indicators specified in the monitoring and evaluation matrix. In each of these areas, the inputs of the UN system are part of the broader development assistance with a focus on the implementation of the NSEDP led by the

Government in cooperation with other partners. The purpose of the UNDAF approach is to focus the UN around its “value added” or “UN niche”.

#### **4.1. Impact of UNCT’s role in NSEDP formulation process on NSEDP content**

64. The 2003 NGPES was prepared in a highly participatory manner with the involvement of the localities (provinces, districts and villages), central ministries and agencies, development partners and other stakeholders. Building upon the momentum, the formulation of the NSEDP (2006-10) commenced in February 2004 with consultations with the localities on progress on implementation of the Fifth Plan (2001-05), to identify lessons learned and set the priorities for the Sixth Plan. A consultation workshop with line Ministries, Lao researchers and mass organizations was held later in September to discuss the draft framework. Simultaneously, work on priority programmes for poverty reduction in focal development areas in ten pilot districts among the 47 poorest districts was undertaken jointly with the communities through a participatory planning process.

65. *UNDP supported the preparation of the NSEDP by placing a Chief Technical Advisor (CTA) within CPI.* The Government explored and facilitated the formulation of other poverty reduction initiatives including through the new village development funds, the *Kum Ban* approach and the Poverty Reduction Fund. At the same time, the central Ministries in the four priority sectors undertook to cost the priority programmes in the NGPES (and the NSEDP) for the five-year period 2006-10. *This activity was also supported by UNDP.* The four priority sector Ministries worked on the refinement of the costs for the priority programmes taking into account the focal area development programmes identified for the ten pilot districts.

66. In March 2005, a consultative workshop on the research topics was organized that fed into the Plan formulation. The emerging priorities and suggestions formed the basis for preparation of the preliminary draft of the Sixth Plan. In mid-June 2005, the Government shared the main ideas in the preliminary draft with the development partners, domestic and foreign private investors and Lao researchers and mass organizations in a one-day workshop for each group. During August 2005, a second round of consultations was undertaken with the localities on the main elements of the Plan and the Annual Plan for 2005-06. The results were shared with the Party Central Committee in September 2005. The draft Plan was submitted to the National Assembly in October 2005, which commended the approach and provided a number of valuable suggestions. *UNDP’s support to the consultations and participatory planning is widely recognized and acknowledged by the government.*

67. In January 2006, the draft Sixth Plan (work in progress) incorporating the guidance from the Party and National Assembly and the feedback from the localities, was shared with the development partners, domestic and foreign private investors and Lao researchers and mass organizations; and discussed at the Annual Round Table Process Information Meeting. The revised draft was considered and endorsed by the Party at the Eighth Congress in March 2006. The final draft incorporating the directions of the Party was considered and approved by the Sixth National Assembly at its inaugural session in June – July 2006.

68. *UNCT’s involvement in the Plan preparation process seems to have been more about making the process inclusive than about ensuring full integration of UN concerns into the NSEDP.* It has had a mixed record on integrating UN concerns in the NSEDP. A

number of UN concerns, such as human rights, social exclusion, and malnutrition have received insufficient attention in the NSEDP. But environment and gender issues have received adequate treatment in the document.

69. Lao PDR is a signatory to the Millennium Declaration (and various other instruments incorporating human rights frameworks) but while the UNCT was successful in dialoguing with the Government on the preparation of a human rights-based CCA, advocating for including a rights-based perspective into the NSEDP has been a huge challenge. Still, UNCT members such as UNICEF succeeded in introducing a focus on bi-lingual education.

70. There is only a single mention to malnutrition as part of the chapter on poverty reduction where a target is set for reducing the number of malnourished children over the Plan period. This may be because the issue is insufficiently highlighted in the UNDAF document as well, but overall it seems to be a consequence of a lack of political will and a mis-perception that poverty reduction alone is sufficient to reduce malnutrition.

71. The NSEDP recognizes the importance of sustainable environmental and natural resources management for the development of Lao PDR. It establishes that economic growth must be linked to social progress and equity, cultural development and environmental conservation. The NSEDP and the National Strategy on Environment (2003-20)<sup>17</sup> both embrace the MDGs, linking economic well-being and social development to environmental sustainability. This is a welcome development.

72. The NSEDP recommends integrating and mainstreaming of gender concerns in key sectors such as agriculture, health, education and the strengthening of the Lao National Commission for the Advancement of Women (NCAW).

73. *NSEDP is MDG-oriented though not MDG-centric* as might be expected of a document emerging as a result of intensive participation and leadership by the UNCT of the formulation process. The objectives set out in the strategy support the achievement of the MDGs; and the indicators and targets of the plan coincide with most of those for the MDGs. But the NSEDP is not MDG-based even though the MDG targets have been localised to reflect Laotian reality. Again this may be a case of the *process overtaking substance* whereby an emphasis on leadership of the process and the attempt to make it inclusive may have made *UNDP reluctant to challenge the government* and push its agenda.

