

VIENTIANE DECLARATION ON AID EFFECTIVENESS

Introduction

We, the Government of the Lao People's Democratic Republic (the Government) and the Partners in Development (the Partners), seek to take appropriate monitorable actions to make aid more effective and assist the country in achieving the Millennium Development Goals (MDGs) by 2015 and the long-term development goal of exiting the status of least developed country by 2020 (the 2020 goal). We recognise that while increased volumes of aid and other development resources are devoted to achieving the MDGs, aid effectiveness also needs to increase significantly to support the efforts to strengthen governance, improve development performance, and enhance development outcomes. At this Ninth Round Table Meeting, we seek to localise the "The Paris Declaration" that emerged at the conclusion of the Second High Level Forum on Aid Effectiveness held in Paris in March 2005 to fit the circumstances of the Lao People's Democratic Republic (Lao PDR). We seek to enhance the impact of aid in reducing poverty, increasing growth, building the capacity of human resources and institutions, and accelerating the achievement of the MDGs and the 2020 goal.

Partnership Declarations

The following Partnership Declarations are developed in a spirit of mutual respect, support and accountability. They reflect the ambitions and structure of the Paris Declaration and build on the ongoing development efforts and experiences in the Lao PDR. They represent a shared recognition between the Government and the Partners to enhance the effectiveness of aid in the Lao PDR. They will be implemented to the extent possible.

Although this Declaration does not constitute a legally binding instrument, it represents a shared recognition between the Government and the Partners on enhancing aid effectiveness in the Lao PDR. The Government and the Partners, when and where possible, will make available appropriate resources, knowledge and capacity to implement the Declarations.

1. OWNERSHIP

Government exercises effective leadership over the development policies, strategies and coordinates development actions

1. The Government leads in developing and implementing its five-year National Socio Economic Development Plan or NSEDP (2006-2010) through a broad consultative process that integrates the official development assistance into mainstream planning.

2. The Government continues to translate the NSEDP into prioritised and results-oriented operational programmes in the Public Investment Programmes (PIPs) and the annual plans and budgets.
3. The Government exercises an effective leadership role in coordinating aid at the macro and sectoral levels through a substantive and ongoing process of dialogue with relevant stakeholders including the Partners in development; through such mechanisms as the Round Table Meetings and the Sector Working Groups.
4. The Partners will support the leadership of the Government and strengthen the Government's capacity to exercise its leadership.

2. ALIGNMENT

Partners align with the Government's strategies and use strengthened Government regulations and procedures

Partners align with Government's strategies

5. The Partners base their dialogue with and support to the Lao PDR on the NSEDP and related national and sectoral strategies and plans and periodic reviews of progress in implementing these strategies.

Government strengthens Government regulations and procedures with support from Partners, with Partners increasingly using the strengthened Government regulations and procedures

6. The Government and the Partners will establish mutually acceptable frameworks that provide reliable assessments of Government regulations and procedures, their performance, and work together to strengthen these as necessary and appropriate. The Partners seek to adopt harmonized performance assessment frameworks for Government regulations and procedures so as to avoid presenting the Government with an excessive number of potentially conflicting targets.
7. The Government will seek to ensure, as appropriate, that the legal framework, national regulations and procedures, institutions and procedures for managing aid and other development resources are effective, accountable and transparent
8. The Partners use the regulations and procedures of the Government to the maximum extent possible, including through integrating project implementation arrangements into line ministries. Where use of the country's regulations and procedures is not feasible, the Partners seek to establish additional measures acceptable to the Government and the Partners that strengthen the country's regulations and procedures.
9. The Partners will seek to avoid creating parallel structures that are not well integrated with the regular Government regulations and procedures, such as parallel Project Implementation Units (PIUs) or parallel Project Management Units (PMUs), for the

day-to-day management and implementation of aid-financed projects and programmes.

Government strengthens development capacity with support from Partners

10. The Government will seek to integrate the capacity building objectives in the NSEDP into related national and sectoral strategies and plans and work with the Partners to develop a comprehensive, long-term capacity building programme.
11. The Partners will seek to align their analytic and financial support with the Government's capacity development objectives, strategies and long-term capacity building programme; make effective use of existing capacities; and coordinate and harmonise support for capacity development accordingly.

Strengthening financial management

12. The Government will continue to ensure timely reporting on and publication of budget planning and execution, and take leadership in the financial management improvement process.
13. The Partners will seek to enhance the predictability of future aid to the maximum extent possible through transparent decision making processes, provide indicative commitments of aid over a multi-year framework (including aid commitments covering multi-year expenditures of projects) and release aid funds in a timely and predictable fashion.
14. The Partners will seek to progressively rely on the Government's financial management system, once mutually acceptable standards have been attained.