## 5. OUTCOMES

74. It is too soon to assess outcomes as it is early days for NSEDP implementation. Still a few things are evident. For the first time the Five Year Plan was prepared after intense consultations and wide participation and UN's role is acknowledged as central in achieving this. UN's effective stewardship of the NSEDP formulation process is widely acknowledged by both the government and most international donors. It has helped achieve strong leverage with donors and government and contributed to improved aid effectiveness.

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<sup>17</sup> Science, Technology and Environment Agency, Prime Minister's Office, Lao People's Democratic Republic, 'National Strategy on Environment to the Year 2020 and Action Plan for the Years 2006 -2010', Vientiane, 2004.

75. Two factors contributed towards ensuring UNCT's central role in the plan formulation process. One, the previous RC opened up the preparatory process making it inclusive and consultative. And two, the Chief Technical Advisor (CTA) placed by UNDP within CPI to put together the Plan was technically sound and quickly earned the confidence of the government and most donors.<sup>18</sup> Together, these factors helped make Lao PDR's NSEDP formulation process a sort of a success story, at least in terms of opportunities for participation by UN agencies through a substantial enhancement of the process.

76. The donor coordination success story in Laos seems to be driven by having the right personnel in the right places which may make it difficult to draw lessons for wider application. But it is also clear that UN's mandate and stature predisposes it to be perceived as an honest broker and play a central convening role. This has enabled the UN RC to lead on the aid-effectiveness agenda, though some donors wonder why it is doing so.

77. An important contribution by the UNCT could be to provide a complementary alternative to the general budget support mechanisms currently led by the World Bank. The government's capacity constraints are widely recognized which has made many donors reluctant to allocate their resources for general budget support at this stage. UNDP's project for supporting the implementation of the NSEDP provides an opportunity for donors to assist the government in NSEDP implementation while harmonizing aid mechanisms. Considering that this project extends into the key sectors and involves line ministries it would also offer opportunities for expansion into a Joint Program, which would draw on the relationships and strengths of specialized agencies and other UNCT members.

78. Support for the development of an effective monitoring system – Often there are problems of coordination for government departments with too many capacity building projects. Most of them have to meet the Quarterly Progress Report requirements. An absence of a coherent monitoring system, adds to the government's burdens of managing numerous projects for different donors often with different sets of monitoring requirements.

79. As a follow-up to the NSEDP formulation, UNDP is supporting the Government to review and establish an M&E System for NSEDP implementation. This is a very urgent exercise and should be supported by donors as an effective M&E system is a tool for effective policy making.

80. Insufficient focus on a rights-based approach - It was also apparent during the NSEDP preparation process, and is evident from the text of the Plan, that the Lao government is much less concerned with rights than the UN would wish. Introducing a rights-based approach is considered a big challenge in Laos and so the UN will have to continue to find opportunities to dialogue on HRBA principles started during the CCA/UNDAF formulation and increase efforts to extend the use of these principles to the next NSDEP.

81. Demand for the UN system to serve as an information hub - Officials at the CPI suggested that the UN country team might provide information on other countries or regional experiences when various development sectors are being discussed so as to broaden the range of policy options and enhance understanding of how things might work in other situations not

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<sup>18</sup> The list of donors satisfied with the CTA does not include the World Bank which felt that the CTA should have been equally accessible to all donors. The World Bank Country Manager specifically mentioned that "the advisor was not open to advice from the World Bank."

too alien from Laotian experience. This provides an important opening for the UN to further carve out a niche for itself in the country.

82. Role of the UN RC in improving coordination – By wearing numerous hats,<sup>19</sup> and since the RC is most often from UNDP, the UN Resident Coordinator needs to take extra care so as to be perceived as neutral vis-à-vis other UN agencies and not appear partial to UNDP. Other donors and IFIs also perceive the UN RC to belong to a particular UN agency rather than coordinating the UN system as a whole. Since in Laos the UN system includes the ADB and the World Bank, it may be necessary to introduce reforms in the RC system to enable the RC to both ensure UN system coordination as well as UN's leadership of the aid effectiveness agenda with the government and donors.

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<sup>19</sup> Very often the UN RC is also the UN DP Resident Representative.

## **Annex 1**

### **Meetings in Vientiane during Laos Country Study**

**(23-27 April 2007)**

#### **UN Agencies**

Sonam Yangchen Rana, UN Resident Coordinator, and UNDP Resident Representative  
Stéphane Vigié, Deputy Representative (Programme), UNDP  
Phanchinda Legsavad (Poverty Unit), UNDP  
Desiree Jongsma, Representative a.i., UNICEF  
Mieko Yabuta, Representative, UNFPA  
Serge Verniau, Representative, FAO  
Dongil Ahn, Representative, WHO  
Christa Räder, Representative, WFP  
Michael Hahn, Representative, UNAIDS

#### **Diplomatic Community**

H.E. Mr. Maurice Portiche, Ambassador Extraordinary and Plenipotentiary, Embassy of France  
H.E. Ms. AnnLis Aberg, Chargé d'affaires, Embassy of Sweden/SIDA  
H.E. Mr. Sandro Cerrato, Chargé d'affaires, European Union  
H.E. Ms. Patricia M. Haslach, Ambassador Extraordinary and Plenipotentiary, US Embassy