Strengthening national procurement regulations and procedures

15. The Government and the Partners will seek to commit sufficient resources to support and sustain the improvements and capacity building in public procurement.
16. The Partners will seek to progressively rely on the Government's procurement system, once mutually acceptable standards have been attained.

Strengthening environmental and social assessments

17. With the Partners' support, the Government will seek to develop specialised technical and policy capacity for social and environmental impact analysis and enforcement of legislation.

3. HARMONISATION AND SIMPLIFICATION

Partners' actions are more harmonised, transparent and collectively effective

Partners will seek to implement common arrangements and simplify procedures

18. The Government and the Partners will seek to jointly conduct and use core diagnostic reviews (such as Public Expenditure Reviews); carry out other reviews jointly wherever possible (e.g. sector reviews); and systematically share the results of all reviews undertaken.
19. The Partners will seek to work together to reduce the number of separate and duplicative missions to the field; and promote joint training to share the lessons learned.
20. The Partners will seek to rationalise their regulations and procedures by implementing common arrangements for planning, design, funding, disbursement, implementing, monitoring, evaluating, and reporting to the Government on the Partners' activities and aid flows.
21. The Government and the Partners will seek to explore the feasibility of using increasingly programme-based approaches.
22. The Partners will seek to pursue decentralisation and delegation of authority to their country offices to the maximum extent feasible.

Complementarity: more effective division of labour

23. The Government provides its views on the comparative advantages of the Partners and on the ways to increase Partner complementarity at country and sectoral levels.
24. The Partners will seek to make full use of their respective comparative advantages at sectoral level by aligning support.

Incentives for collaborative behaviour

25. The Government and the Partners will seek to improve their procedures and strengthen incentives – including recruitment, appraisal and training – for their managers and staff to work towards harmonisation, alignment and managing for results.

4. MANAGING FOR RESULTS

Managing resources and improving decision-making for results

26. The Government and the Partners will seek to work together through a participatory process to strengthen the Government's capacities towards results-based management. They will establish results-oriented reporting and assessment

frameworks that monitor progress on national and sectoral development strategies and the effectiveness of Partner inputs/support based on agreed key indicators.

27. The Government will seek to strengthen the linkages between national development strategies and annual and multi-annual budget processes.
28. The Partners will seek to harmonise their monitoring and reporting requirements, and - until they can rely more extensively on the Lao PDR's statistical, monitoring and evaluation regulations and procedures - work with the Government to the maximum extent possible on joint formats for periodic reporting.

5. MUTUAL ACCOUNTABILITY

Both Government and Partners are accountable for development results

29. The Government and the Partners will jointly carry out annual reviews on progress in implementing the commitments on aid effectiveness and improved development outcomes through existing and increasingly objective country level mechanisms. They will seek to formulate appropriate indicators and (indicative) targets on aid effectiveness.
30. The Government will seek to involve the Partners in formulating and assessing progress on implementation of the national development plans.
31. The Partners will seek to provide in a timely manner an accurate and comprehensive information on aid flows and programme intentions to enable the Government to present budget reports to the National Assembly and citizens, and coordinate aid more effectively.

6. THE WAY FORWARD

32. The Government and the Partners will seek to work together to define an Action Plan and associated Indicators to guide the implementation of this Declaration. The Indicators, reflecting those defined in the Paris Declaration, will be tailored to the context of the Lao PDR. They will include time-bound targets, as appropriate. The Indicators will be incorporated in the Action Plan that will also include a framework for monitoring progress both on implementation of the Action Plan and the outcomes. A taskforce comprising representatives of the Government and the Partners will prepare the Action Plan and associated Indicators, which will be reviewed and finalized with the involvement of the stakeholders including all the Partners. This is targeted to be accomplished by 31 May 2007.

33. We, the Government of the Lao People's Democratic Republic and the Partners in Development, hereby confirm our willingness to implement the above Partnership Declarations and enhance aid effectiveness in the Lao PDR.

Signed at this Ninth Round Table Meeting on 29 November 2006, in Vientiane, Lao People's Democratic Republic.

The Declaration was signed by the Government of the Lao People's Democratic Republic and representatives of the following 22 partner countries and organizations on the occasion of the Ninth Round Table Meeting in Vientiane on 29 November 2006:

1. Australia
2. Austria
3. Belgium
4. China
5. Cuba
6. Finland
7. France
8. Germany
9. Indonesia
10. Japan
11. Luxembourg
12. New Zealand
13. Poland
14. The Republic of Korea
15. Singapore
16. Sweden
17. Switzerland
18. The United States of America
19. The European Commission
20. Asian Development Bank
21. The World Bank
22. The United Nations

The Government of the Lao PDR welcomes expression of participation in (and signing of) the Vientiane Declaration by other partners before 15 February 2007.