#### **Government officials**

Mrs. Thipphakone Chanthavongsa, Deputy Director General, Department of External Financial Relations, Ministry of Finance  
Mr. Ouam Sengchandavong, Director General of Planning and Cooperation Department, Ministry of Education  
Mr. Math Sounmala, Director General of Department of Planning, Ministry of Communication, Transport, Post and Construction (MCTPC)  
Mr. Onida Souksavath, Deputy Director General of Department of Planning  
Mr. Xaypradeth Chounlamany, Deputy Permanent Secretary, Cabinet Office, Ministry of Agriculture and Forestry  
Ms. Phonevanh Outthavong, Deputy Director General, Department of General Planning, CPI

#### **IFIs**

Patchamuthu Illangovan, Country Manager, WB  
Jim Nugent, Country Director, ADB  
Philippe Beaugrand, Representative, IMF

#### **INGO representatives**

**Annex 2**  
**Joint Programmes within UNCT in Lao PDR**

<b>Title</b>	<b>Brief Details/Objectives</b>	<b>Participating Agencies</b>	<b>Budget size</b>	<b>Duration</b>
Assistance to food insecure households in transition	Strengthen the livelihood basis and improve the long term food security of vulnerable, primarily ethnic minority communities and households, by protecting, expanding and diversifying their productive assets	WFP, IFAD and other partners	USD 5.93 million	2004 – 2007
Poverty Reduction Fund project	Assist in development of community infrastructure at the village level, improve access to services by building capacity, and empowering villagers in poor districts to manage their own public investment planning	WB, ADB, UNDP, UNICEF, Government	USD 21.71 million	2002 – 2008
Oudomxai community initiatives support project	Sustained reduction in poverty and improvement of the economic and social conditions of the targeted population	IFAD, UNOPS, WFP and government	USD 21.4 million	2002 – 2010
Promoting indigenous agro biodiversity for poverty eradication	Mainstream agro-biodiversity conservation into development policy and planning	UNDP, FAO and government	USD 2 million	2007 – 2010
Enhancing capacity for a multi-sectoral response to HIV/AIDS in the Lao PDR *	Mainstreaming and integrating responses on HIV in different line ministries through multi -sectoral working groups and interaction platforms; greater involvement of people living with HIV/AIDS and partnership organizations; and effective advocacy and communication strategy developed and implemented at national and provincial levels	UNDP, FAO, UNDP Regional Centre in Colombo	USD 1.74 million	2005 – 08
Unexploded Ordnance programme	Reduce the number of civilian casualties caused by unexploded ordnance and to increase land for agricultural development	UNDP, UNICEF and other donors, INGOs and government	USD 2.12 million	1995 – 2010
Promoting private sector development through strengthening of Lao National Chamber of Commerce and Industry	Strengthen (i) management capacities of Lao National Chamber of Commerce and Industry and its business association; (ii) services to business; (iii) analytical and advocacy capacities to provide a platform for policy dialogue at national and sub-national levels for public-private partnerships	UNIDO and UNDP. National Economic Research Institute and Lao National Chamber of Commerce and Industry	USD 2.3 million	2006 - 2010
Social and economic rehabilitation of former Opium Poppy growing communities	Treatment and rehabilitation of opium addicts. Community organization and the provision of vocational training. Rural enterprise development. Marketing and sustainability of services provided.	UNIDO and UNODC  Lao National Commission for Drug Control and Supervision.	USD 2.35 million (Fully funded by UNTFHS)	2007 - 10

\* FAO never managed to mobilize the resources to implement its component in the project. This project is expected to end by end-2007 and UNDP will then provide its support through the Joint Programme on HIV/AIDS which is currently under preparation.

- HIV AIDS: A joint programme of the entire UNCT
- Avian Influenza Coordination: A joint initiative of the UNCT and primarily WHO, FAO, UNICEF, UNDP, WB and ADB aiming to support and strengthen Government capacity in preparing for a pandemic, coordinating internal avian and human influenza actions and external assistance, and responding to the pandemic threat
- Lao-Info : A joint initiative of UNDP, UNICEF, UNFPA and Office of the Resident Coordinator
- ABEL Project (Access to Basic Education in Laos) : UNICEF and WFP collaboration for primary school education in the three most northern provinces (Luang Namtha, Oudomxay, and Phongsaly)
- Alternative Livelihood Development: A joint programme of UNIDO and UNODC
- Juth Pakai Development Journal: a joint project of the UN system
- Private Sector Development: A joint programme of UNDP and UNIDO to build the capacity of the Lao Chamber of Commerce, and provide a platform for policy dialogue at national and sub-national levels, for public-private partnerships.
- The joint programming related work towards supporting the development, implementation and monitoring of a package of Integrated EPI/MCH/nutrition related interventions involving amongst others UNICEF/WHO/ UNFPA/ADB/FAO.
- Work is closely coordinated in the area of child/human trafficking (UNICEF, UNIAP, ILO).
- Both UNESCO and UNICEF will also continue to support implementation of National EFA Plan
- Assistance to food insecure households in transition